

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10QSB

Quarterly Report under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For Quarter Ended

September 30, 2000

Commission File Number

000-31553

HOUSTON OPERATING COMPANY

(Exact name of registrant as specified in its charter)

Delaware

76-0307819

(State of incorporation)

(I.R.S. Employer
Identification No.)

49 Burlington Avenue, Round Lake, New York 12151

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (518) 899-7393

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days.

Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

5,795,171 common shares as of September 30, 2000

HOUSTON OPERATING COMPANY
(A Development Stage Company)
Unaudited Balance Sheet

	Nine Months Ending September 30, 2000	Year Ending December 31, 1999
ASSETS		
Current Assets		
Cash	\$1,000	\$ -
	-----	-----
Total Current Assets	1,000	-
	-----	-----
TOTAL ASSETS	\$1,000	\$ -
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loans payable - Stockholder	\$ 928	\$ 454
Contingencies	-	-
	-----	-----
Total Current Liabilities	928	454
Stockholders' Equity		
Common stock: authorized 50,000,000 shares \$0.001 par value		
2,795,171 issued at December 31, 1999 and		
5,795,171 issued at September 30, 2000	7,795	2,795
Paid in Capital	38,350	38,350
Retained Earnings (Deficit)	(46,073)	(41,599)
	-----	-----
Total Stockholders' Equity	72	(454)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,000	\$ -
	=====	=====

See accompanying notes.

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HOUSTON OPERATING COMPANY
(A Development Stage Company)
Unaudited Statement of Operations

	Nine Months Ending September 30		Three Months Ending September 30	
	2000	1999	2000	1999
REVENUES				
Sales	\$ -	\$ -	\$ -	\$ -
	-----	-----	-----	-----
TOTAL REVENUES	-	-	-	-
OPERATING COSTS				
Administrative & Overhead	4,474	546	4,000	-
	-----	-----	-----	-----
TOTAL OPERATING COSTS	4,474	546	4,000	-
NET INCOME (LOSS)	(\$1,474)	\$ (546)	(\$4,000)	\$ -
	=====	=====	=====	=====
Net Loss per Share	(0.00)	(0.00)	(0.00)	-
Weighted Average Common Shares	5,795,171	2,795,171	5,795,171	2,795,171

See accompanying notes.

HOUSTON OPERATING COMPANY
(A Development Stage Company)
UNAUDITED STATEMENT OF CASH FLOWS

	Nine Months Ended September 30		Three Months Ended September 30	
	2000	1999	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Loss	\$ (4,474)	\$ (546)	\$ (4,000)	\$ -
	-----	-----	-----	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,474)	(546)	(4,000)	-
NON CASH EXPENDITURES				
Stock issued for services	4,000		4,000	
CASH FLOWS FROM CAPITAL ACTIVITIES				
Common stock subscription received	1,000		1,000	
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in notes payable				
Increase (Decrease) in stockholder loans	474	-	-	-
	-----	-----	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES	474	-	-	-
NET INCREASE (DECREASE) IN CASH	1,000	(546)	1,000	-
CASH AT BEGINNING OF PERIOD	-	546	-	-
CASH AT END OF PERIOD	\$ 1,000	\$ -	\$ 1,000	\$ -
	=====	=====	=====	=====
SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION:				
INVESTING AND FINANCING ACTIVITIES				
CONVERSION OF LOAN PAYABLE TO CAPITAL CONTRIBUTED BY PAYMENT TO STOCKHOLDER PERSONALLY IN LIEU OF REPAYMENT THROUGH THE COMPANY	\$ -	\$ 9,530	\$ -	\$ -
	=====	=====	=====	=====
CASH PAID DURING THE PERIOD FOR INTEREST	\$ -	\$ -	\$ -	\$ -
	=====	=====	=====	=====
CASH PAID DURING THE PERIOD FOR INCOME TAXES	\$ -	\$ -	\$ -	\$ -
	=====	=====	=====	=====

See accompanying notes.

HOUSTON OPERATING COMPANY
(A DEVELOPMENT STAGE COMPANY)
UNAUDITED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the Period from December 31, 1997 to September 30, 2000

	Common Stock Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
	-----	-----	-----	-----	-----
Balance - December 31, 1997	2,795,171	\$ 2,795	\$ 28,820	(38,874)	(7,259)
Net Loss for year	-	-	-	(1,725)	(1,725)
	-----	-----	-----	-----	-----
Balance - December 31, 1998	2,795,171	2,795	28,820	(40,599)	(8,984)
Conversion of Loan Payable to Paid in Capital			9,530		9,530
Net Loss for year				(1,000)	(1,000)
	-----	-----	-----	-----	-----
Balance - December 31, 1998	2,795,171	2,795	38,350	(41,599)	(454)
Shares issued for services	4,000,000	4,000			4,000
Shares issued for cash	1,000,000	1,000			1,000
Net Loss for nine months				(4,474)	(4,474)
	-----	-----	-----	-----	-----
Balance - September 30, 2000	2,795,171	\$ 7,795	\$ 38,350	\$ (46,073)	\$ 72
	=====	=====	=====	=====	=====

See accompanying notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2000

The Company had no income in the nine month period ended September 30, 2000 or 1999 but incurred expenses of \$4,474 for 2000 and \$546 for 1999. The loss for the three month period for 2000 was (\$4,474) and in 1999 it was \$0. The loss per share was less than (\$.01) in the period in 2000 and none in 1999.

For the current fiscal year the Company anticipates incurring a loss as a result of legal and accounting expenses, expenses associated with registration under the Securities and Exchange Act of 1934, and expenses associated with locating and evaluating acquisition candidates. The Company anticipates that until a business combination is completed with an acquisition candidate, it will not generate revenues, and will continue to operate at a loss prior to and after completing a business combination depending upon the performance of the acquired business.

RESULTS OF OPERATIONS FOR THE QUARTER ENDED SEPTEMBER 30, 2000 COMPARED TO QUARTER ENDED SEPTEMBER 30, 1999

The Company had no revenues in the quarter in 2000 or 1999. The Company incurred expenses of \$4,000 in the quarter in 2000 compared to none in the quarter in 1999. The loss for the quarter was (\$4,000) in 2000 and none in 1999. The Company had a loss per share of less than (\$.01) in the quarter in 2000 and none in 1999 in the quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not have capital sufficient to meet the Company's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities and Exchange Act of 1934. The Company will have to seek loans or equity placements to cover such cash needs. In the event the Company is unable to complete a business combination during this period, lack of its existing capital may be a sufficient impediment to prevent it from accomplishing the goal of completing a business combination. There is no assurance, however, that without funds it will ultimately allow registrant to complete a business combination. Once a business combination is completed, the Company's needs for additional financing are likely to increase substantially.

A subscription to purchase 5,000,000 shares for \$1,000 in cash and \$4,000 in services rendered by J.R. Nelson, President, was completed in July, 2000. These funds will be used to cover out of pocket costs. There is no assurance that any further funds will be available to the Company to allow it to cover its expenses as they may be incurred.

Irrespective of whether the Company's cash assets prove to be inadequate to meet the Company's operational needs, the Company might seek to compensate providers of services by issuances of stock in lieu of cash.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

Appointment of New Directors and Resignation of Directors

None

ITEM 6.

EXHIBITS AND REPORTS ON FORM 8-K

Reports on Form 8-K were made for the period for which this report is filed. None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: 2/7/01

HOUSTON OPERATING COMPANY

/s/ J.R. Nelson

J.R. NELSON, President

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