

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended October 31, 2012

Or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 333-174404

M STREET GALLERY, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Florida	45-1443512
(State or other jurisdiction or incorporation or organization)	(I.R.S. Employer Identification No.)
815 W. Boynton Beach Blvd., Boynton Beach, FL	33426
(Address of principal executive offices)	(Zip Code)

Registrants telephone number, including area code: 561-200-7721

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 such filing requirements for the past 90 days

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes [] No [X]

The registrant had 2,645,000 shares of common stock outstanding as of October 31, 2012

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M STREET GALLERY, INC
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET

	October 31, 2012 (UNAUDITED)	April 30, 2012
Assets		
Current Assets		
Cash	<u>\$ 204</u>	<u>\$ 1,074</u>
Total current assets	<u>\$ 204</u>	<u>\$ 1,074</u>
Total assets	<u>\$ 204</u>	<u>\$ 1,074</u>
Liabilities and Stockholders' (Deficit)		
Current Liabilities		
Accounts payable and accrued liabilities	\$6,750	\$ 6,750
Accrued compensation related party	<u>40,000</u>	<u>20,000</u>
Total liabilities	<u>\$46,750</u>	<u>\$ 26,750</u>
Stockholders' (Deficit)		
Common Stock (50,000,000 shares authorized at \$.0001 par, 2,645,000 shares issued and outstanding at October 31, 2012 and April 30, 2012, respectively)	264	264
Additional paid in capital	22,686	15,986
Accumulated deficit during development stage	<u>(69,496)</u>	<u>(41,926)</u>

Total Stockholders' (Deficit)	(46,546)	(25,676)
Total Liabilities and Stockholders' (Deficit)	\$ 204	\$ 1,074

The accompanying notes are an integral part of the financial statements

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M STREET GALLERY, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2012 AND 2011 AND
CUMULATIVELY FROM MARCH 11, 2011 (DATE OF INCEPTION) TO
OCTOBER 31, 2012
(UNAUDITED)

	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended	Cumulative From March 11, 2011 (Inception) to October 31, 2012
	<u>October 31, 2012</u>	<u>October 31, 2011</u>	<u>October 31, 2012</u>	<u>October 31, 2011</u>	<u>October 31, 2012</u>
Revenues (net)	\$ -	\$ -	\$ -	\$2,800	\$ 2,800
Operating Expenses	<u>12,195</u>	<u>11,901</u>	<u>27,570</u>	<u>18,905</u>	<u>72,296</u>
Net (Loss) from Operations Before Provision for Income Tax	\$ (12,195)	\$ (11,901)	\$(27,570)	\$(16,105)	\$(69,496)
Provision For Income Tax	—	—	—	—	—
Net (Loss)	<u>\$ (12,195)</u>	<u>\$ (11,901)</u>	<u>\$ (27,570)</u>	<u>\$ (16,105)</u>	<u>\$ (69,496)</u>
Net (Loss) per common share, Basic	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>

Weighted average number of common shares outstanding	<u>2,645,000</u>	<u>2,645,000</u>	<u>2,645,000</u>	<u>2,645,000</u>	<u>2,645,000</u>

The accompanying notes are an integral part of the financial statements

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M STREET GALLERY, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED OCTOBER 31, 2012 AND 2011 AND
CUMULATIVELY FROM MARCH 11, 2011 (DATE OF INCEPTION) TO
OCTOBER 31, 2012
(UNAUDITED)

	Six Months Ended <u>October 31,</u> <u>2012</u>	Six Months Ended <u>October 31,</u> <u>2011</u>	Cumulative From March 11, 2011 (Inception) to <u>October 31,</u> <u>2012</u>
Cash Flows From Operating Activities:			
Net (Loss)	\$(27,570)	\$(16,105)	\$(69,496)
Adjustments to reconcile Net (Loss) to Net Cash Provided (Used) in Operating Activities:			
Expenses paid by stockholder	-	1,500	1,500

Changes in operating assets and liabilities:			
(Increase) Decrease in accounts receivable	-	(2,982)	-
Increase (Decrease) in accounts payable and accrued liabilities	-	6,932	6,750
Increase in accrued compensation related party	<u>20,000</u>	<u>-</u>	<u>40,000</u>
Net Cash (Used) in Operating Activities	<u>(7,570)</u>	<u>(10,655)</u>	<u>(21,246)</u>
Cash Flows From Financing Activities:			
Proceeds of sale of common stock to founder	-	-	250
Proceeds of sale of common stock	-	-	14,500
Capital contribution by shareholder	<u>6,700</u>	<u>-</u>	<u>6,700</u>
Net cash provided in financing activities	<u>\$ 6,700</u>	<u>-</u>	<u>\$ 21,450</u>
Net Increase(Decrease) in cash	(870)	(10,655)	<u>204</u>
Cash beginning of period	<u>1,074</u>	<u>14,750</u>	<u>-0-</u>
Cash end of period	<u>\$ 204</u>	<u>\$ 4,095</u>	<u>\$ 204</u>
Supplemental Disclosures of Cash Flow Information:			
Expenses paid with cash			
Income taxes	\$0	\$0	\$0
Interest expense	\$0	\$0	\$0

The accompanying notes are an integral part of the financial statements

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M STREET GALLERY, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
October 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Company was organized under the laws of the State of Florida on March 11, 2011.

The Company is in the developmental stage. The Company is currently manufacturing and selling a comprehensive supply of one of a kind, oil on canvas, art productions utilizing the Internet.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Development Stage Company

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles related to development stage companies. A development stage company is one which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues to date.

Basis of Presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America and are presented in US Dollars.

The financial information included herein as of October 31, 2012, for the three and six month period ended October 31, 2012 and 2011, has been presented without an audit, pursuant to accounting principles for the interim financial information generally accepted in the United States of America and the rules of the Securities and Exchange Commission.

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**M STREET GALLERY, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
October 31, 2012**

Accounting Basis

The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America (“GAAP” accounting). The Company has adopted an April 30 fiscal year end.

Cash and Cash Equivalents

The Company considers all highly liquid investments with the original maturities of three months or less to be cash equivalents. The Company had \$204 cash as of October 31, 2012.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents. The carrying amounts of cash approximate fair value because of the short term maturity of these items. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect those estimates. We do not hold or issue financial instruments for trading purposes, nor do we utilize derivative instruments.

Income Taxes

In accordance with ASC 740, deferred income taxes and benefits will be provided for the results of operations of the Company. The tax effects of temporary differences and carry-forwards that give rise to significant portion of deferred tax assets and liabilities will be recognized as appropriate.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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M STREET GALLERY, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
October 31, 2012

Revenue Recognition

The company recognizes revenue when products are fully delivered or services have been provided and collection is reasonably assured.

Stock Based Compensation

Stock based compensation is accounted for at fair value in accordance with ASC Topic 718. To date, the Company has not adopted a stock option plan and has not granted any stock options.

Basic Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net income available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. There are no such common stock equivalents outstanding as of October 31, 2012.

Recent Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial positions or cash flow.

NOTE 3 Capital Transactions

In March 2011, the Company sold 2,500,000 shares of their restricted common stock to the President and Founder of the company for \$250.

In March 2011, the Company sold 91,000 shares of their restricted common stock, under Regulation S of the Securities Act of 1933, as amended, for the above issuances to non US citizens or residents. The shares were offered at a per share price of \$.10, for an aggregate sum of \$9,100.

In April, 2011, Pursuant to Rule 505 of Regulation D of the Securities Act of 1933, as amended, the company sold 54,000 shares of restricted common stock for \$5,400.

In May, 2011, \$1,500 in legal costs associated with the registration was paid for by a principal stockholder as a gift to the company, and was accounted for as contributed capital.

In June and July 2012, a total of \$2,800 was contributed to the company by a principal stockholder, as a gift to the company, and was accounted for as contributed capital.

In August 2012, a total of \$3,900 was contributed to the company by a principal stockholder, as a gift to the company, and was accounted for as contributed capital.

NOTE 4 Related Parties

Commencing November 1, 2011 the CEO and President Mr. Mackenroth has begun accruing a salary of \$40,000 per year. This deferred compensation will continue until funds are available.

NOTE 5 Income Taxes

As of October 31, 2012, the company had a net operating loss carry forward for income tax reporting purposes of \$69,496 that expire in 15 years.

Federal income taxes at statutory rate	34%
State tax rate, net of federal income tax	4
Offsetting Valuation Adjustment	(38)
Effective income tax rate	0%

No tax benefit is being accrued due to no current expectation of profits.

NOTE 6 Subsequent Events

The Company has evaluated subsequent events from October 31, 2012 through the date whereupon the financial statements were issued and has determined that there are no items to disclose.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Business Overview

We were incorporated in the State of Florida on March 11, 2011, for the purpose of providing an online marketplace for art work created by German artist Reinhold Mackenroth, through the internet. M Street Gallery is an active participant in the creation and sale of original oil based paintings. We are fully operational and plan to build on that momentum going forward with our business plan. Our website is located at www.MstreetGallery.com.

We offer a modest array of unique and custom oil on canvas artwork, created by German artist Reinhold Mackenroth to individual retail customers. In addition, we also offer custom portraits services.

Results of Operations – Three Months and Six Months Ended October 31, 2012 compared to the Three Months and Six Months Ended October 31, 2011

Revenue

For the three and six months ended October 31, 2012, we have had no revenue. For the three and six months ended October 31, 2011, we had revenue of \$0 and \$2,800 respectively.

Other General and Administration Expenses

For the three and six months ended October 31, 2012, other general and administration expenses were \$12,195 and \$27,570 as compared to \$11,901 and \$18,905 for the three months and six months ended October 31, 2011. The increase of \$294 or 2% for the three months period ended October 31, 2012 and 2011 is viewed as the normalization of our quarterly expenses, now that costs associated with registration have been completed; these expenses are mainly focused on compensation and professional fees. The increase of \$8,665 or 45% for the six months period ended October 31, 2012 and 2011 are costs mainly associated with compensation and professional fees. The \$10,000 in compensation has been deferred until funds are available.

Net Loss

The net loss for the three and six months ended October 31, 2012 was \$12,195 and \$27,570 as compared to \$11,901 and \$18,905 for the comparable periods in 2011. Changes in losses is a result of the above items listed.

Liquidity and Capital Resources

At October 31, 2012, the company had \$204 in available cash compared to \$1,074 in available cash at April 30, 2012.

For the three months ended October 31, 2012 a total of \$3,900 was contributed to the company by a principal stockholder, as a gift to the company, and thus was accounted for as contributed capital.

Since our current available cash is \$204, our principal stockholder has made a commitment to continue providing the company with needed capital contributions until the foreseeable future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable

Item 4. Controls and Procedures.

Our management, including the Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded; that our disclosure controls and procedures are effective in ensuring that information required to be disclosed by us in the reports we file or submit under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

There have been no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the period covered by this report.

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Part II

Item 1. Legal Proceedings

None

Item 1.a.

Not Applicable

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

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Item 6. Exhibits

31. Certification of the Principal Executive Officer and Chief Financial Officer, pursuant to

Section 302 of the Sarbanes-Oxley Act

32. Certification of the Principal Executive Officer and Chief Financial Officer, pursuant to section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act
101. Financial statements from the quarterly report on Form 10-Q of the Company for the quarter ended October 31, 2012, formatted in Extensible Business Reporting Language (XBRL): (i) the Statement of Operations, (ii) the Balance Sheet, (iii) the Statement of Cash Flows (iv) the Notes to Financial Statements tagged as blocks of text.

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SIGNATURES

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

Date: December 11, 2012

M STREET GALLERY, Inc.

By: /s/ Reinhold Mackenroth
Reinhold Mackenroth,
Chief Executive Officer, Principal
Executive Officer, Principal Financial
Officer and Principal Accounting Officer

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