

# **RELM HOLDINGS INC.**

## **Nine Month End Report**

**September 30, 2010**

**Unaudited Financial Statements**

### **NOTICE TO READER**

The Company's management has prepared the accompanying unaudited interim financial statements. Independent auditors have not performed a review of these financial statements.

**Item I. NAME OF ISSUER**

Relm Holdings Inc.

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Office: 302-824-7064

Web: [www.relmholdingsinc.com](http://www.relmholdingsinc.com)

**Item II. SHARES OUTSTANDING**

Our common shares are traded on the OTC Markets under the symbol “RELM.”

**A. Common Shares**

	September 30, 2010	December 31, 2009	December 31, 2008
Shares authorized	3,000,000,000	1,000,000,000	1,000,000,000
Shares outstanding	650,010,410	578,356,125	578,356,125
Freely tradable shares	8,361,280	11,903,799	11,903,799
No. of beneficial shareholder	(NA)	(NA)	(NA)
No. of shareholders of record	176	176	176

**B. Preferred Shares**

	September 30, 2010	December 31, 2009	December 31, 2008
Shares authorized	5,000,000	5,000,000	5,000,000
Shares outstanding	4,742,273	3,742,200*	3,742,200*
Freely tradable shares	742,273	0	0
No. of beneficial shareholder	0	1	1
No. of shareholders of record	2	2	2

\*Note: The 3,000,000 shares of Preferred shares issued, were canceled in exchange for a \$ 500,000 Note.

### **ITEM III. – INTERIM FINANCIAL STATEMENT**

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## Management Report

To the Shareholders

RELM Holdings Inc.

The accompanying unaudited consolidated statement of operations and the related unaudited consolidated balance sheet for the 9 months ended September 30, 2010 of RELM Holdings Inc. (the Company) has been prepared by company management and by outside consultants from information maintained by the management and staff of RELM Holdings Inc. and by outside consultants for RELM Holdings Inc. may not comply in all respects with and by outside consultants for RELM Holdings Inc. and may not comply in all respects with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects except for the possible **non-compliance** in all respects with generally accepted accounting principles, the financial position of RELM Holdings Inc. as of September 30, 2010 and the results of operations for the 9 months ended September 30, 2010.

Management

**RELM**  
**Consolidating Balance Sheet**  
**September 30, 2010**

	<u>Versalign</u>
<b>Current Assets</b>	
Cash	113,267.27
Investment in Versalign	
Employee Loans	2050.00
Accounts Receivable	323965.68
Investment In AVI	
Unbilled Receivable	33,118.56
Allowance for Bad Debt	(45,798.40)
Inventory	6,750.00
Deferred Tax assets	
Prepaid assets	3,699.00
Deferred expenses	958.72
Due from RELM	
Software License receivable	<u>1,755,000.00</u>
<b>Total current assets</b>	<b><u>2,193,010.83</u></b>
<b>Property and Equipment:</b>	
Automobiles	107,352.65
Computers	589,445.65
Operating Equipment	15,133.86
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	711,932.16
<b>Accumulated Depreciation</b>	<b>(686,023.19)</b>
<b>Property and Equipment-net</b>	<b><u>25,908.97</u></b>
<b>Other Assets:</b>	
Loan to affiliate	14,784.00
Deposits	8,416.67
Other Assets	237,575.00
Goodwill	<u>3,978,783.94</u>
Total other assets	<u>4,239,559.61</u>
<b>TOTAL ASSETS</b>	<b><u>6,458,479.41</u></b>

**Current liabilities:**

Current portion of long term debt	600,000.00
Accounts Payable	404,672.94
Accrued and withheld amounts <sup>2</sup>	244,728.89
Deferred Income	65,529.71
Accrued vacation pay	47,107.89
Accrued 401K	31,615.93
Other	13,588.56
Software License Payable	2,496,666.00
Accrued Interest payable	84,600.00
Due to Shareholders	3,620.00
Related party Mgt fee	108,834.00
Related party expenses paid	102,000.00
Accrued Salaries	<u>1,769,519.00</u>
<b>Total Liabilities</b>	<b><u>5,972,482.92</u></b>

**Long Term Debt:**

Due AVI	
Line of Credit Term out WTC	3,196,709.64
GMAC	
Other	
<b>Total Long Term</b>	<b><u>3,196,709.64</u></b>

**Stockholders' Equity:**

Common Stock	
Paid in Capital	726,081.00
Retained Deficit	(3,436,794.64)
<b>Total equity</b>	<b><u>(2,710,713.15)</u></b>

<b>Total Liabilities and equity</b>	<b><u>6,458,479.41</u></b>
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**RELM**  
**Consolidating Operating Statement**  
**For the Nine Months Ended September**

<b>REVENUE:</b>	<b><u>Versalign</u></b>
Contract revenue	463,168.72
Engineering revenue	741,156.72
Desktop revenue	73,817.15
Hardware revenue	43,534.08
Miscellaneous	(1,101.80)
	-
<b>Total revenue</b>	<b><u>1,320,574.94</u></b>
<b>EXPENSES:</b>	
Hardware	43,826.60
Marketing	3,343.83
Automobile expenses	42,037.61
Bad debts	12,807.92
Bank service charges	7,848.31
Group Insurance	60,177.10
Business Insurance	26,263.05
Salaries	943,456.17
Payroll Taxes	78,082.06
401K Match	3,809.47
Rent	31,033.57
Telephone	8,415.21
Utilities	5,735.88
Office expenses	16,418.27
Professional fees	20,761.50
Other	21,323.93
Estimated depreciation	2,250.00
IRS Penalties	22,231.76
	-
<b>Total operating expenses</b>	<b><u>1,349,822.24</u></b>
Operating Income	(29,247.30)
Interest expense	144,796.99
Income taxes	-
Net Loss	<u>174,044.29</u>
<b>Beginning Capital</b>	<b><u>3,262,749.86</u></b>
<b>Ending Capital</b>	<b><u>3,436,794.15</u></b>