

RELM HOLDINGS INC.

June 30, 2011

Unaudited Financial Statements

December 23, 2011

NOTICE TO READER

The Company's management has prepared the accompanying unaudited interim financial statements. Independent auditors have performed a review of those financial statements.

RELM Holdings Inc.
 Consolidated
 Quarter End – June 30, 2011 – Unaudited

Item I. NAME OF ISSUER

Relm Holdings Inc.

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Office: 302-824-7064

Web: www.relmholdingsinc.com

Item II. SHARES OUTSTANDING

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

A. Common Shares

	June 30, 2011	December 31, 2010	December 31, 2009
Shares authorized	3,000,000,000	3,000,000,000	1,000,000,000
Shares outstanding	1,307,010,410	650,010,410	578,356,125
Freely tradable shares	941,962,823	8,361,280	11,903,799
No. of beneficial shareholder	(N/A)	(NA)	(NA)
No. of shareholders of record	176	176	176

B. Preferred Shares

	June 30, 2011	December 31, 2010	December 31, 2009
Shares authorized	5,000,000	5,000,000	5,000,000
Shares outstanding	4,742,273	4,742,273	3,742,200*
Freely tradable shares	742,273	742,273	0
No. of beneficial shareholder	2	0	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.

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Item III. – INTERIM FINANCIAL STATEMENT

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MANAGEMENT DISCUSSION

General

The RELM Holdings Inc. business model has been to acquire operating businesses. The Company currently has two active subsidiaries, Relm Real Estate Holdings Inc. (RREH) and Access Versalign Inc. (AVI) and two inactive subsidiaries, which ceased doing business in 2001. Relm Real Estate Holdings Inc. focuses on real estate acquisitions and Access Versalign Inc. provides information technology solutions and services.

Management is currently evaluating the focus and direction of the Company and subsidiaries. Due to the overall poor market conditions and the Company's lack of traction in the real estate sector, Management is considering streamlining the Company and subsidiaries to purely focus on Information Technology Solutions and Services. The considered realignment would allow Management to properly size the balance sheet and income statement to reflect on-going business activity and greatly simplify the subsidiary structure to provide improved clarity to potential investors and shareholders. No decisions have been made to date, but Management hopes to release details of its plan in the First Quarter of 2012 (Q1-2012) for implementation in 2012.

To demonstrate Management's desires to improve clarity and visibility into the Company and its Operations, Management will initiate a Quarterly web-based Question and Answer forum. Beginning in February, 2012, Management will create a portal on our web site where investors or shareholders can submit questions to Management. The portal will be open for a fixed period of time each quarter. All questions will be reviewed and both the questions and responses will be posted as warranted.

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RELM Holdings Inc.
Consolidated Balance Sheet
March 31 and June 30, 2011

	March 31,2011	June 30, 2011
CURRENT ASSETS:		
Cash	\$ 78,626.00	\$ 95,318.00
Accounts Receivable	238,927.00	258,999.00
Inventory	6,750.00	6,750.00
Prepaid Expenses	20,645.00	16,396.00
Software License receivables	1,755,000.00	1,755,000.00
Other Assets	<u>17,259.00</u>	<u>17,259.00</u>
TOTAL CURRENT ASSETS	<u>2,115,207.00</u>	<u>2,150,723.00</u>
LONG TERM ASSETS	29,017.00	27,032.00
Fixed Assets-Net	15,928.00	15,928.00
Loan of Affiliate	7,000.00	7,000.00
Deposit	3,979,744.00	3,979,744.00
Goodwill	237,575.00	237,575.00
Other Assets		
TOTAL LONG ASSETS	<u>4,269,263.00</u>	<u>4,267,278.00</u>
TOTAL ASSETS	<u>\$ 6,384,471.00</u>	<u>\$ 6,418,001.00</u>
CURRENT LIABILITIES:		
Account Payable	\$ 421,435.00	\$ 421,474.00
Accrued and Withheld Amounts	237,717.00	204,621.00
Deferred Income	9,224.00	9,424.00
Other Liability	52,011.00	49,941.00
Software License Fee Payable	2,496,666.00	2,496,666.00
Accursed Interest	169,200.00	211,500.00
Due to Shareholder	3,620.00	3,620.00
Due to Related Party for Management Fee	108,834.00	108,834.00
Due to Related Party Expenses Paid	102,000.00	102,000.00
Accursed Salaries Payable	1,769,519.00	1,769,519.00
TOTAL CURRENT LIABILITES	<u>5,370,226.00</u>	<u>5,377,597.00</u>
LONG TERM LIABILITIES		
Long Term Debt-Bank	3,643,851.00	3,643,851.00
Other Long Term Liabilities	<u>194,207.00</u>	<u>157,174.00</u>
Total Long Term Liabilities	<u>3,838,058.00</u>	<u>3,801,025.00</u>
TOTAL LONG TERM LIABILITES	<u>9,208,284.00</u>	<u>9,178,622.00</u>
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)		
Common Stock	960.00	960.00
Paid in Capital	726,081.00	726,081.00
Retained Earnings	(3,550,854.00)	(3,487,662.00)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>(2,823,813.00)</u>	<u>(2,760,621.00)</u>
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 6,384,470.00</u>	<u>\$ 6,418,001.00</u>

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RELM Holdings, Inc.
Consolidated Statement of Income (Loss)
For the Three Months Ended March and June 30, 2011

RELM Consolidated Statement of Income	Three Months Ended March31, 2011	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011
Services	\$ 536,668.00	\$ 564,338.00	\$ 1,101,006.00
Cost of Goods	87,885.00	26,715.00	114,599.00
Gross Margin	<u>448,783.00</u>	<u>537,624.00</u>	<u>986,407.00</u>
Salaries	304,564.00	302,536.00	607,099.00
General & Administrative	109,459.00	109,490.00	218,949.00
Total Operating Expenses	414,023.00	412,025.00	826,049.00
Income (loss) before Interest	34,760.00	125,598.00	160,358.00
Interest	<u>43,172.00</u>	<u>43,420.00</u>	<u>86,591.00</u>
Net Income (loss)	<u>\$ (8,412.00)</u>	<u>\$ 82,179.00</u>	<u>\$ 73,767.00</u>

SUBSEQUENT EVENTS

Legal Proceedings

RELM is not involved in any material legal proceedings. Access Versalign has reached a settlement agreement with one of the former owners of Versalign. AVI has satisfied its required initial payment of \$25,000 and will pay the discounted \$85,000 balance via monthly payments over the following 17 months. Once all monthly payments have been made, this obligation will be satisfied and all judgments will be removed. At the outset of the debt, AVI established an escrow account consisting of restricted RELM and AVI shares. AVI plans to liquidate these shares in the open market to fund the settlement payments.

Technology Acquisitions

To reiterate Management's previous statement on this matter: As of 12/31/2010, Management decided not to move forward with any of the previously proposed and announced acquisitions due to a combination of valuation, due diligence concerns, market conditions, and geography. Management has instead decided to focus on organic growth in our existing businesses while exploring potential synergistic opportunities.

Business Risks

As of 06/30/2011, AVI continues to be unable to meet the financial covenants of our Credit Facility and thereby continues to be in default. AVI must replace this Credit Facility, secure additional capital to retire the amount owed, or negotiate a settlement that reduces the principle amount owed.

As previously mentioned in this report, AVI has reached a settlement agreement with one of the original shareholders of Versalign. Management feels that the negotiated settlement is fair to all parties.

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Versalign has reached an agreement with the IRS to structure a payment plan to resolve a federal tax deficiency that was discovered in this fiscal year. We are confident that the principle amounts will be satisfied in the coming year and we will aggressively seek to have a portion of the associated penalties abated.

If we are unable to successfully obtain additional sources of liquidity to amend or replace our Credit Facility or meet the payment plans tied to the resolution of its settled obligations, it may be necessary for AVI and/or its subsidiary to seek protection from creditors under Chapter 11 of the U.S. Bankruptcy Code.

Business Opportunities

Despite the challenge referenced above, 2011 to date has been a successful year as the companies managed a difficult economic environment. Management feels that the plans that were enacted for AVI and Versalign will yield sustained growth as the economy stabilizes. Versalign continues to expand its role as a key technology services provider for the State of Delaware.

Versalign received an award as a vendor under the new State of Delaware Network Services contract. This is the re-issued contract under which Versalign has offered services to the State of Delaware for many years. For 2011, the State of Delaware entered into a Managed Services contract with Computer Aid, a national IT vendor, to manage staff augmentation (contractor services) within State agencies. This contract overlaps with the majority of staff augmentation services that Versalign provides to the State of Delaware under the Network Services contract. To mitigate the risk, Versalign has proactively engaged as a sub-contractor to this vendor and has successfully preserved the vast majority of its contracted positions and margins. For 2011, Versalign will see a large portion of its State of Delaware revenue shift from the Network Services contract to the CAI relationship. Versalign is aggressively pursuing all opportunities provided by this relationship including offering subcontracting services to CAI's State of Pennsylvania and State of New Jersey contract clients.

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Versalign has been awarded contracts with local school districts to install interactive whiteboard systems in its schools. These installations will continue throughout 2011 and into 2012. Versalign has also been engaged by several Delaware Charter Schools to manage their IT infrastructure and provide computer and network support services. Additionally, Versalign was awarded a manufacturer's contract to install digital video systems in Delaware State Police vehicles and the supporting wireless access technologies at its facilities. Versalign has completed the first phase of this project by successfully installing wireless infrastructure in State Police facilities and installing the digital video systems in the police vehicles. As a certified installer, Versalign is working with the manufacturer to provide services to other police jurisdictions.

Versalign was awarded a contract to refresh the technology infrastructure at the student testing center of a local State University. Versalign designed an innovative solution utilizing the latest Microsoft server products to support the computer based testing environment. This project is expected to be completed and on-line by the end of Q4-2011.

Versalign continues to see a modest rebound in private sector spending for information technology services. Versalign met its initial forecast for the period ending June 30, 2011 versus Q2-2010. Management is optimistic that this trend will continue for the majority of Q3-2011, but expects that revenue will return to the previous trajectory for Q4 due to the completion of the summer projects. Delays in invoicing due to the State of Delaware's transition to the CAI contract may result in an imbalance in the recognition of revenue vs. expenses for Q3 and Q4.

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SAFE HARBOR

This report contains forward-looking statements including without limitation those about the Company's estimated revenue and earnings per share. These statements involve risks and uncertainties, and actual results may differ. Risks and uncertainties include without limitation the effect of competitive and economic factors, and the Company's reaction to those factors, on consumer and business buying decisions with respect to the Company's products and services; continued competitive pressures in the marketplace; the ability of the Company to deliver to the marketplace and stimulate customer demand for new products, services, and technological innovations on a timely basis; the continued availability on acceptable terms, or at all, of certain components and services essential to the Company's business currently obtained by the Company from sole or limited sources; the effect that product and service quality problems could have on the Company's sales and operating profits; the continued service and availability of key executives and employees; war, terrorism, public health issues, and other circumstances that could disrupt supply, delivery, or demand of products and services; and unfavorable results of other legal proceedings.