REWARD ENTERPRISES INC
Form 10KSB
December 17, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended - June 30, 2003 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 000-27259

REWARD ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

NEVADA	**98-0203927**
(State or other jurisdiction of incorporation or organization)	(Employer Identification No.)

1327 Ocean Avenue,
Suite M
Santa Monica, California
90401
(Address of principal executive offices, including zip code.)

(310) 395-5374
(Issuer's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: **Common Stock**, **$0.001 par value**

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 **x** NO ¨

Check if no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is contained herein, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. **x**

State Issuer's revenues for its most recent fiscal year**. June 30, 2003 - $-0-.**

The aggregate market value of the common stock held by non-affiliates on **June 30, 2003 $104,770.** There are approximately **10,477,000** shares of common voting stock of the Registrant held by non-affiliates.

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date: **November 30, 2003** **18,722,000** shares of Common Stock

Documents Incorporated by Reference None

Transitional Small Business Disclosure Format YES ¨ NO **x**

NOTE REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes "forward-looking statements," including without limitation statements containing the words "believes," "anticipates," "intends," "expects" and words of similar import, as well as all projections of future results. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or achievements of the Company to be materially different from any future results or achievements of the Company expressed or implied by such forward-looking statements. Such factors include, but are not limited to the following: the Company's lack of an operating history, the Company's lack of revenues and unpredictability of future revenues; the Company's future capital requirements to develop our operating systems, telecommunications facilities, and administrative support systems; intense competition from established competitors with greater resources; the Company's reliance on internally developed systems and system development risks; the risks of system failure; the Company's dependence on the Internet and continued growth of online communications and commerce; the uncertainty of participating in developing a market; the risks associated with rapidly changing technology; intellectual property risks; the risks associated with governmental regulations and legal uncertainties; and the other risks and uncertainties described under "Description of Business - Risk Factors" in this Form 10-KSB. Certain of the forward looking statements contained in this annual report are identified with cross-references to this section and/or to specific risks identified under "Description of Business - Risk Factors".

PART 1

ITEM 1. DESCRIPTION OF BUSINESS.

History

Reward Enterprises Inc. (the Company) was incorporated under the laws of the State of Nevada on December 12, 1997, as Sports Entertainment Productions, Inc. to engage in the business of Internet entertainment including gaming. In July 1998, the Company changed its name to Reward Enterprises Inc.

On August 15, 2001, the Company discontinued its plan of operating a virtual casino website as a result of the shareholder approval of the acquisition of Q Presents Inc. a private California based company which intended to provide localized and web based custom event registration and automation solutions targeting the hotel and conference segment of the Event Automation industry. The Company s definitive proxy statement filed with the SEC on August 8, 2001 and its Form 8-K filed with the SEC on August 20, 2001 are incorporated herein by reference

New management has recently entered into the specialized international communications market to provide international voice, Internet access and global network services to corporate clients, communication carriers and Internet service providers. The Company will utilize the web based platform that was originally intended as an event registration and automation solution for its telecommunication business.

The information set forth below contains the Company s plan of operations on June 30, 2003. Reward Enterprises, Inc. maintains and administrative office at 1327 Ocean, Suite M, Santa Monica, California 90401.

Operations

The Company is a start-up business and has not commenced operations as of the date hereof other than an undertaking of a market analysis and discussions in the development of strategic relationships in telecommunications. As such, the following reflects the Company s proposed plan of operation. There is no assurance however, that the Company will ultimately be able to implement its plan of International Telecommunications.

International Communications

The Company s goal is to become a U.S. based International Telecommunications Company, offering a broad range of integrated and competitively priced traditional long distance telephone, Internet access service, and world wide network services. We plan to function as Network solution providers to various large international carriers in order for them to be more effective in terminating and originating traffic from various countries around the world. We will also work with new nation-wide Internet Service Providers (ISPs) in order that they look at various enhanced services business opportunities to build robust revenue streams. Thus the Company will be an organization that applies technology solutions on a Global basis to create successful commercial ventures for clients and partners.

In order to stimulate new minutes we will, after developing business relationship with overseas carriers, attempt to work out settlement rates that are most favorable to each partner and will help generate significant amount of new traffic. The settlement rate for each partner is not necessarily identical and varies with the opportunity value presented. If for example, Reward obtains a very aggressive rate to terminate traffic in Antigua and re-file to other countries from there we can offer much lower rates to the customers native and transient - to terminate traffic to the USA. This is in addition to the major European and other destinations that have good quality fiber connectivities.

The goal of Reward is to provide attractive services to various countries and accelerate growth through proper licensed agreements, in order to lower their costs, maintain a high quality of service, and to establish new, profitable and stable international routes. While our interests expand beyond the above, we think that this strategy is a good starting point to begin our potential interconnection with major carriers in the world.

The following is a list of requests when seeking a license within a foreign country:

1) Provide both inbound and outbound telecommunications traffic to and from the country.
2) Provide Internet services (ISP) both internationally and within country
3) Provide telecommunications traffic and/or services within country
4) Operate (transmit and receive satellite signals)
5) Operate (transmit and receive microwave-line-of-sight signals)
6) Deploy and operate a wireless local loop platform within country
7) Function as a throughway (possibly a Zone Free) for telecommunications services in transit
8) Conduct commerce under all of the aforementioned approvals.

The creation of such a hub could be done very easily by installing a large bandwidth IP back-bone structure (through either a satellite or fiber connection) and terminating hardware (Gateways, Routers etc.). Once the proper authority is granted, creation of this facility is an easy and quick task. This opens the ability to provide basic and enhanced services to the users both commercial and residential at very attractive rates. In addition, the hub wil position the country as a leading infrastructure and access provider. In addition to the significant new revenues that accrue to the in country license partners, Reward s development can help the country to develop as an international telecommunications hub with significant job creation potential. Acting as a stimulus for additional investment in the Information Technology sector, we can be the catalyst for further economic development in the country.

We would thus be in a position of generating significant additional traffic volumes to provide a better fill on the transmission routes and increase the utilization of the switching platforms that could be deployed in country. Operating with a smaller overhead and margins we could offer a more attractive rate to our partners and also significantly enhance the economic infrastructure in a country by providing a new traffic hub operation for the region there.

The Market

Our goal is to develop business relationships in emerging markets which will enable us to sell voice, Internet access and private lines to corporations, Internet Service Providers (ISPs) and carriers in that country.

Through these network of relationships we will enter into our target markets by obtaining a re-filing agreement with a major carrier, a communications operating license, or forming a partnership with a licensed carrier to operate within a country. Our goal is to bring voice, data and/or Internet traffic into or out of the country by selling such services to other international carriers and businesses.

Many countries are granting Voice over Internet Protocol (VoIP) licenses to allow voice traffic in and out of the country. We will be aggressively pursuing these licenses.

Upon establishing an operating network to an international destination, our goal will be to utilize this network to deliver Internet connectivity, international private lines to businesses and/or government and educational institutions, web development and hosting and other enhanced communication services. These services will be sold through either an existing international licensed carrier or through the development of our own in-country operation. Upon obtaining a license in a specific country, we may either set up our own in-country operation or establish an in country partner to market our suite of services to carriers, ISPs, and other institutions.

Management will carefully evaluate each potential international opportunity and determine which of the aforementioned scenarios is most appropriate, where we can enter a country, begin to generate revenue, gaining a foothold to provide more advanced telecommunication services.

Developing countries and the businesses within them are being forced to relearn how to conduct themselves in the new Internet economy. Cost-effective and high quality voice telephone, fax, Internet, and electronic commerce services are a necessity for any country that wishes to participate in the Global Economy. For the growth of the Internet and the true globalization of the electronic economy to continue, developing countries must become larger participants.

Many countries have lagged behind the United States in becoming wired. The reasons include:

- National telephone company monopolies, allowing sparse competition. This has stimulated little innovation, allowed prices to remain artificially high, and not stimulated construction of enhanced or alternative physical infrastructures.

- Limitation on alternative international long distance carriers has constrained competition and provided little incentive for competitors to build facilities into the country. A major challenge inhibiting this growth is the regulatory environment in each country. The opening of communications markets that were previously restricted is essential for the expansion of the global information economy.

Emerging markets, driven by the need to catch up in the wired technological world or new global economy, represent considerable demand for enhanced voice, data, and Internet services. This includes network connectivity, Web development and hosting, and network security services.

It is often cheaper to use a leased line Internet connection to the United States to route traffic to other countries than to have a direct connection to those countries.

Faster and better connectivity, more reliable voice quality, improved Web site performance, and acceptable levels of network security risk are all critical to businesses everywhere. Introduction of these services by a single vendor into emerging markets represents a huge potential market.

Our Services

Our goal is to deliver international voice, Internet access, and private line services. By utilizing cutting edge network infrastructure and technologies, assembled and deployed by either by us or our in country partners, we plan on capitalizing on opportunities to introduce selected products and services into emerging market countries or regions throughout the world.

International Voice

Our goal is to deliver international voice communications traffic via relationships with carrier networks worldwide. We will offer traditional as well as Voice over Internet Protocol (VoIP) voice communications capabilities.

International Internet Access

Our goal is to offer Internet Access targeted at Internet Service Providers (ISPs), communication carriers and corporations seeking Internet connectivity in emerging countries. We will, where necessary create

Internet POPs (Points of Presence) in each of our target countries. These POPs will include the physical infrastructure (routers, servers, local area networks, and external network access) to allow businesses and local Internet Service Providers (ISPs) to connect to a network.

International Private Line Services

We will offer International Point-to-Point Private Line Services between the United States and our target countries. Our goal is to develop a Virtual Private Network (VPN) connectivity for those customers. These services will be utilized by our customers for voice, data, and Internet services.

Competition

The communications industry is highly competitive, rapidly evolving, subject to constant technological change. We believe that the traditional distinctions between local, long distance, data transmission and Internet access markets are disappearing.

Our competition is as follows:

Our competitors in the international long distance market include large, facilities-based multinational carriers, foreign PTTs, small facilities-based providers in the United States, and various alliances among communications companies.

International long distance providers compete on the basis of price, transmission quality, reputation and breadth of service offerings. The United States-based international communications services market is dominated by AT&T, Sprint and MCI WorldCom.

Additional competition may come from carriers using VoIP and other data networks to provide services. This technology can be used to provide both voice and data services at significantly lower costs than circuit-switched long distance.

We believe it will become competitive with business oriented Internet providers, including UUNET/Worldcom, PSInet, Level 3, Qwest, Genuity (formerly GTE Internetworking), and others, all of whom have greater resources than us.

Company s Office

The Company s administrative headquarters are located 1327 Ocean Avenue Suite M Santa Monica, California 90401 and its telephone number (310) 395-5374.

Employees

The Company is a development stage company and currently has no employees other than its Officers and Directors. The Company intends to hire additional employees as needed.

Risk Factors

1. **Company Has No History of Earnings.** The Company has no operating history and is subject to all of the risks inherent in a developing business enterprise including lack of cash flow and service acceptance. There can be no assurance that any of our business strategies will be successful or that we will ever achieve profitability. We have incurred operating losses since our inception and expect to incur operating losses for the foreseeable future. These factors, among others, raise substantial doubts about our ability to continue as a going concern, unless we raise sufficient capital as contemplated herein.
2. **Development and Market Acceptance of Services.** The Company s success and growth will depend upon its ability to market its services. The Company s success will depend in part upon the market s acceptance of, and the Company s ability to deliver and support its telecommunication services.
3. **Liquidity; Need for Additional Financing.** The Company believes that it does not have the cash it needs for at least the next twelve months based upon its internally prepared budget. Further, the Company s cash requirements are not easily predictable and there is a possibility that its budget estimates will prove to be inaccurate. If the Company is unable to generate a positive cash flow, it will be required to substantially curtail operations and seek additional capital. There is no assurance that the Company will be able to obtain additional capital if required, or if capital is available, to obtain it on terms favourable to the Company. The Company may suffer from a lack of liquidity in the future which could impair its short-term marketing and sales efforts and adversely affect its results of operations. Our ability to meet our projected growth may require additional cash resources. Failure to obtain future financing, or if vendor financing or additional equity financing is not available when needed or on acceptable terms, could cause us to delay, scale back or abandon our plans and could materially adversely affect our ability to compete. We cannot assure you that any financing arrangements will be available or, if available, that it will be on acceptable terms.
4. **Our revised business model is still under development.** We recently shifted our business plan towards focusing on specific international telecommunication opportunities. Moreover, our business plan is still under development.
5. **The success of the business plan is dependent upon market developments and traffic patterns**. The development of our network will entail substantial costs and prior planning, including the purchase of additional equipment, which are based in part on our expectations concerning future revenue growth and market developments. As we expand our network, the cost of services will increasingly consist of fixed costs arising from the ownership and maintenance of equipment. As a result, cost increases and a resulting decrease in any future profits may occur. If traffic volume were to decrease, or fail to increase to the extent expected or necessary to make efficient use of our network, our costs as a percentage of revenues would increase significantly which would have a material adverse effect on our financial condition and results of operations.
6. **We may be unable to adapt to rapid technological change**. The communications industry has been, and is likely to continue to be, subject to rapid and significant changes in technology. Our success will depend, in significant part, on our ability to make timely and cost-effective enhancements and additions to our technology, as well as our ability to introduce new services that meet client demand. We expect new products and services, and enhancements to existing

products and services, to be developed and introduced to compete with our existing services. The proliferation of new communications technology, including personal communication services and voice communication over the Internet, may reduce demand for certain of our existing services. We cannot assure you that we will be successful in developing and marketing new services or enhancements that respond to these or other technological changes or evolving industry standards. In addition, we may experience difficulties that could delay or prevent the successful development, introduction and marketing of our services, which may result in our services not achieving market acceptance. Our financial condition could be adversely affected if we are unable to develop, or experience delays in the introduction of, new services or enhancements or if such services or enhancements fail to achieve market acceptance.

7. **If the Internet does not continue to grow as a medium for voice and fax communications, our business will suffer**. The technology that allows voice and fax communications over the Internet, and the delivery of other value-added services, is still in its early stages of development. Historically, the sound quality of calls placed over the Internet has been poor. As the Internet telephony industry has grown, sound quality has improved, but the technology requires further refinement. Additionally, as a result of the Internet s capacity constraints, callers could experience delays, errors in transmissions or other interruptions in service. Transmitting telephone calls over the Internet must also be accepted as an alternative to traditional voice and fax service by communications service providers. Because the Internet telephony market is new and evolving, predicting the size of this market and its growth rate is difficult. If our market fails to develop, then we will be unable to grow our client base and our results of operations will be adversely affected.

8. **The communications services industry is highly competitive and we may be unable to compete effectively**. The communications industry, including Internet and advanced data services, is highly competitive, rapidly evolving and subject to constant technological change and intense marketing by providers of functionally similar services. Since there are few, if any, substantial barriers to entry, we expect that new competitors are likely to join existing competitors in the communications industry, including the market for international long distance voice, Internet and data services targeted by us. Although licenses for telecommunications or Internet services granted in foreign countries may provide barriers to entry in some instances, we still face competition. Many of our current competitors are significantly larger and have substantially greater market presence as well as greater financial, technical, operational, marketing and other resources and experience than we do. We believe that competition will continue to increase, placing downward pressure on prices. Such pressure could adversely affect our gross margins if we are not able to reduce our costs commensurate with such price reductions. In addition, the pace of technological change makes it impossible for us to predict whether we will face new competitors using different technologies to provide the same or similar services offered or proposed to be offered by us.

9. **Industry consolidation could make it more difficult to compete**. Companies offering Internet, data and communications services are increasingly consolidating. As a company with a limited operating history, we may not be able to compete successfully with businesses that have combined, or will combine, to produce companies with substantially greater financial, sales and marketing resources, larger client bases, extended networks and infrastructures and more established relationships with vendors, distributors and partners than we have. In addition, this consolidation trend could prevent or hinder our ability to further grow our operations through

acquisitions. With these heightened competitive pressures, there is a significant risk that the value of our common stock will decline.

10. **Our ability to provide services is often dependent on other service providers and our suppliers.**

Interconnectivity. In order for our network to be functional, we must enter into agreements with local exchange carriers and other carriers covering each market in which we intend to offer local service. Although we plan to enter into interconnection agreements in a number of jurisdictions, we cannot guarantee that we will successfully negotiate those agreements or negotiate new agreements in new markets. The failure to secure and maintain these agreements could have a material adverse effect on our ability to implement our business plan.

Transmission Facilities. A portion of the telephone calls made by our clients are connected through transmission lines of facilities-based long distance carriers which provide us with transmission capacity through a variety of resale arrangements. Because digital undersea fiber optic cables and communications satellites typically take several years to plan and construct, carriers generally make investments based on a forecast of anticipated traffic. We do not control the planning or the construction of digital undersea fiber optic transmission facilities or satellites and must seek access to such facilities through partial ownership positions or lease arrangements on negotiated terms that may vary with industry and market conditions. Our ability to maintain and expand our business is dependent, in part, upon our continuing to maintain satisfactory relationships with these carriers, many of which are our competitors, and upon our ability to obtain their services on a cost effective basis. As we deploy our network, we will continue to be dependent on other carriers network transmission services for many of our services. These carriers are not expected to enter into long-term contracts with us and are not restricted from competing against us. To the extent that any of these carriers raise their rates, change their pricing structure or reduce the amount of capacity they will make available to us, our financial condition or results of operations may be adversely affected.

Long Distance Carriers. Our ability to terminate traffic in our targeted foreign markets is an essential component of our current and future operations and, therefore, we are dependent upon securing operating agreements and other termination arrangements. Failure to secure or maintain such arrangements could limit our revenues, our ability to increase our services to our existing markets or our ability to gain entry into new markets. Our ability to compete in the long distance telecommunications market depends, in part, on our ability to procure advantageous rates from incumbent carriers and from other international exchange carriers, and on the ability of such parties to carry the transmissions we route to their networks. If, as a result of the termination of our relationship with an incumbent carrier or an international carrier or the inability of any such entity to carry traffic routed to it, we are forced to route our traffic to a different entity providing service at a less advantageous rate, or with lesser quality, there could be a material adverse effect on our profit margins or network service quality.

11. **We need to retain our key management personnel and hire additional qualified personnel**. We are dependent on the efforts of our senior officers and on our ability to hire and retain qualified management personnel. The loss of services of any of these individuals could materially and adversely affect our business and our future prospects. We have not entered into employment agreements with any of our senior officers. In addition, we anticipate that in order to successfully implement our business strategy, including the expansion of the geographic scope of our operations, we will be required to recruit and hire a substantial number of sales and other

personnel. Failure to attract and retain additional qualified sales and other personnel, including management personnel who will train and integrate our new employees in addition to their role in continuing to manage our growth strategy could adversely affect us.

12. **We depend on prompt collection of client payments**. Because we render most of our services prior to receiving payment, we are dependent on the prompt collection of our clients bills. The failure of our clients to pay their bills in a timely manner or our failure to adequately assess their creditworthiness could materially adversely affect us.
13. **Service interruptions could affect our business**. Our success is largely dependent on our ability to deliver competitively priced, uninterrupted international long distance telephone services. We also face the risk that there may be a disruption in the service provided by these carriers, causing a disruption in the services we provide to our clients. Our operations are dependent on our ability to successfully expand our network and to integrate new and emerging technologies and equipment into our network. This expansion and integration may increase the risk of system failure and cause strain upon our network. Our operations also are dependent on our protection of our hardware and other equipment from damage due to natural disasters or other sources of power loss, telecommunications failures or similar occurrences. Significant or prolonged telephone network failures, or difficulties for clients in completing long distance telephone calls, could damage our reputation and result in the loss of clients and consequently have a material adverse effect on our financial condition or business prospects.
14. **We could be adversely affected if there are breaches in our network security systems.** We could lose clients and expose ourselves to liability if there are any breaches to our network security systems which, in turn, could jeopardize the security of confidential information stored in our computer systems.
15. **Increasing competition in the communications industry in foreign countries, and our limited or nonexistent competitive standing, may adversely affect our ability to generate revenues, gain significant market share and attract clients from existing providers.** The communications industry in foreign countries is becoming increasingly competitive due in part to recent privatizations, deregulations and related increase in the number and size of new competitors. Furthermore, because we have a limited operating history and, in some of our target markets, no operating history, we have a limited competitive standing. We will compete with several other service providers in each of our markets. Competitors include global alliances of some of the world s largest communications carriers, incumbent communications providers with large client bases, wireless telephone companies and satellite-based communications carriers. Other existing and potential competitors include cable television companies, railway companies, utilities and other entities with rights-of-way and large end users which operate private networks. We believe competition is likely to continue to intensify as the number of new market entrants increases. As a result, we may not be able to generate adequate revenues or gain a substantial share of the markets we intend to serve. We may also have difficulty attracting clients from established providers.
16. **We face additional risks because we do business on an international level**. There are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, tariffs, customs, duties, other trade barriers, political risks and other factors which could materially adversely affect our current and planned operations. For example, existing carriers in foreign markets may take many months to allow competitors such as us to interconnect to their switches within the market. Further, we have limited recourse if our

foreign partners fail to perform under their arrangements with us, or if foreign governments, post, telephone and telegraph providers ("PTTs"), or other carriers take actions that adversely affect our ability to gain entry into those markets. The international telecommunications industry is changing rapidly due to deregulation, privatization of PTTs, technological improvements, expansion of telecommunications infrastructure and the globalization of the world s economies. We cannot assure you that one or more of these factors will not vary in a manner that could have a material adverse effect on our financial condition or results of operations.

17. **We face additional risks as we expand our business operations in emerging markets**. Our current business strategy includes the continued expansion of our operations in emerging market countries. The political systems of many of the markets in which we currently operate or plan to operate are slowly emerging from a legacy of totalitarian rule. Political conflict and, in some cases, civil unrest and ethnic strife may continue in some of these countries for a period of time. Many of the economies of these countries are weak, volatile and reliant on substantial foreign assistance. Expropriation of private businesses in such jurisdictions remains a possibility, whether by outright seizure or by confiscatory tax or other policies. In addition, the legal systems in emerging markets frequently have little or no experience with commercial transactions between private parties. Consequently, we cannot provide any assurance that we will be able to protect or enforce our rights in emerging market countries. Further, the instability of the laws and regulations applicable to our businesses in these markets could materially and adversely affect our business, financial condition or results of operations.
18. **Issuance of Additional Shares-Dilution.** 181,278,000 shares of Common Stock or 90.6% of the 200,000,000 authorized shares of Common Stock of the Company are unissued. The Board of Directors has the power to issue such shares, subject to shareholder approval, in some instances. Although the Company presently has no commitments or contracts to issue any additional shares to other persons. The Company may in the future attempt to issue shares to acquire products, equipment or properties, or for other corporate purposes. Any additional issuance by the Company, from its authorized but unissued shares, would have the effect of diluting the interest of existing shareholders.
19. **Indemnification of Officers and Directors for Securities Liabilities.** The laws of the State of Nevada provide that the Company could indemnify any Director, Officer, agent and/or employee as to those liabilities and on those terms and conditions as are specified in the Corporation Act of the State of Nevada. Further, the Company may purchase and maintain insurance on behalf of any such persons whether or not the corporation would have the power to indemnify such person against the liability insured against. The foregoing could result in substantial expenditures by the Company and prevent any recovery from such Officers, Directors, agents and employees for losses incurred by the Company as a result of their actions. Further, the Company has been advised that in the opinion of the Securities and Exchange Commission, indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable.
20. **Cumulative Voting, Pre-emptive Rights and Control.** There are no pre-emptive rights in connection with the Company s Common Stock. Shareholders may be further diluted in their percentage ownership of the Company in the event additional shares are issued by the Company in the future. Cumulative voting in the election of Directors is not provided for. Accordingly, the holders of a majority of the shares of Common Stock, present in person or by proxy, will be able to elect all of the Company s Board of Directors.
21. **No Dividends Anticipated.** At the present time the Company does not anticipate paying dividends, cash or otherwise, on its Common Stock in the foreseeable future. Future dividends will depend on earnings, if any, of the Company, its financial requirements and other factors.

REWARD ENTERPRISES, INC.
(A Development Stage Company)
June 30, 2003

WILLIAMS & WEBSTER P.S.
Certified Public Accountants
Bank of America Financial Center
601 W. Riverside, Suite 1940
Spokane, WA 99201
(509) 838-5111

REWARD ENTERPRISES, INC.
(A Development Stage Company)

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The Board of Directors
Reward Enterprises, Inc.
Santa Monica, California

INDEPENDENT AUDITOR S REPORT

We have audited the accompanying consolidated balance sheets of Reward Enterprises, Inc. (a development stage company) as of June 30, 2003 and 2002, and the related consolidated statements of operations and comprehensive loss, stockholders equity and cash flows for the years then ended and from December 12, 1997 (inception) to June 30, 2003. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Reward Enterprises, Inc. as of June 30, 2003 and 2002, and the results of its operations and its cash flows for the years then ended and from December 12, 1997 (inception) to June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company has no revenues and has sustained losses since inception. These factors raise substantial doubt about the Company s ability to continue as a going concern. Management s plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Williams & Webster, P.S.
Certified Public Accountants
Spokane, WA
November 17, 2003

REWARD ENTERPRISES, INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS

	June 30, 2003	June 30, 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,835	$ 24,717
Accounts receivable, related party	-	26,000
TOTAL CURRENT ASSETS	12,835	50,717
PROPERTY AND EQUIPMENT		
Telecommunications equipment	51,600	-
Website	145,979	145,979
Accumulated depreciation and amortization	(48,660)	(19,464)
TOTAL PROPERTY AND EQUIPMENT	148,919	126,515
OTHER ASSETS		
Goodwill	-	2,100,000
TOTAL ASSETS	$ 161,754	$ 2,277,232
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 35,717	$ 15,064
Interest payable	8,313	690
Notes payable, net of discount	70,000	28,000
Deferred income from joint venture	175,000	-
TOTAL CURRENT LIABILITIES	289,030	43,754
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, 200,000,000 shares authorized, $0.001 par value;18,722,000 and 17,703,667 shares issued and outstanding, respectively	18,722	17,704
Additional paid-in capital	2,941,593	2,892,861
Stock options	10,400	14,400
Accumulated deficit during development stage	(3,097,991)	(691,487)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(127,276)	2,233,478
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 161,754	$ 2,277,232

The accompanying notes are an integral part of these financial statements.

REWARD ENTERPRISES, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year Ended June 30, 2003	Year Ended June 30, 2002	December 12, 1997 (Inception) Through June 30, 2003
R E V E N U E S	$ -	$ -	$ -
E X P E N S E S			
Consulting fees	143,500	-	410,638
General and administrative	87,628	60,053	171,323
Legal and professional fees	17,883	61,445	174,211
Travel and entertainment	13,969	11,807	48,885
Depreciation and amortization	29,196	19,596	52,426
Research and development	4,705	83,330	88,035
Loss on impairment of asset	2,100,000	-	2,165,160
TOTAL OPERATING EXPENSES	2,396,881	236,231	3,110,678
OTHER INCOME AND EXPENSE			
Interest expense	9,623	2,690	12,313
Gain from debt forgiveness	-	-	(25,000)
TOTAL OTHER EXPENSE	9,623	2,690	(12,687)
LOSS BEFORE INCOME TAXES	(2,406,504)	(238,921)	(3,097,991)
PROVISION FOR TAXES	-	-	-
NET LOSS	(2,406,504)	(238,921)	(3,097,991)
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation gain (loss)	-	246	-
COMPREHENSIVE LOSS	$ (2,406,504)	$ (238,675)	$ (3,097,991)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.13)	$ (0.02)	
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING	18,500,306	14,856,778	

The accompanying notes are an integral part of these financial statements.

REWARD ENTERPRISES, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock				Stock Options	Accumulated Deficit During	Total
	Number of Shares	Amount	Additional Paid-in	Subscriptions Receivable	and Warrants	Development Stage	Stockholders' Equity
Issuance of common stock in April 1998							
for services valued at $0.01 per share	1,000,000	$ 1,000	$ 9,000	$ (10,000)	$ -	$ -	$ -
Net loss for period ending June 30, 1998	-	-	-	-	-	(10,000)	(10,000)
Balance, June 30, 1998	1,000,000	1,000	9,000	(10,000)	-	(10,000)	(10,000)
Issuance of common stock in May 1999							
for cash at an average of $0.10 per share	1,715,000	1,715	169,785	-	-	-	171,500
Net loss for year ending June 30, 1999	-	-	-	-		(62,506)	(62,506)
Balance, June 30, 1999	2,715,000	2,715	178,785	(10,000)	-	(72,506)	98,994
Payables provided for stock subscription	-	-	-	10,000	-	-	10,000
Net loss for year ending June 30, 2000	-	-	-	-	-	(228,659)	(228,659)
Balance, June 30, 2000	2,715,000	2,715	178,785	-	-	(301,165)	(119,665)
Issuance of common stock in October 2000							
for cash at $0.001 per share	10,000,000	10,000	-	-	-	-	10,000
Issuance of common stock in October							

2000							
for payment on loans payable at $0.001 per share	200,000	200	-	-	-	-	200
Stock options exercised at an average of $0.10							
per share in exchange for consulting fees	2,230,000	2,230	222,770	-	-	-	225,000
Stock options exercised at an average of $0.14							
per share in exchange for cash	1,325,000	1,325	179,925	-	-	-	181,250
Net loss for the year ended June 30, 2001	-	-	-	-	-	(151,401)	(151,401)
Balance, June 30, 2001	16,470,000	16,470	581,480	-	-	(452,566)	145,384
Common stock issued in merger with							
Q-Presents, Inc. at $0.35 per share	6,000,000	6,000	2,094,000	-	-	-	2,100,000
Common stock cancelled as part of							
merger with Q-Presents, Inc.	(10,200,000)	(10,200)	10,200	-	-	-	-
Stock options exercised at an average of $0.175							
per share in exchange for cash	572,000	572	112,428	-	-	-	113,000
Issuance of common stock in December 2001							
	890,000	890	-	-	-	-	890

for cash at $0.001 per share							
Issuance of common stock in exchange							
for services at $0.005 per share	2,945,000	2,945	11,780	-	-	-	14,725
Stock options issued for compensation							
in December 2001	-	-	-	-	10,400	-	10,400
Issuance of common stock in January and March							
2002 for cash at an average of $0.15 per share	660,000	660	30,840	-	-	-	31,500
Issuance of stock warrants attached to							
promissory notes in May 2002	-	-	-	-	4,000	-	4,000
Issuance of common stock in May and June							
2002 for cash at an average of $0.12 per share	366,667	367	52,133	-	-	-	52,500
Net loss for the year ended June 30, 2002	-	-	-	-	-	(238,921)	(238,921)
Balance, June 30, 2002	17,703,667	17,704	2,892,861	-	14,400	(691,487)	2,233,478
Issuance of common stock in July and September							-
2002 for cash at an average of $0.12 per share	293,333	293	38,207	-	-	-	38,500

Issuance of common stock in October 2002 for consulting services	725,000	725	6,525	-	-	-	7,250
Expiration of stock warrants, May, 2003	-	-	4,000		(4,000)		-
Net loss for the year ended June 30, 2003	-	-	-	-	-	(2,406,504)	(2,406,504)
Balance, June 30, 2003	18,722,000	$ 18,722	$ 2,941,593	$ -	$ 10,400	$ (3,097,991)	$ (127,276)

The accompanying notes are an integral part of these financial statements.

REWARD ENTERPRISES, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2003	Year Ended June 30, 2002	Dec 12,1997 (Inception) Through June 30, 2003
Cash Flows From Operating Activities:			
Net loss	$ (2,406,504)	$ (238,921)	$ (3,097,991)
Adjustments to reconcile net loss			
to net cash used by operating activities:			
Depreciation and amortization	29,196	19,464	52,294
Related party receivable	26,000		26,000
Loss on impairment	2,100,000	-	2,165,160
Gain on forgiveness of debt	-	-	(25,000)
Services provided in exchange for stock	7,250	14,725	31,975
Stock issued in exchange for payables	-	-	10,000
Stock options issued for compensation	-	14,400	14,400
Discount on note payable	2,000	(2,000)	-
Changes in assets and liabilities:			
Other assets	-	-	(60,000)
Accounts receivable, related party	-	(26,000)	(26,000)
Accounts payable	20,653	123	105,777
Accrued expenses	7,623	690	163,313
Due to Joint Venture	175,000		175,000
Net cash used by operating activities	(38,782)	(217,519)	(465,072)
Cash Flows From Investing Activities:			
Changes to purchases, property and equipment	(51,600)	1,059	(60,526)
Decrease (increase) in loans receivable	-	-	(140,000)
Cash from merger acquisition	-	9,093	9,093
Net cash provided (used) by investing activities	(51,600)	10,152	(191,433)
Cash Flows From Financing Activities:			
Proceeds from related party loans	-	-	3,600
Payment on related party loans	-	(1,500)	(3,400)
Proceeds from promissory notes	40,000	30,000	70,000
Issuance of stock	38,500	197,890	599,140
Net cash provided by financing activities	78,500	226,390	669,340
Net increase (decrease) in cash and cash equivalents	(11,882)	19,023	12,835
Foreign currency translation gain (loss)	-	246	-
Cash and cash equivalents, beginning of period	24,717	5,448	-
Cash and cash equivalents, end of period	$ 12,835	$ (6,866)	$ 12,835

SUPPLEMENTAL CASH FLOW DISCLOSURES:			
Interest expense paid	$ -	$ -	$ -
Income taxes paid	$ -	$ -	$ -
NON-CASH INVESTING AND FINANCING TRANSACTIONS:			
Services exchanged for common stock	$ 7,250	$ 14,725	$ 31,975
Subscribed stock in exchange for payables	$ -	$ -	$ 10,000
Payables exchanged for shares of stock	$ -	$ -	$ 160,000
Stock issued in payment of loans payable	$ -	$ -	$ 200
Stock issued for accrued consulting fees	$ -	$ -	$ 65,000
Stock options issued for compensation	$ -	$ 14,400	$ 14,400
Stock issued for subsidiary	$ -	$ 2,100,000	$ 2,100,000
Website acquired through merger	$ -	$ 145,979	$ 145,979

The accompanying notes are an integral part of these financial statements.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 1 ORGANIZATION AND DESCRIPTION OF BUSINESS

Reward Enterprises, Inc. (hereinafter the Company), was incorporated on December 12, 1997, under the laws of the State of Nevada primarily for the purpose of offering interactive online internet entertainment and game playing. On August 15, 2001, the Company entered into a merger agreement with Q Presents, Inc., which was incorporated in the State of California for the purpose of providing innovative event management and marketing automation solutions to take advantage of the meeting, hotel, trade show and convention industries. At the time of the merger, the Company changed its focus to match that of Q Presents, Inc.

The Company expects to generate revenue through licensing its Q automated event management services and related supported offerings; licensing its intranet and online services; sales of dedicated advertising; sales of related merchandise; and its promotion and publicity services.

Since the merger, the Company has focused on the development of its business plan. The Company s new management has recently entered into the specialized international communications market to provide international voice, internet access, and global network services to corporate clients, communication carriers and internet service providers. The Company will utilize the web-based platform that was originally intended as an event registration and automation solution for its telecommunication business.

The Company s year end is June 30.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Reward Enterprises, Inc. is presented to assist in understanding the Company s financial statements. The financial statements and notes are representations of the Company s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Methods
The Company s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America Company s financial statements are prepared using the accrual method of accounting.

Basic and Diluted Loss Per Share
Net loss per share was computed by dividing the net loss by the weighted average number of shares outstanding during the period. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time that they were outstanding. Basic and diluted loss per share were the same, as the inclusion of common stock equivalents would be anti-dilutive.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going Concern
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern.

As shown in the accompanying financial statements, the Company incurred a net loss of $2,406,504 for the year ended June 30, 2003, and has no revenue. The Company is currently putting technology in place that will, if successful, mitigate this factor that raises substantial doubt about the Company s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Management plans to seek additional capital through a public offering of its stock that will provide the funds needed to increase liquidity, fund internal growth and fully implement its business plan.

Cash and Cash Equivalents
For purposes of the consolidated statements of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Provision for Taxes
Income taxes are provided based upon the liability method of accounting pursuant to SFAS No. 109 Accounting for Income Taxes. Under this approach, deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the more likely than not standard imposed by SFAS No. 109 to allow recognition of such an asset.

At June 30, 2003 and 2002, the Company had net deferred tax assets of approximately $1,045,000 and $169,000, respectively, principally arising from net operating loss carryforwards for income tax purposes, and a $10,400 book-tax difference related to stock options issued for services. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the net deferred tax asset, a valuation allowance equal to the net deferred tax asset has been established as of June 30, 2003 and 2002 in the amounts of $1,045,000 and $169,000, respectively. The change in the allowance account from June 30, 2002 to June 30, 2003 was $876,000 as a result of a change in management s estimates.

At June 30, 2003 and 2002, the Company has net operating loss carryforwards of approximately $3,000,000, and $690,000, respectively, which expire in the years through 2023.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates
The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Impaired Asset Policy
In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144). SFAS No. 144 replaces SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. This standard establishes a single accounting model for long-lived assets to be disposed of by sale, including discontinued operations. SFAS No. 144 requires that these long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. This statement is effective beginning for fiscal years after December 15, 2001. The Company adopted SFAS No. 144 during the year ended June 30, 2002.

The Company impaired the remaining value of its goodwill of $2,100,000, acquired in prior years under Financial Accounting Standards Board Statement Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS 142) during the year ending June 30, 2003. Under SFAS 142, the Company is required to periodically assess the value of its intangible assets to determine underlying value.

The Company has recorded an impairment to its software license website and computer hardware of $65,160 during the year ended June 30, 2001, effectively reducing the recorded amount of these assets to $1,191 at June 30, 2001. As of June 30, 2003, the Company had deemed its goodwill recorded on its financial statements to be impaired (See Note 5).

Web Site Development
The Company has adopted SOP 98-1 as amplified by EITF 00-2, Accounting for Web Site Development Costs. In accordance with this adoption, the Company has capitalized website development costs. During the year ended June 30, 2002, the Company capitalized $145,979 of website development costs, which were acquired in the August 15, 2001 merger. The Company has recently entered into the specialized international communications market and continues to utilize the website for this purpose. In November 2001, the Company began amortizing the web site costs using the straight-line method over a five year expected life for a total amortization expense of $29,196 at June 30, 2003.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative Instruments
The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (hereinafter SFAS No. 133), as amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of FASB No. 133 , and SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities , and SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities . These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes.

At June 30, 2003, the Company has not engaged in any transactions that would be considered derivative instruments or hedging activities.

Compensated Absences
The Company currently does not have a policy regarding accruals of compensated absences. The Company intends to expense these costs as incurred.

Recent Accounting Pronouncements
In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity (hereinafter SFAS No. 150). SFAS No. 150 establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity and requires that those instruments be classified as liabilities in statements of financial position. Previously, many of those instruments were classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company has not yet determined the impact of the adoption of this statement.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (Continued)

In April 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities (hereinafter SFAS No. 149). SFAS No. 149 amends and clarifies the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities . This statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 is not expected to have a material impact on the financial position or results of operations of the Company.

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation Transition and Disclosure (hereinafter SFAS No. 148). SFAS No. 148 amends SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, the statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of the statement are effective for financial statements for fiscal years ending after December 15, 2002. The Company currently reports stock issued to employees under the rules of SFAS 123. Accordingly there is no change in disclosure requirements due to SFAS 148.

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities (hereinafter SFAS No. 146). SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs associated with exit and disposal activities, including restructuring activities. SFAS No. 146 also addresses recognition of certain costs related to terminating a contract that is not a capital lease, costs to consolidate facilities or relocate employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 was issued in June 2002, effective December 31, 2002 with early adoption encouraged. The impact on the Company s financial position or results of operations from adopting SFAS No. 146 has not been determined.

In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections (hereinafter SFAS No. 145), which updates, clarifies and simplifies existing accounting pronouncements. FASB No. 4, which required all gains and losses from the extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related tax effect was rescinded. As a result, FASB No. 64, which amended FASB No. 4, was rescinded, as it was no longer necessary. FASB No. 44, Accounting for Intangible Assets of Motor Carriers , established the accounting requirements for the effects of transition to the provisions of the Motor Carrier Act of 1980. Since the transition has been completed, FASB No. 44 is no longer necessary and has been rescinded. SFAS No. 145 amended FASB No. 13 to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (Continued)

that are similar to sale-leaseback transactions. The Company adopted SFAS No. 145 and does not believe that the adoption will have a material effect on the financial statements of the Company at June 30, 2003.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (hereinafter SFAS No. 144). SFAS No. 144 replaces SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. This standard establishes a single accounting model for long-lived assets to be disposed of by sale, including discontinued operations. SFAS No. 144 requires that these long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. This statement is effective beginning for fiscal years after December 15, 2001, with earlier application encouraged. The Company adopted SFAS No. 144 and does not believe that the adoption will have a material impact on the financial statements of the Company at June 30, 2003.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations (hereinafter SFAS No. 143). SFAS No. 143 establishes guidelines related to the retirement of tangible long-lived assets of the Company and the associated retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived assets. This statement is effective for financial statements issued for the fiscal years beginning after June 15, 2002 and with earlier application encouraged. **The Company adopted SFAS No. 143 and does not believe that the adoption will have a material impact on the financial statements of the Company at June 30, 2003.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations" (hereinafter SFAS No. 141) and Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" (hereinafter SFAS No. 142). SFAS No. 141 provides for the elimination of the pooling-of-interests method of accounting for business combinations with an acquisition date of July 1, 2001 or later. SFAS No. 142 prohibits the amortization of goodwill and other intangible assets with indefinite lives and requires periodic reassessment of the underlying value of such assets for impairment. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. Application of the nonamortization provision of SFAS No. 142 had no effect on the operations or financial position of the Company.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 140 Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities (hereinafter SFAS No. 140). This statement provides accounting and reporting standards for transfers and servicing of financial assets and extinguishment of liabilities and also provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. SFAS No. 140 is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000, and is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. The Company believes that the adoption of this standard will not have a material effect on the Company s results of operations or financial position.

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REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (Continued)

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46 Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 (hereinafter FIN 46). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. The provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The Company does not have any entities that require disclosure or new consolidation as a result of adopting the provisions of FIN 46.

In November 2002, the Financial Accounting Standards Board issued FASB Interpretation No. 45 Guarantor s Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others (hereinafter FIN 45). FIN 45 requires a company, at the time it issues a guarantee, to recognize an initial liability for the fair value of obligations assumed under the guarantee and elaborates on existing disclosure requirements related to guarantees and warranties. The initial recognition requirements of FIN 45 are effective for guarantees issued or modified after December 31, 2002 and do not have an impact on the financial statements of the Company. The Company does not anticipate issuing any guarantees which would be required to be recognized as a liability under the provisions of FIN 45 and thus does not expect the adoption of this interpretation to have an impact on its results of operations or financial position.

Reclassifications
Certain prior year amounts have been reclassified to conform to the fiscal 2003 presentation.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Q Presents, Inc., after elimination of intercompany accounts and transactions.

NOTE 3 ACQUISITIONS

On August 15, 2001, Reward Enterprises, Inc. acquired Q Presents, Inc. with the issuance of 6,000,000 shares of common stock in exchange for all of the outstanding common stock of Q Presents, Inc. This transaction had an accounting date of August 31, 2001, which was the date that the transaction was final. The value of the stock issued at the fair market price of $0.35 per share was $2,100,000.

The purchase price of Q Presents, Inc. was $2,100,000, determined by the fair market value of Reward s stock. The net book deficit of assets acquired was $105,588.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 3 ACQUISITIONS (Continued)

The assets and liabilities acquired were as follows as of August 31, 2001:

Cash in bank	$	9,093
Accounts receivable from officer		96
Website		43,000
Total Assets	$	52,189
Accounts payable	$	15,169
Interest payable to Reward		2,601
Note payable to Reward		140,000
Total Liabilities	$	157,777
Liabilities in excess of assets	$	105,588

After the elimination of $2,601 of interest owed between the companies, as part of the acquisition transaction, $102,987 was allotted to the value of the website based upon costs expensed during the website s development. The balance of the purchase price was allocated to goodwill that was acquired in the merger. Pursuant to the acquisition, Q Presents, Inc. became a wholly owned subsidiary of the Company.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The useful lives of property and equipment for purposes of computing depreciation is five years. The computer equipment in the Company s Vancouver office was abandoned when the Company moved to the Q Presents offices in California. The Company deemed this remaining book value of $1,059 to be an office expense for the quarter ending September 30, 2001.

NOTE 5 GOODWILL

The Company acquired goodwill in the acquisition of Q Presents, Inc. (See Note 3). This goodwill will be accounted for in accordance with SFAS No. 142. (See Note 2.) The Company will periodically review this asset for possible impairment. At June 30, 2003 it was determined the asset was impaired due to a permanent decline in the Company s stock value, and a charge for the impairment of $2,100,000 was recorded under operating expenses.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 6 COMMON STOCK

Upon incorporation, subscriptions for 1,000,000 shares of common stock were issued at $0.01 per share for $10,000. In July 1999, the Company s board of directors authorized a 1 for 10 reverse stock split. This decreased the number of issued and outstanding shares to 1,000,000 and the par value of the stock to $0.001 per share. All financial statement information herein has been changed to reflect this stock split.

Additional share issuances under Regulation D, Rule 504, include 1,400,000 common shares at $0.01 and 315,000 common shares at $0.50 per share, for total proceeds of $171,500.

At June 30, 1999, $10,000 in stock subscriptions was receivable. During the year ended June 30, 2000, these subscriptions were satisfied.

During October 2000, 10,000,000 common stock shares were issued at $0.001 per share for cash proceeds of $10,000. This issuance resulted in one of the Company s officers receiving shares which constituted a 64% ownership in the Company. An additional 200,000 common stock shares were issued at $0.001 per share to satisfy a note payable. The 10,200,000 shares issued in these transactions were subsequently cancelled in accordance with the terms of the agreement to acquire Q Presents, Inc. (See Note 3.)

During December 2000, stock options were exercised in exchange for consulting fees payable. These stock options were exercised, resulting in 1,600,000 common stock shares being issued in exchange for satisfying $160,000 in consulting fees payable.

In 2001, 1,955,000 options for common stock were exercised. One million of the options were for cash at $0.10 per share. Another 325,000 of the options were for cash at $0.25 per share, and the remaining 630,000 options were for director services at $0.10 per share.

In August 2001, the Company issued 6,000,000 shares of common stock in its acquisition of Q Presents, Inc. (See Note 3.)

Between October and December 2001, 572,000 options for common stock were exercised. Two hundred thousand of the options were for cash at $0.10 per share and 372,000 options were for cash at $0.25 per share for which the Company received $113,000.

In December 2001, the Company issued an additional 890,000 shares of common stock to twelve investors in consideration of $890.

Between January and March 2002, the Company issued an additional 660,000 shares of common stock to three investors in consideration of $31,500.

In April 2002, the Company issued 2,945,000 shares of common stock for services in the amount of $14,725.

In May and June of 2002, the Company issued 366,667 shares of common stock for cash in the amount of $52,500.

Between July and September of 2002, the Company issued 293,333 shares of common stock for cash in the amount of $38,500.

In October 2002, the Company issued 725,000 shares of common stock for services totaling $7,250.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 7 STOCK OPTIONS AND WARRANTS

In September 1998, the Company adopted the Reward Enterprises, Inc. 1999 Directors and Officers Stock Option Plan, a non-qualified plan. During 1999, the Company granted 2,500,000 common stock options for the services of consultants. The options issued include negotiation rights and begin vesting in June 1999, with 25% of the eligible shares vesting each year until the recipients are fully vested in their shares.

The Company entered into consulting agreements with three directors of the Company, whereby two of the directors would each receive \$5,000 per month and 1,000,000 common stock options (with half exercisable at \$0.10 per share and half exercisable at \$0.25 per share) and the other director would receive \$2,500 per month and 500,000 common stock options (with half exercisable at \$0.10 per share and half exercisable at \$0.25 per share). These consulting agreements were terminated effective October 31, 2000. All options related to these agreements expire April 30, 2009. At March 2001, a total of 630,000 options were exercised in exchange for accrued consulting fees due to them of \$65,000.

On October 16, 2000, the Company adopted the 2000 Stock Option Plan, a non-qualified plan, that allows the Company to distribute up to 7,000,000 shares of common stock to directors, officers and employees. Stock options of 200,000 were granted to a consultant. The exercise price of these options is \$0.10 per share for the first 100,000 options and \$0.25 per share for the balance of 100,000 options. These options will expire September 30, 2009. During November 2000, 2,230,000 options were granted with an exercise price of \$0.10 per share, in settlement of consulting fees with an expiration date of April 30, 2001. During the year ending June 30, 2001 a total of 3,455,000 options were exercised.

The fair value of each option granted is estimated on the grant date using the Black-Scholes option price calculation. The following assumptions were made in estimating fair value: Risk-free interest rate of 5% and expected life of ten years. A minimum volatility of 30% was used and resulted in no adjustment to compensation.

Between October and December 2001, options to purchase 572,000 shares of common stock were exercised and the Company received \$103,000.

In December 2001, as part of the employment agreements with Mr. Edward Withrow III and Mr. Warren K. Withrow, the Company issued stock options for 1,000,000 shares with exercise prices of \$0.04 per share and 400,000 shares with exercise prices of \$0.10 per share. The Black-Scholes option price calculation of the fair value of these options is \$10,400, based upon a risk-free interest rate of 5%, volatility of 30% and a term of ten years.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 7 STOCK OPTIONS AND WARRANTS (Continued)

The Company signed an agreement with SBI USA, a member of Softbank Investment Group, in February 2002. (See Note 10.) This agreement included 3,000,000 warrants for purchase of 3,000,000 shares of common stock with exercise prices of $0.50, $0.75, and $1.00 per share. In May of 2002, the Company attached 500,000 warrants for an equal number of shares of common stock to promissory notes that were issued. (See Note 10.) The warrants have exercise prices from $0.05 to $0.10 per share. The Company also attached 40,000 warrants to various issuances of common stock in June 2002. The holders of the warrants may purchase an equal number of common stock shares at exercise prices from $0.25 to $0.45 per share. These warrants were valued using the Black-Scholes option price calculator using a risk-free interest rate of two percent, volatility of 70%, a term of one year, and either an equity price of $0.05 or $0.12 depending on the date of issuance. It was determined that the 400,000 warrants attached to one of the promissory notes had a value of $4,000., with an expiration date of May 14, 2003. The 400,000 warrants were not exercised and subsequently expired.

Following is a summary of the Company s stock options:

	Number Of Shares		Weighted Average Exercise Price
Outstanding at 6-30-2001	1,375,000	$	0.18
Granted	1,400,000		0.06
Exercised	(572,000)		0.20
Forfeited	(400,000)		0.25
Outstanding at 6-30-2002	1,803,000	$	0.10
Options exercisable at 6-30-2002	1,803,000		
Weighted average fair value of options granted during the year ended June 30, 2002		$	0.01
Outstanding at 6-30-2002	1,803,000	$	0.10
Granted	-		-
Exercised	-		-
Forfeited	-		-
Outstanding at 6-30-2003	1,803,000	$	0.10
Options exercisable at 6-30-2003	1,803,000		
Weighted average fair value of options granted during the period ended June 30, 2003			-

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 8 RELATED PARTY TRANSACTIONS

Certain consultants who received common stock options under the Company s non-qualified stock option plan are the Company s directors and stockholders. (See Note 6.) Until October 2001, an associate of a director of the Company provided office space to the Company in exchange for services provided by the director. The value of this space was considered to be $2,000 per month and was considered to be a loan from the director at that time.

In September 2001, the Company s board of directors approved consulting agreements with Edward W. Withrow III and Warren K. Withrow for consulting/employment agreements providing for payments to each of $3,500 cash per month and options to purchase up to 1,800,000 shares of common stock. These options were subsequently reduced to 700,000 shares in December 2001 and the cash value of services was increased to $10,000 per month, which was to begin in April 2002; however, as of June 30, 2002, no compensation has been paid, and the agreements are being renegotiated.

The Company has yet to finalize compensation agreements with its officers, but has plans to do so in the very near future. These advances were written off as compensation in June 30, 2003. In the period ended June 30, 2003, the Company paid two of its officers a total of $133,500 as independent contractors and consultants.

From time to time the Company receives funds from related parties in the form of loans. These are recorded as unsecured, non-interest bearing, short-term loans, payable upon demand. At June 30, 2003, there were no related party loans outstanding.

NOTE 9 COMMITMENTS AND CONTINGENCIES

In September 2001, the Company also entered into a letter of intent with Live Media Events, Inc. On January 10, 2002, the Company and Live Media Events, Inc. entered into a cancellation and mutual release agreement on the aforementioned letter of intent.

In February 2002, the Company entered into a non-exclusive financial advisory contract with SBI USA, a member of Softbank Investment Group. In consideration for the services of SBI, the Company is obligated to pay a $12,500 retainer which becomes due and payable upon funding the Company s $500,000 promissory note. The Company also granted common stock warrants pursuant to this agreement. (See Note 7.) At June 30, 2003, the Company has not paid any of the retainer, and has not received any funding from the issuance of the aforementioned promissory note.

The Company s officers are employed as independent contractors and consultants , and as such, are responsible for all related payroll taxes arising from any payments made to them by the Company.

On June 1, 2003, the Company entered into a consulting agreement with Huntington Chase Financial Group LLC. The terms of the agreement are $10,000 per month for a six month period ending November 2003.

REWARD ENTERPRISES, INC.
Notes to the Consolidated Financial Statements
(A Development Stage Company)
June 30, 2003

NOTE 10 LOANS PAYABLE

The Company issued two convertible promissory notes for a total of $30,000 in May 2002 and one promissory note for $25,000 in January 2003 and one promissory note for $15,000 in June 2003 which bear interest rates at 20%, 15% and 15% respectively. The two convertible notes had warrants attached, and were convertible into common stock within 60 and 90 days of issuance. Neither note was converted. Under their original terms, the notes were payable on or before either 60 or 90 days from issuance. The $20,000 note is in default, and began accruing interest at 25% in July 2002. The terms of the $10,000 note were extended to December 31, 2002. The $4,000 value of the warrants on the $20,000 note resulted in that note being issued at a discount which will be amortized over the life of the original note. A total of $2,000 was amortized against the discount and a total of $8,313 was accrued as interest on these notes at June 30, 2003.

NOTE 11 DEFERRED REVENUE FROM JOINT VENTURE

The Company has entered into revenue sharing agreements with five individuals surrounding the Company s International Long Distance (ILD) telecommunications operation which delivers long distance telephone service from wholesale telecommunication operators between the United States and India. The individuals advanced $175,000 against future revenues that would be generated by the ILD. The Company agreed to split the net profits of the IDL on a 50-50 basis during the first twelve months of ILD being in operation. Profits are defined as gross revenue from wholesalers less termination costs (the cost to terminate a telephone call in India charged by the India telephone company), less the Company s India partners share of 30% and other expenses that approximate $20,000 a month. The maximum amount that the investors were to realize was a 100% return on investment. These advances were booked for financial statement purposes as Deferred Revenue on the balance sheet of the Company as of June 30, 2003 and will be recognized as revenue by the Company over twelve months once successful operation has begun. The Company is still working with its Indian partners and expects revenues to begin in the first calendar quarter of 2004.

NOTE 12 - SUBSEQUENT EVENT

On October 1, 2003, the Company entered into a promissory note for monies received in the amount of $10,000. The note is due and payable on November 1, 2003 at the rate of 12% interest per month with an administrative fee of $1,400 for a total due of $11,500. The Company is currently in default of said note and is negotiating the payment terms.

ITEM 2. DESCRIPTION OF PROPERTY

The Company does not own any real property. The Company s only asset is cash.

The Company s administrative headquarters are located at 1327 Ocean Avenue, Suite M, Santa Monica, California 90401 and its telephone number is (310) 395-5374. There is no formal lease agreement for the Company s offices which are on a month to month basis for $2,000 per month.

During the year ended June 30, 2003, the Company capitalized $51,600 for Telecommunication Equipment.

On August 15, 2001, Reward Enterprises, Inc. acquired Q Presents, Inc. with the issuance of 6,000,000 shares of common stock in exchange for all of the common stock of Q Presents, Inc. This transaction had an accounting date of August 31, 2001, which was the date that the transaction was final. The value of the stock issued at the fair market price of $0.35 per share was $2,100,000. The Company will periodically review this asset for possible impairment. At June 30, 2003 it was determined the asset was impaired due to the decline in the Company s stock value, and a charge for the impairment of $2,100,000 was recorded under operating expenses on the Consolidated Statement of Operations for the year ended June 30,2003.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any pending or threatened litigation and to its knowledge, no action, suit or proceedings has been threatened against its officers and its directors.

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

There were no matters submitted to a vote by security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Shares of the Company are quoted on the NASD Over-The-Counter Bulletin Board. The OTCBB constitutes a limited and sporadic trading market and does not constitute an established trading market . There is no assurance that a regular trading market will be sustainable. A shareholder, may, therefore, be unable to resell the securities referred to herein should he or she desire to do so. Furthermore, it is unlikely that a lending institution will accept the Company s securities as pledged collateral for loans unless a regular trading market develops.

At June 30, 2003, we had approximately 400 shareholders of record of our common stock, including shares held by brokerage clearing houses, depositories or otherwise in unregistered form. The beneficial owners of such shares are not known to us. Our company's securities are traded over-the-counter on the Bulletin Board operated by the National Association of Securities Dealers, Inc. under the symbol "RWDE". The table shows the high and low bid of our company's common stock as reported on the Nasdaq National Market for the periods indicated.

Quarter ended		
FYE 2002	**High Bid**	**Low Bid**
September 30, 2001	$0.85	$0.15
December 31, 2001	$0.15	$0.01
March 31, 2002	$0.01	$0.001
June 30, 2002	$0.17	$0.001
FYE 2003		
September 30, 2002	$0.10	$0.01
December 31, 2002	$0.05	$0.01
March 31, 2003	$0.01	$0.001
June 30, 2003	$0.01	$0.001

The above over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions.

There are no plans, proposals, arrangements or understandings with any person with regard to the development of a trading market in any of the Company s securities.

Dividends

We have not declared any cash dividends, nor do we intend to do so. We are not subject to any legal restrictions respecting the payment of dividends, except that they may not be paid to render us insolvent. Dividend policy will be based on our cash resources and needs and it is anticipated that all available cash will be needed for our operations in the foreseeable future.

SEC Rule 15g

Our Company's shares are covered by Section 15g of the Securities Act of 1933, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15g also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as "bid" and "offer" quotes, a dealers "spread" and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the NASD's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

Section 16(a)

Our officers, directors and holders of 10% or more of the Company s Common Stock have filed all Forms 3, 4 & 5.

Recent Sales of Unregistered Securities

The Company has 18,722,000 shares of Common Stock issued and outstanding as of June 30, 2003. Of the 18,722,000 shares of the Company s Common Stock outstanding 10,477,000 shares are freely tradable.

On December 04, 2000, the Company sold 10,200,000 shares of its common stock to Brian C. Doutaz (as to 10,000,000 shares) and to Robert Dinning (as to 200,000 shares) at a price of $0.001. The shares which are legended under Rule 144 re-sale restrictions were issued pursuant to Rule 16(b) of the Securities Act of 1934. The 10,200,000 shares issued in these transactions were cancelled in accordance with the terms of the agreement to acquire Q Presents Inc.

On December 08, 2000, the Company filed an S-8 registration statement of the Reward Enterprises, Inc. 2001 Stock Option Plan to register up the granting of up to 7,000,000 incentive stock option shares.

On January 3, 2001, Gerry Williams and Frank Rigney exercised an option on 1,600,000 common shares at a price of $0.10 per share in lieu of a cash payment owing under certain Consulting Agreements. The debt was cancelled with the exercise of the option. On March 16, 2001, Gerry Williams and Frank Rigney exercised an option on 1,000,000 common shares at a price of $0.10. On April 23, 2001 Brian C. Doutaz and Robert Dinning exercised an option on 630,000 common shares at a price of $0.10 per share in lieu of cash payment owing under certain Consulting Agreements; resale of these shares is governed by Rule 144. On April 30 and June 5 2001, Frank Rigney exercised options for a total of 225,000 common shares at a price of $0.25 per share. On June 5 2001 Gerald Williams exercised options for a total of 100,000 common shares at a price of $0.25 per share. All shares so issued were issued under Rule 16(b) of the Securities Act of 1934.

In August 2001, the Company issued 6,000,000 shares of common stock in its acquisition of Q Presents Inc. The shares which are legended under Rule 144 re-sale restrictions were issued pursuant to Rule 16(b) of the Securities Act of 1934.

Between October 2001 and June 2002, Frank Rigney exercised options for a total of 272,000 common shares at a price of $0.25 per share, and Robert Dinning exercised options for a total of 200,000 common shares of which 100,000 were at a price of $0.10 per share and 100,000 were at a price of $0.25 per share and Brian Doutaz exercised options for a total of 100,000 shares at a price of $0.10 per share. All shares so issued were issued under Rule 16(b) of the Securities Act of 1934.

As of the date hereof, no further options have been exercised.

In December 2001 the Company issued 890,000 shares of its common stock to twelve investors in consideration of $890 and between January and June 2002, the Company issued an additional 1,026,667 shares of common stock to eleven investors in consideration of $84,000. Two of these investors were granted warrants to purchase 25,000 and 5,000 shares of the company s common stock at $0.25 per share. The shares which are legended under Rule 144 re-sale restrictions were issued pursuant to Rule 16(b) of the Securities Act of 1934.

In April 2002, the Company issued 2,945,000 shares of common stock to an officer and consultant of the Company for prior services rendered in the amount of $14,725. The shares which are legended under Rule 144 re-sale restrictions were issued pursuant to Rule 16(b) of the Securities Act of 1934.

Between July and September 2002, the Company issued an additional 293,333 shares of common stock to in consideration of $38,500. The shares which are legended under Rule 144 re-sale restrictions were issued pursuant to Rule 16(b) of the Securities Act of 1934.

In October 2002, the Company issued 725,000 shares of common stock to a consultant and officer of the Company for prior services rendered in the amount of $7,250. The shares which are legended under Rule 144 re-sale restrictions were issued pursuant to Rule 16(b) of the Securities Act of 1934.

ITEM 6. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General Overview

Reward Enterprises, Inc. (the "Corporation" or Reward) was incorporated in December, 1997 as Sports Entertainment Productions Inc. to pursue opportunities around the world in the Internet based entertainment industry. The name was changed to Reward Enterprises, Inc. in July 1998. Its main objective has been to develop a profitable "Entertainment Mall" through an e-commerce secure "portal." Entertainment options offered would be videos, CDs, virtual casino-style games, free bingo, dice and specialty and interactive video games.

In early 2001, the Corporation became aware that it would likely not be able to continue with its efforts to develop an Internet gaming site, primarily as a result of the poor financial conditions in the marketplace. The Board of Directors then commenced a search for a new opportunity that would allow the Corporation to remain active in the Internet sector on a profitable basis. Q Presents, Inc., a Santa Monica, California (hereinafter QP) based private corporation, provided an ideal match which on April 12, 2001 resulted in an Acquisition Agreement between Reward and QP. In exchange for all the shares of QP, Reward would issue to QP shareholders a total of 6,000,000 shares of its common stock. Immediately following the issuance of the acquisition shares, the control block of 10,200,000 common stock shares owned by Mr. Robert Dinning and Mr. Brian Doutaz would be cancelled. The Acquisition

Agreement was approved by the shareholders of both companies in August, 2001. The control block of 10,200,000 owned by Mr. Robert Dinning and Mr. Brian Doutaz was subsequently cancelled and the Corporation issued 6,000,000 shares to QP shareholders. The Company s definitive proxy statement filed with the SEC on August 8, 2001 and its Form 8-K filed with the SEC on August 20, 2001 are incorporated herein by reference.

Management made the decision to balance its technology-based business model with a complimentary non-technical or Old Economy based business. Management made the decision to license the rights to an Old Economy business as opposed to creating one internally. New management has recently entered into the specialized international communications market to provide international voice, Internet access and global network services to corporate clients, communication carriers and Internet service providers. The Company will utilize the web-based platform that was originally intended as an event registration and automation solution for its telecommunication business.

RESULTS OF OPERATIONS

Results of Operations - Period From July 01, 2002 to June 30, 2003

REVENUES: There were no revenues in the year ending June 30, 2003 as the Company has not commenced operations as of the date hereof other than an undertaking of a market analysis and development of strategic relationships in telecommunications. The Company does not anticipate that it will generate any material revenues from operations until at least the second quarter of 2003 2004.

EXPENSES: During the year ending June 30, 2003, the Company incurred expenses of $2,396,881 as compared with $236,231 in the preceding year.

A summary of these expenditures is as follows:

Consulting Fees	$143,500 versus $0
Legal and Professional fees	$17,883 versus $61,445
Research and Development	$4,705 versus $83,330
Office and Administration	$87,628 versus $60,053
Travel and promotion	$13,969 versus $11,807
Depreciation and Amortization	$29,196 versus $19,596
Loss on Impairment of Asset	$2,100,000 versus $0
Total	$2,396,881 versus $236,231

The Corporation continues to carefully control its expenses, and has limited its debt outstanding as it moves forward with the implementation of its business plan. The Corporation has no employees at the present time and engages personnel through consulting agreements where necessary as well as outside attorneys, accountants and technical consultants. All previous consulting agreements have been terminated and there are no contingent liabilities resulting from this cancellation.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has to date, financed its development stage by the sale of common stock.

At June 30, 2003, the Corporation had 18,722,000 shares of common stock outstanding. During the fourth quarter ended June 30, 2003, the Corporation issued 293,333 shares for $38,500. Cash on hand at June 30, 2003 was $12,835 which is held at the Bank of America in Los Angeles, California.

The Company has entered into revenue sharing agreements with five individuals surrounding the Company s International Long Distance (ILD) telecommunications operation which delivers long distance telephone service from wholesale telecommunication operators between the United States and India. The individuals advanced $175,000 against future revenues that would be generated by the ILD. The Company agreed to split the net profits of the IDL on a 50-50 basis during the first twelve months of ILD being in operation. Profits are defined as gross revenue from wholesalers less termination costs (the cost to terminate a telephone call in India charged by the India telephone company), less the Company s India partners share of 30% and other expenses that approximate $20,000 a month. The maximum amount that the investors were to realize was a 100% return on investment. These advances were booked for financial statement purposes as Deferred Revenue on the balance sheet of the Company as of June 30, 2003 and will be recognized as revenue by the Company over twelve months once successful operation has begun. The Company is still working with its Indian partners and expects revenues to begin in the first calendar quarter of 2004.

On October 1, 2003, the Company entered into a promissory note for monies received in the amount of $10,000. The note is due and payable on November 1, 2003 at the rate of 12% interest per month with an administrative fee of $1,400 for a total due of $11,500.

The Corporation recognizes that it will continue to need additional cash during the next twelve months. There is no assurance that the Corporation will be able to obtain additional capital as required, or obtain the capital on terms and conditions acceptable to it.

The Corporation does not have sufficient cash to finance its operations at this stage of its development and is seeking additional financing on acceptable terms and conditions.

The Corporation has no current plans for research and development nor does the Corporation plan on retaining or hiring any additional employees or consultants. There are no plans by the Corporation to purchase or to sell any fixed assets.

INFLATION

Inflation has not been a factor during the year ending June 30, 2003. While inflationary forces are moderately higher than in 2002, the actual inflation is immaterial and is not considered a factor in any contemplated capital expenditure program.

Quantitative and Qualitative Disclosures About Market Risks

Our financial results are quantified in U.S. dollars and a majority of our obligations and expenditures with respect to our operations are incurred in U.S. dollars. Although we do not believe we currently have any materially significant market risks relating to our operations resulting from foreign exchange rates, if we enter into financing or other business arrangements denominated in currency other than the U.S. dollar, variations in the exchange rate may give rise to foreign exchange gains or losses that may be significant.

We currently have no material long-term debt obligations. We do not use financial instruments for trading purposes and we are not a party to any leverage derivatives. In the event we experience substantial growth in the future, our business and results of operations may be materially affected by changes in interest rates and certain other credit risk associated with its operations.

Acquisition of Plant and Equipment

We do not own any plant facilities or equipment. The Company does not intend to purchase a plant or significant equipment.

During the year ended June 30, 2003, the Company capitalized $51,600 for telecommunications equipment relating to the operation of its international long distance venture.

ITEM 7. FINANCIAL STATEMENTS

Reference is made to the financial statements, the reports thereon, the notes hereto, and supplementary data commencing at page F-1 of this Form 10-KSB, which financial statements, reports, notes, and data are incorporated herein by reference.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 8A. Controls and Procedures

Our management, which includes our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13(a) 14(c) promulgated under the Securities Exchange Act of 1934) as of a date (the Evaluation Date) within 90 days prior to the filing date of this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective for timely gathering, analyzing and disclosing the information we are required to disclose in our reports filed under the Securities Exchange Act of 1934, as amended. There have been no significant changes made in our internal controls or in other factors that could significantly affect our internal controls subsequent to the Evaluation Date.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Edward Withrow III (age 39) Chairman of the Board and CEO (as of August 2001), Member of Audit Committee

Mr. Withrow has been an entrepreneur the majority of his professional career spanning fourteen years. The majority of the years were spent raising capital and understanding the winning formulas for success in the marketplace. In 2001 Mr. Withrow founded Q Presents, Inc, a media and communications holding company whose strategic plan was to acquire, streamline, upgrade and consolidate existing companies who had found themselves on the wrong side of the technology implosion. Q Presents merged with Reward Enterprises, Inc in March 2001. In 1999 Mr. Withrow co-founded Simplyfamily.com, an integrated vertical commerce community targeting the family. Simplyfamily.com is presently one of the largest independent family based communities operating on the Internet. In 1995 Mr. Withrow co-founded Family Store Entertainment that successfully produced and distributed high-end educational entertainment product for children ages 2 years to 10 years old. Family Store Entertainment was one of the first companies to penetrate the sell thru video market by way large grocery store chains such as Albertsons, Safeway, Ralph s and Kroger. In 1993 Mr. Withrow was a principal of The Withrow Group a Los Angeles based, Entertainment Company that developed and packaged filmed entertainment. In 1991 Mr. Withrow co-founded and was a principal in Box Office Partners, a foreign distribution and acquisition fund. Mr. Withrow spearheaded the capitalization of the funds, Box Office Partners 1, 2, and 3. Prior to this Mr. Withrow worked for a number of financial institutions; Paine Webber, Sheffield Partners, Common Market Exchange in both, a retail and investment banking position. Mr. Withrow sits on a number of technology and media company advisory boards. Mr. Withrow is Chairman and co-founder of Save Our Children, Inc a, non-profit child abuse awareness foundation. He is an active member of Planet Hope, Inc a foundation that addresses the needs of homeless children and women and whose honorary chairperson is Lee Iacocca. Mr. Withrow attended the University California Santa Barbara.

Ron Hall (age 45)- Director (as of August 2001), Member of Audit Committee

Ron Hall is an Executive Vice President and Co-Founder of DigitalGen, a developer of computer search engine technology and the successful online shopping portal BrandNameStores.com. In his current position, Mr. Hall leads BrandNameStores.com s efforts to attract international vendors to the portal. Prior to setting up DigitalGen in 1998, Mr. Hall served as regional manager of IDG, the worlds leading computer book and magazine publisher. In his six years with IDG, Mr. Hall established himself as the top revenue producer responsible for more than $9 million of revenue annually. During his tenure with IDG, Mr. Hall was responsible for the acquisition of many major corporate accounts including Hewlett Packard, Sun Microsystems, Intel, Novell and Oracle. From 1990 to 1992, Mr. Hall was a Vice-President with The Stillman Group responsible for representing nine publications in the competitive advertising marketplace. From 1984 to 1990, Mr. Hall was a district director with the copier company Pitney Bowes, Inc.

Joseph C. Vigliarolo (age 42)-Chief Financial Officer (as of July, 2002)

Joseph C. Vigliarolo was a Managing Director of First Interstate Capital, Inc, a financial service advisory company. Before joining First Interstate Capital, Mr. Vigliarolo co-founded and was a principal in WEBusinessUSA Inc. a business to business Internet technology company which is a holder of six patents. From 1996 to 1998 Mr. Vigliarolo served as Chief Executive Officer and President of Airstar Technologies, Inc. a subcontractor for Sprint to provide telecommunication services to military bases throughout the United States. While at Airstar, Mr. Vigliarolo led a $42 million debt refinancing and raised equity capital that was necessary to build out the infrastructure at the military bases to provide telephone services to the single service barracks. The subcontract duties included switch procurement and installation, running of cable throughout the base to the barracks and wiring the barracks rooms as well as the provisioning of local trunks. On going duties included maintenance of service at the base, technical and customer service and administration. Prior to working at Airstar, Mr. Vigliarolo had broad managerial and financial experience in private, public and professional corporations. He was a licensed C.P.A. in New York with public accounting experience as a Manager at Ernst and Young. Mr. Vigliarolo graduated Boston College in 1983 with a degree in Accounting.

ITEM 10. Executive Compensation

Summary Compensation Table

The table below shows, for the last fiscal year (and third full fiscal year in the Company's history), compensation paid to the Company's President and the most highly paid executive officer serving at fiscal year end. For the fiscal year ended June 30, 2001, the Company had two executive officers, which received compensation under certain consulting agreements dated March 15, 1999 and May 1, 1999.

The following table sets forth compensation information for our fiscal period ended June 30, 2003

Summary Compensation Table

					Long Term Compensation			
		Annual Compensation			Awards		Payouts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name and Principal Position [1]	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options / SARs (#)	LTIP Payouts ($)	All Other Compensation ($)
Edward Withrow Chief Executive Officer, President Director	2003 2002	81,000	0	0	0	0	0	0
Joseph Vigliarolo, CFO	2003	53,500	0	0	0	0	0	0

Ron Hall, Director	2002	0	0	0	0	0	0	0

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[1] All compensation received by the officers and directors has been disclosed.

Stock Option Plan

In 1998, 1999 and 2001, the Board of Directors of the Company approved the 1998, 1999 and 2000 Stock Option Plan respectively (the "Plans"). The Plans provide for the grant of incentive and non-qualified options to purchase up to 9,000,000 shares of common stock to officers, directors, employees, and other qualified persons that may be selected by the Plan Administrator (which currently is the Board of Directors). The Plan is intended to help attract and retain key Company employees and any other persons that may be selected by the Plan Administrator and to give those persons an equity incentive to achieve the objectives of the Company's shareholders.

Incentive stock options may be granted to any individual who, at the time of grant, is an employee of the Company or any related corporation. Non-qualified stock options may be granted to employees and to any other persons that may be selected by the Plan Administrator. The Plan Administrator fixes the exercise price for options in the exercise of its sole discretion, subject to certain minimum exercise prices in the case of incentive stock options. Options will not be exercisable until they vest according to a vesting schedule specified by the Plan Administrator at the time of grant of the option.

Options are non-transferable except by will or the laws of descent and distribution. With certain exceptions, vested but unexercised options terminate on the earlier of: (i) the expiration of the option term specified by the Plan Administrator at the date of grant (generally 10 years; or, with respect to incentive stock options granted to greater-than 10% shareholders, a maximum of five years); (ii) the date of an employee optionee's termination of employment or contractual relationship with the Company or any related corporation for cause; (iii) the expiration of three months from the date of an optionee's termination of employment or contractual relationship with the Company or any related corporation for any reason, other than cause, death or disability; or (iv) the expiration of one year from the date of death of an optionee or cessation of an optionee's employment or contractual relationship by death or disability. Unless accelerated in accordance with the Plan, unvested options terminate immediately on termination of employment of the optionee by the Company for any reason whatsoever, including death or disability.

Option Grants In The Last Fiscal Year

None

Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Option Values

None

Report of the Board of Directors on Executive Compensation

During 1999, the Board of Directors was responsible for establishing compensation policy and administering the compensation programs of the Company's executive officers.

The amount of compensation paid by the Company to each of its directors and officers and the terms of those persons' employment is determined solely by the Board of Directors, except as otherwise noted below. The Company believes that the compensation paid to its directors and officers is fair to the Company.

In the past, Gerald W. Williams, the former President, has negotiated all executive salaries on behalf Of the Company. The Board of Directors believes that the use of direct stock awards is at times appropriate for employees, and in the future intends to use direct stock awards to reward outstanding service to the Company or to attract and retain individuals with exceptional talent and credentials. The use of stock options and other awards is intended to strengthen the alignment of interests of executive officers and other key employees with those of the Company's stockholders.

Compensation of Chief Executive Officer

Gerald W. Williams, former President, received compensation as a consultant for his services under a consulting agreement between the Company and Mr. Williams dated March 15, 1999.

Mr. Williams received two options to acquire an aggregate of 1,000,000 shares of the Company's common stock in the previous fiscal year ended June 30, 1999. Mr. Williams resigned as a director and as President on December 08, 2000. His Consulting Agreement was mutually cancelled on October 31, 2001 For the fiscal year ending June 30, 2002, Mr. Williams will not be entitled to receive further options to purchase common stock of the Company under the Company's 1998, 1999 and 2000 Stock Option Plans.

Brian C. Doutaz became President of the Company on December 08, 2001 and received compensation as a consultant for his services under a consulting agreement between the Company and Mr. Doutaz dated May 01, 1999 for the period July 01 to October 31, 2000.

Mr. Doutaz received two options to acquire an aggregate of 500,000 shares of the Company's common stock in the previous fiscal year ended June 30, 1999. Said Consulting Agreement was mutually cancelled on October 31, 2001 For the fiscal year ending June 30, 2002, Mr. Doutaz will not be entitled to receive further options to purchase common stock of the Company under the Company's 1998, 1999 and 2000 Stock Option Plans.

In September 2001, the Company s Board of Directors approved consulting agreements with Edward W. Withrow III and Warren K. Withrow for consulting/employment agreements paying $3,500 cash per month and options to purchase up to 1,800,000 shares of common stock. These options were subsequently reduced to 700,000 shares in December 2001 and the cash value of services will be $10,000 per month, but will not begin until April 2002. The compensation under these agreements are currently being renegotiated and no compensation has been paid through June 30, 2002. On May 16, 2002 Mr. Warren K. Withrow resigned as an officer and as a director of the Company.

The Company does not intend to pay its directors compensation for the fiscal year ended June 30, 2003. However, the Company may issue stock options to directors and executive officers in the fiscal year ending June 30, 2004.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information set forth under the captions "Securities Ownership of Certain Beneficial Owners" and "Securities Ownership of Management" in the Proxy Statement to be filed with the Securities and Exchange Commission on Schedule 14A on or before November 06, 2001 is incorporated herein by reference.

The following table sets forth certain information concerning the number of shares of Common Stock owned beneficially as of June 30, 2003 by: (i) each person known to the Company to own more than five percent (5%) of any class of the voting securities; (ii) each of the directors; and (iii) all of the directors and officers as a group. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Name and Address of Beneficial Owner	**Amount and Nature of Beneficial Owner**	**Position**	**Percent of Class** [1]
Edward Withrow	5,545,000[2]	President, Chief Executive Officer and a member of the Board of Directors	30.13%
Joseph Vigliarolo	1,000,000	Chief Financial Officer	5.34%
Warren Withrow [3]	3,100,000[2]		16.84%
All officer and Directors as a Group (1 Person)	**6,545,000**		**33.69%**

[1] Based on an aggregate 18,722,000 shares outstanding as of June 30, 2003.

[2] Includes (i) options to acquire 500,000 shares of our common stock at $0.04 per share and (ii) options to acquire 200,000 shares of our common stock at $0.10 per share, which are immediately exercisable.

[3] On May 16, 2002 Warren Withrow resigned from the Board of Directors and as an Officer of the Company.

The Company may issue additional options to the Directors and Executive Officers in the fiscal year ending June 30, 2004.

Section 16(a) Beneficial Ownership Reporting Compliance

Federal securities laws require the Company's directors and executive officers and persons who own more than 10% of the Company's common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of any securities of the Company.

To the Company's knowledge all of the Company's directors, executive officers, and greater-than-10% beneficial owners made all required filings on a timely basis for the fiscal year ended June 30, 2003.

ITEM 12. Certain Relationships and Related Transactions

The information set forth under the caption "Certain Relationships and Related Transactions between Management and the Company" in the Proxy Statement to be filed with the Securities and Exchange Commission on Schedule 14A on or before November 06, 2001 is incorporated herein by reference.

During 2003, the Company paid only those salaries and other compensation to its Named Executive Officers as set forth under the heading "Executive Compensation."

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

Reports on Form 8-K

During the fourth quarter of the fiscal year ended June 30, 2003 the Company filed no reports on Form 8-K.

Exhibits

The following exhibits are incorporated herein:

31.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Williams & Webster, P.S., the Company's principal accountants, billed the Company $16,500 for the year ended June 30, 2003 and $22,805 for the year ended June 30, 2002 for professional services rendered by Williams & Webster, P.S. for the audit of the Company's annual financial statements and review of financial statements included in the Company's Forms 10-Q and services normally provided by Williams & Webster, P.S. in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees

For the years ended June 30, 2003 and June 30, 2002, Williams & Webster, P.S. did not provide the Company with any services for assurance and related services that were not are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above under "--Audit Fees."

Tax Fees

For the years ended June 30, 2003 and June 30, 2002, Williams & Webster, P.S. billed the Company $ --0-- and $ 1,225, respectively, for professional services for tax compliance, tax advice, and tax planning.

All Other Fees

For the years ended June 30, 2003 and June 30, 2002, Williams & Webster, P.S. did not bill the Company for products and services other than those described above.

Audit Committee Pre-Approval Policies

The audit committee currently does not have any pre-approval policies or procedures concerning services performed by Williams & Webster, P.S. All the services performed by Williams & Webster, P.S. that are described above were pre-approved by the audit committee. Less than 50% of the hours expended on Williams & Webster, P.S. engagement to audit the Company's financial statements for the fiscal years ended June 30, 200 and 2002 were attributed to work performed by persons other than Williams & Webster, P.S. s full-time, permanent employees.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated this 15th day of December, 2003.

REWARD ENTERPRISES, INC.

BY: /s/ Edward Withrow
Edward Withrow, Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>/s/ Edward Withrow</u>		
Edward Withrow	Chief Executive Officer, and Director (Principal Executive Officer)	December 15, 2003
<u>/s/ Ron Hall</u>		
Ron Hall	Secretary and Director	December 15, 2003
<u>/s/ Joseph Vigliarolo</u>		
Joseph Vigliarolo	Chief Financial Officer (Principal Financial Officer)	December 15, 2003