REWARD ENTERPRISES INC
Form 10QSB
February 23, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the Quarterly Period Ended December 31, 2004

|_| 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 0-14869

REWARD ENTERPRISES, INC.
(Exact Name of Registrant as specified in its charter)

NEVADA	87-0631750
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
202 N. CURRY STREET, CARSON CITY, NEVADA	89701-4124
(Address of Principal Executive Offices)	(Zip Code)

(713) 937-1117 Registrant's telephone number, including area code

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 a registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

State the number of shares outstanding of the issuer's common equity: $0.001 par value, as of December 31, 2004, was 493,166,224.

Transitional Small Business Disclosure Format. Yes |_| No |X|

Report on Form 10-QSB

For the Quarter Ended December 31, 2004

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REWARD ENTERPRISES, INC.
(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND JUNE 30, 2004

REWARD ENTERPRISES, INC.
(A Development Stage Company)
Balance Sheets

ASSETS

	December 31, 2004 (Unaudited)	June 30, 2004
CURRENT ASSETS		
Cash	$ --	$ --
Total Current Assets	--	--
TOTAL ASSETS	$ --	$ --

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	December 31, 2004 (Unaudited)	June 30, 2004
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 59,989	$ 68,057
Accounts payable - related parties	60,079	--
Interest payable	--	21,342
Notes payable, net of discount	--	81,500
Total Current Liabilities	120,068	170,899
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock: 10,000,000 shares authorized of $0.001 par value, no shares issued and outstanding	--	--
Common stock: 500,000,000 shares authorized of $0.001 par value, 493,166,224 and 4,412,200 shares issued and outstanding, respectively	493,166	4,412
Additional paid-in capital	2,934,643	3,314,643

Accumulated deficit prior to development stage	(3,434,726)	(3,434,726)
Accumulated deficit during the development stage	(113,151)	(55,228)
Total Stockholders' Equity (Deficit)	(120,068)	(170,899)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ --	$ --

The accompanying condensed notes are an integral part of the financial statements.

REWARD ENTERPRISES, INC.
(A Development Stage Company)
Statements of Operations
(Unaudited)

	For the Six Months Ended December 31, 2004	2003	For the Thre[e] Decem[ber] 2004
REVENUES	$ --	$ --	$ --
EXPENSES			
General and administrative	52,011	--	40,558
Total Expenses	52,011	--	40,558
LOSS FROM OPERATIONS	(52,011)	--	(40,558)
OTHER (EXPENSES)			
Interest expense	(5,912)	--	--
Total Other (Expense)	(5,912)	--	--
LOSS BEFORE DISCONTINUED OPERATIONS	(57,923)	--	(40,558)

NET LOSS FROM DISCONTINUED OPERATIONS	--	(120,641)	--
NET LOSS	$ (57,923)	$ (120,641)	$ (40,558)
BASIC LOSS PER SHARE OF COMMON STOCK	$ (0.00)	$ (0.03)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	248,789,212	4,412,000	493,166,224

The accompanying condensed notes are an integral part of the financial statements.

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REWARD ENTERPRISES, INC.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

	For the Six Months E December 31,	
	2004	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (57,923)	$(1
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Discontinued operations	--	1
Changes in operating assets and liabilities:		
Increase in accounts payable-related parties	60,079	
Increase (decrease) in accounts payable and accrued liabilities	(2,156)	
Net Cash Provided (Used) by Operating Activities	--	
CASH FLOWS FROM INVESTING ACTIVITIES	--	
CASH FLOWS FROM FINANCING ACTIVITIES	--	
A. NET INCREASE (DECREASE) IN CASH	--	

CASH AT BEGINNING OF PERIOD	--	---
CASH AT END OF PERIOD	$ --	$
CASH PAID FOR:		
Interest	$ --	$
Income taxes	$ --	$

The accompanying condensed notes are an integral part of the financial statements.

REWARD ENTERPRISES, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND JUNE 30, 2004

NOTE 1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its June 30, 2004 Annual Report on Form 10-KSB. Operating results for the three months and six months ended December 31, 2004 are not necessarily indicative of the results that may be expected for the year ending June 30, 2005.

NOTE 2. GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through sales of common stock. However, management may not be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3. SHARE EXCHANGE

On November 23, 2004, the Company and the shareholders of Consumer Choice Financial Services, Inc., (CCF) a Nevada corporation, completed a share exchange whereby CCF shareholders delivered 100% ownership interest in CCF in exchange for 380,000,000 restricted shares in the Company. The acquisition of CCF resulted in the shareholders of CCF becoming the controlling shareholders of the Company. CCF is a newly formed corporation with no assets, liabilities or operations, and accordingly the acquisition of CCF was recorded at the predecessor cost to its shareholders which is approximately nothing. This acquisition is being accounted for as a merger whereby the operating company, Reward Enterprises, Inc. is the continuing entity for all accounting purposes. This transfer resulted in a reclassification of $380,000 from prior additional paid in capital to common stock for accounting purposes. (See Note 6)

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REWARD ENTERPRISES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2004 AND JUNE 30, 2004

NOTE 4. CK SPLIT

Effective October 13, 2004 the Company enacted a 1-for-10 reverse split of its issued and outstanding shares and its authorized shares of common stock which changed the issued and outstanding shares to 113,170,534 shares and its authorized shares of common stock from five billion (5,000,000,000) to five hundred million (500,000,000). All references to shares outstanding and per share amounts have been adjusted to reflect the reverse split on a retroactive basis.

NOTE 5. ELATED PARTY TRANSACTIONS

As of December 31, 2004, the Company owed related parties $60,079 for amounts advanced to the Company to cover operating expenses.

NOTE 6. COMMON STOCK

On November 23, 2004 the Company and the shareholders of Consumer Choice Financial Services, Inc. (CCF) a Nevada corporation, completed a share exchange whereby CCF shareholders delivered 100% ownership interest in CCF in exchange for 380,000,000 restricted shares in the Company valued at par of $0.001. (See Note 3)

On October 25, 2004, the Note Payable of $81,500 and the related accrued interest were converted into 108,754,016 shares of the Company's common stock at a par value of $0.001 per share.

NOTE 7. SUBSEQUENT EVENTS

On February 22, 2005 the Company entered into a joint venture to begin operations of a consumer debt buying operation to be named Consumers Solutions, Inc. The Company shall create a majority owned subsidiary and retain 70% of the subsidiary. Bennet Blow, who will operate the subsidiary will retain a 30%

ownership of the subsidiary.

Terms of the agreement call for Mr. Blow to provide offices, personnel and equipment for operating the business and for the Company to provide funds to purchase debt parcels.

PART I - FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATIONS

The following information should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Form 10-QSB.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This report contains certain forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks and uncertainties. These factors may cause our Company's, or our industry's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will" "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology.

These statements are only predictions. Although we believe that the expectations reflected in the forward-looking statements are reasonable, our future results, levels of activity, performance or achievements may be different from these statements.

GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through sales of common stock. However, management may not be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern

BUSINESS OVERVIEW

The Company's goal is to become a nationwide provider of consumer financial services focused on sub-prime lending to consumers for auto loans, mortgages, insurance products, branded MasterCard and Visa credit cards and debit cards and various other consumer financial services. The Company has completed a share exchange transaction with Consumers Choice Financial Services, Inc. of Houston, TX ("CCF") that is expected to provide an entry into the consumer financial services business. Through the acquisition of CCF, the Company could potentially offer a broad range of integrated consumer loans to sub-prime consumers. CCF has systems in place that identify targeted sub-prime consumers that maintain good earning power but have items on their credit reports that have caused their credit scores to drop into the sub-prime category. With associations currently in place, CCF intends to market consumer loan products to these targeted customers and contract with other financial institutions that would service the subsequent loans that were made.

In addition, CCF plans to submit it's application for a limited services credit card bank to the State of South Dakota banking commission for approval at the commission's May 10, 2005 regularly scheduled meeting. With charter approval, CCF would market a banded MasterCard/VISA credit card to its targeted customers.

The Company has entered into a joint venture to begin operations of a consumer debt purchasing operation. The Company shall create a majority owned subsidiary, and retain 70% of the subsidiary. Bennet Blow, who will operate the subsidiary, will retain 30% of the subsidiary.

We expect that we need approximately $150,000 over the next 12 month period. Without adequate funding the planned product will not become available. Obtaining financing depends on current market conditions, the willingness of the investment community to make investments into a consumer financial services business, the timing of key developments of the banking license and other similar factors. We may not be able to secure the funding.

RESULTS OF OPERATIONS

Net losses for the quarter ended December 31, 2004 were $40,558, as compared to $52,944 for the same period in 2003. The net loss for 2004 translates into a loss of $0.00 per share compared to a loss of $0.01 per share for the same period in 2003. Our expenses in 2004 were primarily professional fees incurred in bringing our securities filings current from the inception of the development stage, which began in January 2004. The expenses in 2003, were related to our discontinued operations. We had no revenues in the quarter.

Net losses for the six months ended December 31, 2004 were $57,923, as compared to $120,641 for the same period in 2003. The net loss for 2004 translates into a loss of $0.00 per share compared to a loss of $0.03 per share for the same period in 2003. Our expenses in 2004 were primarily professional fees incurred in bringing our securities filings current from the inception of the development stage, which began in January 2004. The expenses in 2003, were related to our discontinued operations. We had no revenues in the six month period.

LIQUIDITY AND CAPITAL RESOURCES

We had no cash on hand at December 31, 2004 compared to $-0- at June 30, 2004. We used approximately $-0- of cash for operations during the six months ended September 30, 2004 compared to $-0- for the same period of 2003.

We had no investing or financing for the six month periods ending December

31, 2004 or 2003.

Several of our shareholders have advanced funds and paid expenses on our behalf during the six months ended December 31, 2004 in the amount of $60,079. We expect that the shareholders will continue to make such advances until CCF has sufficient operating capital to pay its own costs.

We estimate that existing sources of liquidity and the funds provided by anticipated capital activity will not satisfy our projected working capital requirements through fiscal 2004. Our ability to maintain sufficient liquidity through fiscal 2004 is dependent on our raising additional capital and such capital may not be available on acceptable terms, if at all. Additional financing may result in substantial and immediate dilution to existing stockholders. If adequate funds are not available to satisfy either short or long-term capital requirements, we may be required to curtail operations significantly or to seek funds through arrangements with strategic partners, existing investors or other parties.

ITEM 3. CONTROLS AND PROCEDURES

(A) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Principal Executive Officer/Principal Financial Officer (one person), of the effectiveness of the design and operation of the Company's disclosure controls and procedures. The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of achieving the Company's disclosure control objectives. The Company's Principal Executive Officer/Principal Accounting Officer has concluded that the Company's disclosure controls and procedures are, in fact, effective at this reasonable assurance level as of the period covered.

(B) CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

In connection with the evaluation of the Company's internal controls during the quarter ended December 31, 2004, the Company's Principal Executive Officer/Principal Financial Officer has determined that there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal controls over financial reporting.

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PART II - OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS

We are not aware of any pending claims or assessments that may have a material adverse impact on Reward's financial position or results of operations.

ITEM 2. CHANGES IN SECURITIES

On October 31, 2004, the Company enacted a 1-for-10 reverse split of its issued and outstanding, and authorized shares of common stock. As a result, the Company's authorized shares were reduced from Five Billion (5,000,000,000) to Five Hundred Million (500,000,000) and the issued and outstanding shares of common stock were reduced from 1,131,705,340 to 113,179,534.

On November 23, 2004 the Company and the shareholders of Consumer Choice

Financial Services, Inc. (CCF) a Nevada corporation, completed a share exchange whereby CCF shareholders delivered 100% ownership interest in CCF in exchange for 380,000,000 restricted shares in the Company valued at par of $0.001.

On October 25, 2004, the Note Payable of $81,500 and the related accrued interest were converted into 108,754,016 shares of the Company's common stock at a par value of $0.001 per share.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

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

None

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
Exhibit 31.1	Certification of C.E.O. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification of C.E.O. and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Report on Form 8-K

A current report on Form 8-K was filed o February 15, 2005 relating to the consummation of the share exchange agreement between the Company and CCF.

SIGNATURES

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

Date: February 22, 2005 REWARD ENTERPRISES, INC.

/s/ Jeff Fisher

President, Chief Executive Officer
Principal Financial Officer and Sole Director