

SECTION 3
FINANCIAL STATEMENTS.

RHR Inc. Holding Company
(A Development Stage Company)

**CONSOLIDATED
FINANCIAL STATEMENTS**

(Interim) Period ended 10-OCT-02



Internal Auditor's Report

To the Shareholders of
RHR Inc. Holding Company

We have audited the accompanying consolidated balance sheet of RHR Inc. Holding Company and Subsidiaries as their internal auditor at the Interim period of October 10, 2002 and the related consolidated statements of operations, stockholders' equity and cash flows for the Interim period of October 10, 2002. 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 internal audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated financial statements present, in all material respects, the financial position of RHR Inc. Holding Company and Subsidiaries as of October 10, 2002, and the results of the operation and their cash flow for the years ended 1999-2002 in conformity with general accepted accounting principals.

AOE & Associates
AOE & ASSOCIATES

October 10, 2002
Los Angeles, California

RHR Inc. Holding Company
(A Development Stage Company)
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

(Interim) period ended 10/10/02

ASSETS

CURRENT ASSETS:	
CASH & CASH EQUIVALENTS	\$545,446
OTHER NOTES & ACCOUNTS REC.	\$378,218,110
INVENTORIES & INTELLECTUAL PROP	\$10,183,350,000
PREPAID EXPENSES	\$7,500
TOTAL CURRENT ASSETS	\$10,562,121,056
GENERAL PROPERTY AND EQUIPMENT, NET	\$70,000
GOODWILL AND OTHER INTANGIBLE, ASSETS	\$4,800,000,000
CURRENT INVESTMENTS	\$528,000,000
MARKETABLE SECURITIES	\$1,253,760,000
TOTAL	<u>\$17,143,951,056</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
CAPITAL LEASE OBLIGATIONS DUE	
WITHIN ONE YEAR	\$2,700
NOTES PAYABLE	\$0
ACCOUNTS PAYABLE	\$5,000
ACCRUED PAYROLL AND OTHER	
EMPLOYEE COMPENSATION	\$20,000
INCOME TAXES PAYABLE	\$0
ACCRUED TAXES OTHER THAN	
PAYROLL AND INCOME TAXES	\$0
DEFERRED INCOME TAXES	\$0
OTHER ACCRUED LIABILITIES	\$7,300
TOTAL CURRENT LIABILITIES	<u>\$35,000</u>
LONG-TERM LIABILITIES	\$0
DEFERRED INCOME TAXES	\$0
STOCKHOLDERS' EQUITY	
PREFERRED STOCK	\$0
COMMON STOCK (1,100,000,000 SHARES AUTHORIZED, 111,000,000 SHARES ISSUED AND OUTSTANDING AT \$5 PAR VALUE)	\$555,000,000
ADDITIONAL PAID-IN SURPLUS	\$4,773,000,000
RETAINED EARNINGS	\$0
EQUITY ADJUSTMENT FOR	
FOREIGN CURRENCY TRANSLATION	\$0
TREASURY SHARES AT COST	\$0
TOTAL STOCKHOLDERS' EQUITY	\$5,328,000,000
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	<u>\$5,328,035,000</u>
TOTAL ASSETS, LIABILITIES, AND STOCKHOLDERS EQUITY	<u>\$22,471,986,056</u>

RHR Inc. Holding Company
 (A Development Stage Company)
CONSOLIDATED STATEMENT OF OPERATIONS

(Interim) period ended 10/10/02

	'01-'02	'00-'01	'99-00
REVENUE			
GROSS SALES / INCOME	\$260,176	\$215,434	\$207,934
LESS EXPENSES			
COST OF GOODS SOLD	\$2995	\$0	\$0
ADMINISTRATIVE, SELLING AND SERVICE ENGINEERING EXPENSES	\$800	\$64,630	\$62,380
RESTRUCTURE OF OPERATIONS	\$1,450	-----	-----
OPERATING INCOME	\$254,931	\$150,804	\$145,554
NONRECURRING CHARGES	\$175	\$2,300	\$3,818
NET INCOME	<u>\$254,756</u>	<u>\$148,504</u>	<u>\$141,736</u>
NET INCOME PER SHARE	\$0.0023	N/A	N/A
WEIGHTED AVERAGE SHARES OUTSTANDING USED TO COMPUTE NET INCOME PER SHARE	<u>111,000,000</u>	N/A	N/A

RHR Inc. Holding Company
(A Development Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(Interim) period ended 10/10/02

	SHARES	AMOUNT
CONTRIBUTED CAPITAL:		
COMMON STOCK AT PAR	111,000,000	\$555,000,000
ADDITIONAL PAID IN CAPITAL		\$4,773,000,000
RETAINED EARNINGS		\$0
TOTAL		\$5,328,000,000
LESS TREASURY STOCK AT COST	0	\$0

TOTAL STOCKHOLDERS EQUITY	111,000,000	\$5,328,000,000
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RHR Inc. Holding Company
(A Development Stage Company)
CONSOLIDATED STATEMENT OF CASH FLOWS

(Interim) period ended 10/10/02

	1998	1999	2000	2001-02
SALES*	\$2,200	\$207,934	\$215,434	\$260,176
GROSS MARGIN	\$700	\$145,554	\$150,804	\$254,931
GROSS % CALCULATED	31%	70%	70%	97.9%
OPERATING EXPENSES	\$250	\$2,300	\$3,818	\$175
COLLECTION PERIOD	30	30	30	30
CASH BEGINNING OF PERIOD	\$0	\$450	\$143,704	\$290,690
CASH END OF PERIOD	\$450	\$143,704	\$290,690	\$545,446

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of significant accounting policies

Business activity – RHR Inc. Holding Company is engaged in the business of managing and administration, particularly companies operating in the areas of entertainment, media, and finance. Activities also include major record label operations.

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

Basis of presentation – The consolidated financials include the accounts of RHR Inc. Holding Company and its wholly owned subsidiaries and partnerships.

Statement of cash flows – For purposes of the consolidated statement of cash flows, the Company considering temporary investments with a maturity of three months or less to be cash equivalents.

Inventories - Inventories are stated at the lower of market determined on a first-in, first out method of accounting.

Intellectual Property – Intellectual Property are stated at the lower of current and standard market prices. Music & Film properties were audited and appraised using standard industry practices as used by other major music and film corporations.

General Property and equipment – these are at stated cost.

Earnings per share – Earnings per share include 111,000,000 shares issued and outstanding.

NOTE 2 – Accounts Receivable

The company has several agreements with major suppliers that are generating revenues, received by RHR Inc. Holding Company on a quarterly basis. Other receivables include monies due to company for providing development services.

NOTE 3 – Inventories

Inventories consist of:

- (1) Finished Goods (2) Raw Materials (3) Supplies and Packaging (4) Intellectual Property

Developers, producers, executive, designers, and intellects spent 3.25 years building such a large inventory, which is now owned wholly by RHR Inc. Holding Company.

NOTE 4 - Property and Equipment

Property and equipment consist of:

- (1) Equipment (2) Enterprise Management Network and contents (3) Real Estate (4) Other Office Applications

Note 5 – Related Party Transactions

The company leases three locations from directors and officers of the Company. This results in low overhead and overall cost for operating RHR Inc. Holding Company until adequate capital needs have been met. These spaces are primarily used for the company's management, administration, billing, and marketing operations. RHR Inc. Holding Company has also provided development services to businesses owned by the families of directors and officers in return for bonds and administrative services, but these businesses are neither subsidiaries, partners, nor parents. The receivables/notes are recorded on the balance sheet under "OTHER NOTES & ACCOUNTS REC".

Note 6 – Stockholders Equity

On 10/12/01 the company sold 100,000,000 shares of its common stock to directors and another 11,000,000 shares to a director on 02/18/02 for a total of 111,000,000 shares outstanding. The sale was reported (filed) with the California Department of Corporations on 10/15/01. The per share price of each sale was \$48. 11,000,000 shares of the total issued and outstanding shares are restricted.

Note 7- Other Events

E-commerce – The company just recently completed the launch of rhrinholdingco.com. A website designed for international operations, including promotional campaigns (globally) and private placement sales.

E-commerce – The company just recently completed the launch of estudios.rhrinholdingco.com. A website designed to provide online music production and record services to businesses and individuals around the globe. A new agreement has been developed between RHR Inc. Holding Company and Broadcast Music Incorporated regarding the licensing of music owned and performed by its members.

E-commerce – The company just recently developed an agreement with the Casino Affiliate Network for a new online casino called "The P-Wire Casino" at p-wire.com. A website designed also for other operations such as promotional services, networking, and business exchange services

Music - RH Music Works, a division in the department of content has signed 8 new acts all due to release projects in 2003. RHR Inc. Holding Company has agreed to pay two of its affiliates an undisclosed amount (as requested by the two parties for their personal security) over a period of three years with options in return for their services as executive producers for entertainment projects concerning the above acts @ RH Music Works.

Additional Financial Information (concerning this report)

Current Per Share Price: \$48.00
Net Book Value – 10/10/02: \$154.45
Earnings per share: \$0.0023
P/e Ratio: 20869.56

Current Ratio: 489827.17
Quick Ratio: 198874.31
Working Capital: \$17,143,916,056

Debt to Total Equity Ratio: 6.57
Total Shareholder Equity to Total Debt Ratio: 6.57

Minimum Investment: \$4800 or 100 Shares

U.S. Securities and Exchange Commission File Number: 21L-11601-01
California Department of Corporations Filing Date: 10/15/01
Transfer Agent & Registrar: Femis Kerger & Company Transfer Agent & Registrar
Escrow Company: Internet Escrow Services

These financial statements and notes to financial statements are the primary sources for determining a fair market value of each share of the corporation's stock. All numbers in equation sums have been disclosed for better valuation. Currently valuations and appraisals are conducted by Capital.com, NY and AOE Auditing & Valuation, CA.



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