

# VIPER POWERSPORTS INC

## FORM 10-K (Annual Report)

Filed 05/20/11 for the Period Ending 12/31/10

Address	10895 EXCELSIOR BLVD., STE. 203 HOPKINS, MN 55343
Telephone	952-938-2481
CIK	0001337213
Symbol	VPWI
SIC Code	3751 - Motorcycles, Bicycles, and Parts
Industry	Recreational Products
Sector	Consumer Cyclical

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

**FORM 10-K**

---

- ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) of the Securities Exchange Act of 1934 for the Year Ended December 31, 2010.
- TRANSITION PURSUANT TO SECTION 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.
- 

**VIPER POWERSPORTS INC.**

(Name of Registrant in its charter)

**Nevada**  
(State or other jurisdiction of  
Incorporation or organization)

**41-1200215**  
(IRS Employer ID Number)

**10895 Excelsior Blvd., Suite 203**  
**Hopkins, MN**  
(Address of principal executive offices)

**55343**  
(Zip Code)

**(952) 938-2481**  
(Issuer's Telephone Number)

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

Securities registered under Section 12(g) of the Act:

Common Stock, \$0.001 par value (Title of class.)

---

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S is not contained in this form, 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-K or any amendment to this Form 10-K.

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. Smaller reporting company Yes

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and ask price of such common equity, as of the last business day of the registrant most recently completed second fiscal quarter. \$13,688,962 as of June 30, 2010.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. 17,949,590 Common Shares as of May 13, 2011.



## TABLE OF CONTENTS

	<u>Page</u>
<b>PART I</b>	
Item 1.	Description of Business 3
Item 2.	Description of Property 9
Item 3.	Legal Proceedings 10
Item 4.	Removed and Reserved 10
<b>PART II</b>	
Item 5.	Market for Common Equity and Related Stockholder Matters 10
Item 6.	Selected Financial Data 14
Item 7.	Management’s Discussion and Analysis and Plan of Operation 14
Item 8.	Financial Statements 24
Item 9.	Changes In and Disagreements With Accountants on Accounting and Financial Disclosure 24
Item 9A.	Controls and Procedures 24
Item 9B.	Other Information
<b>PART III</b>	
Item 10.	Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act 25
Item 11.	Executive Compensation 26
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 28
Item 13.	Certain Relationships and Related Transactions 29
Item 14.	Principal Accountant Fees and Services 31
	Signature Page 32
	Index to Financial Statements F-1
	Index to Exhibits 33
Item 15.	Exhibits 31

## PART I

### Item 1. Description of Business

#### BUSINESS DEVELOPMENT

Viper Powersports Inc. is the successor to ECCO Capital Corporation (“ECCO”) which was incorporated in Nevada in 1980 under a former name. ECCO ceased all active operations in 2001 and remained inactive until its 2005 reverse acquisition through a stock exchange of Viper Motorcycle Company, a Minnesota corporation, when ECCO changed its name to Viper Powersports Inc. Viper Powersports Inc. acquired all of the outstanding capital stock of Viper Motorcycle Company, resulting in Viper Motorcycle Company becoming a wholly-owned subsidiary of Viper Powersports Inc. This reverse acquisition resulted in the former shareholders of Viper Motorcycle Company acquiring approximately 94% of the combined entity.

Viper Performance Inc., also a wholly-owned subsidiary of Viper Powersports Inc., was incorporated in Minnesota in 2005 for the purpose of receiving and holding engine development technology also acquired by Viper Powersports Inc. in 2005.

As used herein, the terms “we”, “us”, “our”, and “the Company” refer to Viper Powersports Inc. and its two wholly-owned subsidiaries, unless the context indicates otherwise.

Since our inception, we have been engaged in designing, developing and commencing commercial marketing and production of premium custom heavyweight V-Twin motorcycles popularly known as “cruisers”, as well as a premium innovative proprietary V-Twin engine to power our Viper cruisers. Viper motorcycles are being distributed and sold under our Viper brand through a nationwide network of independent motorcycle dealers. Marketing of our motorcycles is targeted toward the upscale market niche of motorcycle enthusiasts who prefer luxury products and are willing to pay a higher price for enhanced performance, innovative styling and a distinctive brand. We believe there is a consistent demand for upscale or luxury motorcycle products like our American-styled classic Viper cruisers and our premium Viper engines. For example, the prestigious upscale Robb Report magazine publishes a Robb Report Motorcycling magazine which is devoted primarily toward luxury motorcycle products.

We have completed development and extensive testing of our proprietary V-Twin engines including substantial performance use of these engines with our Viper motorcycle models, and we have been very satisfied with their performance while powering our cruisers in all kinds of street and highway running conditions. Our proprietary V-Twin engines were designed and developed by Melling Consultancy Design (MCD), a leading professional engine design and development firm based in England.

After undergoing an extensive engine emissions testing program for an entire year conducted by a leading independent test laboratory in 2009, our proprietary V-Twin engines satisfactorily passed and complied with all noise and pollution emissions requirements of both the federal Environmental Protection Agency (EPA) and the more stringent emissions requirements of the California Air Resources Board (CARB). Satisfying these standards constitutes a touchstone achievement for the Company that we believe places us in a commanding competitive position in the upscale custom motorcycle market.

We have commenced commercial marketing, very limited production and commercial shipment of Viper motorcycles, and we currently hold material orders from our Viper dealer base of ten first class motorcycle dealers.

#### Strategic Engine Development Joint Venture

In January 2010, the Company’s subsidiary, Viper Motorcycle Company, entered into a three-year Motorcycle Engine Manufacture and Supply Agreement with Ilmor Engineering Inc. (the “Ilmor/Viper Contract”). Ilmor Engineering Inc. (“Ilmor”) has been engaged for over 20 years in the design, development and manufacture of high-performance engines, and Ilmor’s extensive precision engineering and manufacturing facilities are located in suburban Detroit, Michigan. The Company is very pleased to have completed this strategic and valuable Ilmor/Viper Contract, since Ilmor is widely recognized as one of the most successful race-engine design and manufacturers.

Under a previous written contract entered into by Ilmor and Viper in May 2009, Ilmor began assembling all V-Twin engines used by Viper, and since then Ilmor has conducted all of the Company’s engine product assembly. The initial May 2009 contract also contained a product development segment whereby Ilmor evaluated our V-Twin engine to determine whether the parties should engage in a future joint venture to develop and produce an upgraded model of the Viper engine. Ilmor’s evaluation of our V-Twin engine through the initial contract was favorable, and accordingly resulted in the current Ilmor/Viper Contract, which provides for the exclusive manufacture and supply by Ilmor of a Viper engine designed by Ilmor.

Under the Ilmor/Viper Contract, Ilmor has assumed all design, development, testing, quality control and manufacturing with respect to an upgraded Ilmor-designed Viper V-Twin engine. Ilmor has completed design and development operations and is now producing commercial models of this engine based on specifications jointly developed by Ilmor and Viper. Under a payment schedule extending through November 2012, the Company will pay Ilmor a total of \$745,000 for the design, development and testing of this V-Twin engine.

The Company is well satisfied with the final version of the Ilmor-designed Viper engine, and has been receiving commercial shipments of these engines since May 2010. Ilmor agrees to manufacture and supply all V-Twin requirements of Viper and in turn Viper must purchase all its engines exclusively from Ilmor. Ilmor will bear the cost and expense of all tooling, parts and components to manufacture and supply Viper engines until finished engines are invoiced and shipped to the Company. So long as Viper satisfies certain minimum annual engine purchase requirements, Ilmor shall not develop, manufacture or sell a similar V-Twin engine for itself or any third party.

These Ilmor-designed Viper engines will be labeled with an Ilmor brand, for which the Company has been granted a non-exclusive paid-up license to use the Ilmor Mark in connection with sale and distribution of Viper engines. All intellectual property rights related to any Ilmor Marks, however, continue to be owned exclusively by Ilmor. Engine pricing to be paid to Ilmor by Viper will be determined annually based on the actual Bill of Materials for components, labor and assembly costs incurred by Ilmor, plus a reasonable mark-up percentage.

### **Restructuring**

The Company, on September 3, 2009, declared a reverse 1-for-4 stock split whereby each currently outstanding four shares of common stock of the Company were converted into one post-split share of common stock of the Company having the same par value of \$.001 per share, and the effective date of the reverse stock split was September 15, 2009. Pursuant to this reverse stock split the authorized common shares of the Company were concurrently reduced to Twenty-five Million (25,000,000) common shares. We are currently in the process of increasing our authorized common shares to 100,000,000.

### **Corporate Contact Data**

The address of the Company in suburban Minneapolis is 10895 Excelsior Boulevard – Suite 203, Hopkins, MN 55343; its telephone number is (952) 938-2481; and its website address is [www.viperpowersports.com](http://www.viperpowersports.com).

### **BUSINESS OF COMPANY**

We develop and produce proprietary premium motorcycle products targeted to consumers who can afford to purchase upscale luxury products. Our current revenues are being generated from the sale of our Diamondback model cruisers. Additional anticipated sources of future revenues include our Mamba model almost completed, a touring “bagger” model and a three-wheeled “trike” model being designed, aftermarket sales of our proprietary V-Twin engines, and sales of ancillary Viper motorcycle products including aftermarket custom parts and accessories and Viper branded apparel and other merchandise.

Our revenue stream will be primarily affected by customer demand for our Viper motorcycle products, our ability to timely provide Viper products in response to dealer orders, recruitment and retention of effective Viper dealers who actively promote and sell our products, and acceptance by our dealers of our floor plan financing facility.

### **Our Market**

Motorcycles are generally characterized in their industry by weight, primarily based on engine displacement size. Viper cruisers fall within the heavyweight motorcycle category which typically includes models with engine displacement of at least 651cc (cubic centimeters). There are generally four types of heavyweight motorcycles:

- Standard, which emphasize simplicity and low cost (e.g., Harley Davidson Sportster);
- Performance, which emphasize handling and speed (e.g., Ducati models);
- Touring, which emphasize rider comfort and distance travel (e.g., Honda Gold Wing); and
- Cruiser, designed to facilitate customization by owners (e.g., most Harley Davidson models)

Our Viper motorcycles are offered in the premium segment of the heavyweight cruiser market which is dominated by Harley Davidson. We believe that potential customers in this upscale market typically seek motorcycle models having a product and lifestyle appeal associated with the classic American V-Twin cruiser tradition. Our targeted customer base has expanded significantly for many years due to the growing popularity of motorcycling as well as the maturing of the population bulge from the post- World War II baby boom years. Many males of the baby boom generation now are in their peak income earning years, making them good prospects for luxury goods. Harley Davidson has reported that the typical consumer of its heavyweight motorcycles is a married man in his mid-forties having an income in excess of \$80,000. We believe that premium heavy-weight motorcycles have become popular and well-accepted luxury recreational products.

### **Our Motorcycles**

#### *Viper Diamondback*

The Viper Diamondback has been designed and developed with many styling and performance features and components distinguishing it from cruisers of our competitors. Our development efforts have focused substantially on providing enough signature styling and component features for the Diamondback to compare favorably to other premium cruisers.

Premium components and distinctive features of the Diamondback include:

a powerful, billet-cut proprietary 152” V-Twin engine;

- 
- our unique right-side drive train providing maximum rider balance;

- premium HID headlights and LED display functions;
- a 6-speed transmission;
- adjustable “on-the-fly” rear-end air suspension system and front-end adjustable Marzocchi forks;
- a proprietary handlebar vibration dampening system; and
- wide high-quality Metzeler tires and premium billet wheels.

The outward appearance of the Diamondback includes distinctive styling features such as:

- substantial use of billet-cut components including the V-Twin engine, primary drive, controls and wheels;
- a low, streamlined look;
- oil storage in the frame, enabling a sleeker and more naked appearance due to absence of an under-seat oil tank and
- a unique swingarm design.

Basic specifications of the Diamondback cruiser are as follows:

- Wheelbase length and rake: 71 inches, 34 degrees, 5 degree trees
- Weight: 610 pounds
- Seat height:: 24 inches, adjustable
- Engine type: 45° V-Twin, air cooled
- Engine displacement: 152 cubic inches
- Fuel distribution: Mikuni carburetion
- Frame: 1 ½” tubular steel
- Transmission/drive train: 6-speed, Viper right-side drive
- Final drive: Belt
- Rear-end suspension: Adjustable air-ride system
- Front-end suspension: Marzocchi inverted adjusted forks
- Tires: Metzeler – 120/70-21 front and 260/40-18 rear
- Brakes: 4-piston caliper both front and rear
- Power rating ranges: 144 ft lbs torque at 3,000 rpm

#### *Viper Mamba*

We have almost completed development of the Viper “Mamba,” a sleek and low-slung pro-street model with unique and aggressive styling features. We believe the Mamba will appeal to motorcyclists desiring an aggressive 21<sup>st</sup> century look. We anticipate commencing commercial production and marketing of our Mamba model during the second half of 2011.

## **Viper Proprietary Engines**

We have completed development and commercial production of our innovative proprietary engine technology. All viper motorcycles feature this proprietary 152 cubic inch V-Twin engine. We believe that having our own proprietary engines will distinguish us clearly and favorably from other upscale custom V-Twin competitors. Our proprietary V-Twin engines feature an all-billet aluminum construction including cases, heads, cylinders, rocker boxes and covers, and oil pump components.

## **Sales and Marketing**

We sell our motorcycles directly to our authorized Viper dealers. Our dealer network includes well-established, independent full-service dealers offering more than one motorcycle brand. We currently have ten (10) Viper dealers located nationwide, all of which are experienced in selling and servicing premium heavyweight V-Twin motorcycles. We will continue to recruit additional qualified Viper dealers to attain our goal of having a complete nationwide distribution network. Our near-term marketing focus will emphasize dealer recruitment in regions of the country where we lack dealer representation.

Our dealers must maintain full-service departments capable of providing quality V-Twin engine and drive train maintenance and repair. They also must be able to perform custom upgrade work on cruisers. Viper dealers are granted a designated, non-exclusive location to sell Viper motorcycle products. Dealers have the exclusive right to use and display our Viper brand in their respective locations in connection with the sale of our products. They must be responsible for warranty services and general repair and maintenance services, maintain adequate working capital, and conduct material efforts toward promoting and selling Viper products.

We will conduct substantial ongoing marketing activities to support our dealer network and promote Viper products and brands to our customer base and to the general public. Our marketing and promotional efforts will include advertising in selected trade publications and motorcycle magazines, production and publication of sales brochures, technical product documentation, and providing service and operational manuals for dealers and their customers. We also will participate in direct mail promotions to prospective customers, attend selected motorcycle trade shows, and appear at popular motorcycle rallies such as Daytona and Sturgis. We also intend to institute material public relations efforts directed toward obtaining publication of articles on our company and its products in industry magazines and in newspapers and other publications available to the general public.

## **Dealer Floor Plan Financing**

We have established a limited floor plan financing facility which we provide to our Viper Motorcycle dealers. Our dealer floor planning is self-financed by our Company through a bank line-of-credit guaranteed by a principal shareholder of the Company. We hold a UCC Financing Statement evidencing title in and to us for motorcycle products shipped under our floor plan facility, which will certify and cover our ownership of such products until sold to consumers by our dealers.

## **Design and Development**

We are committed to a substantial ongoing design and development program to:

- introduce improved and enhanced Viper motorcycle models on an annual basis;
- develop and produce or outsource production of ancillary Viper components and accessories for sale in the large custom cruiser aftermarket.

We believe our established design and development systems, our professional and motivated in-house and outsourced personnel, and other development equipment and capabilities will enable us to timely design and develop new Viper products as needed to satisfy the changing needs and tastes of the custom cruiser market. Our design and development operations are conducted both through our in-house development department located in our Hopkins, MN facility along with selected professional independent designers and developers.

## **Manufacturing and Suppliers**

Our manufacturing operations consist of in-house production of certain components and parts, assembly and polishing components, and conducting quality control of in-process and finished motorcycles. Motorcycle body, engine and electrical components and parts are outsourced for production to our specifications to various experienced manufacturers of motorcycle components, including engine components, fenders, gas tanks and electrical harnesses and wiring. Other key components are purchased off-the-shelf from various independent manufacturers and distributors mostly located in the United States, including brake and suspension systems, handlebars, transmissions and clutches, drive belts, ignition starters, seats, tires and wheels, panel indicators, lights and batteries. Components manufactured by us in-house include motorcycle frames. Painting of our motorcycles is outsourced to local painting companies skilled in custom motorcycle painting.

We have designed our quality control procedures and standards to include inspection of incoming components and adherence to specific work-in-process standards during motorcycle assembly. Periodic quality control inspections are conducted at various stages of our assembly operations. Finished motorcycles are subjected to performance testing under running conditions and to final quality inspection, including starting and operating each motorcycle by a dedicated test foreman.

## **Warranty Policy**

We provide a standard limited warranty for Viper products primarily covering parts and labor to repair or replace defective motorcycle components. Our warranty will cover unlimited mileage during an effective one-year term. Our dealers will conduct repairs on Viper products under warranty, for which we will reimburse dealers. Warranty repairs and replacements will be provided at no cost to the consumer.

## **Competition**

The heavyweight motorcycle market is highly competitive, and most of our competitors have substantially greater financial, personnel, development, marketing and other resources than us, which puts us at a competitive disadvantage. Our major competitors have substantially larger sales volumes than we expect to ever realize and in most cases have greater business diversification. In our premium heavyweight motorcycle market, our main competitor is Harley-Davidson Inc. which dominates the market for V-Twin cruiser motorcycles. Other significant competitors include Polaris with its Victory motorcycle line. We also face particularly direct competition from a number of V-Twin custom cruiser manufacturers concentrating on the same upscale market niche where we are situated, including Big Dog and other numerous small companies and individuals throughout the country which build “one-off” custom cruisers from non-branded parts and components available from third parties. We also expect additional competitors to emerge from time to time in the future. We believe that the principal competitive factors in our industry are styling, performance, quality, product pricing, durability, consumer preferences, marketing and distribution, brand awareness and the availability of support services. We cannot assure anyone that we will be able to compete successfully against current or future competitors or that the competitive pressures faced by us will not materially harm our operations, business and financial condition.

## **Intellectual Property**

We hold a registered trademark for our Viper logo and for the use of the term Viper in connection with motorcycles and motorcycle products.

We regard our development technology and proprietary know-how and assets as being very valuable to us, but we have no patent protection to date. We have filed certain patents relating to our V-Twin engines and certain other Viper motorcycle components with the U.S. Patent and Trademark Office. There is no assurance we will obtain any significant patent protection, however, and we intend to rely primarily upon a combination of trade secrets and confidentiality agreements to protect our intellectual property.

There is no assurance that any measures taken by us to protect our intellectual property will be sufficient or that such property will provide us with any competitive advantage. Competitors may be able to copy valuable features of our products or to obtain information we regard as a trade secret. We are currently not aware of any claims of patent infringement against us regarding our products.

## **Government Regulation**

Motorcycles sold in the United States, European Union countries, Canada and other countries are subject to established environmental emissions regulations and safety standards. Viper motorcycles must be certified by the Environmental Protection Agency (EPA) for compliance with applicable emissions and noise standards and by the California Air Resources Board (CARB) with respect to California's more stringent emissions regulations. Motorcycles sold in California also are subject to certain tailpipe and evaporative emission requirements unique to California.

Motorcycles sold in the United States are also subject to the National Traffic and Motor Vehicle Safety Act and its rules promulgated and enforced by the National Highway Traffic Safety Administration (NHTSA). This safety act prohibits sale of any new motorcycle failing to conform to NHTSA safety standards, and also provides for remedying safety defects through product recalls. We are also required to recall motorcycles voluntarily if we determine a safety defect exists regarding Viper motorcycles. If the NHTSA or we determine a defect exists requiring a recall, the costs to us of such an event could be very substantial.

We have submitted our Viper cruisers and their V-Twin engines to the various applicable governmental agencies and have satisfied their certification requirements and standards. For this purpose, we retained a leading certified motorcycle testing lab. We expect to incur ongoing costs to continue complying with motorcycle safety and emissions requirements. As new laws and regulations are adopted, we will assess their effects on current and future Viper motorcycle products. Effective December 2008 the Company received the Certificate of Conformity with the Clean Air Act of 1990 from the U.S. Environmental Protection Agency.

## **Employees**

We currently employ 8 persons including our management, development, marketing and administrative personnel. We expect to hire 3 to 6 assembly and administrative personnel during 2011 to support our anticipated commercial production and sales of Viper cruisers. Other than these additional anticipated personnel, we do not anticipate needing any additional personnel during the next twelve months. None of our employees belongs to a labor union, and we consider our relationship with our employees to be good.

## **Item 2. Description of Property**

The Company currently does not own any real estate. All development, production, marketing and administrative operations of the Company are conducted from its Hopkins, MN leased facilities.

### **Hopkins Facility**

In October 2008, we relocated all of our operations and administration functions from Big Lake, MN to Hopkins, MN, a suburb of Minneapolis. We lease our current Hopkins facility under a written 3 year lease at a monthly rental of \$7,900 not including utilities. The facility occupies 9,000 square feet in a modern one-story light industrial building. We believe our Hopkins facility is adequate to support all our administrative, development, production assembly and warehousing needs.

The Company owns development and production equipment, computer and office equipment, and business vehicles, all of which have cost approximately \$498,153 since its inception in November 2002.

### **Pending Move to Auburn, Alabama**

The Company is in the process of relocating its entire headquarters and manufacturing operations from Hopkins, Minnesota to Auburn, Alabama. When this move is completed, which is anticipated during the summer of 2011, the Company will lease and occupy a modern state-of-the-art facility in Auburn which is currently being upgraded and customized to suit all of our motorcycle development, marketing, production and administrative functions. This Auburn facility includes 63,000 square feet with ample future expansion capability. The Company has already received material support for this upcoming relocation from the City of Auburn and the State of Alabama. Moreover, we are very pleased with the warm reception and material support we have received from Auburn officials and citizenry.

### Item 3. Legal Proceedings

In January 2011, International Finance, LLC, as plaintiff, commenced a legal action against the Company, claiming that the Company owes the plaintiff approximately \$98,000 in principal and accrued interest relating to a Promissory Note executed by the Company in 2007. The Company has answered this claim and denied any liability regarding this Promissory Note on the grounds primarily due to lack of consideration by the plaintiff. The Company will continue to defend and oppose this lawsuit.

Other than the foregoing legal action the Company is not a party to any material or administrative lawsuit, action or other legal proceeding, and the Company is not aware of any such threatened legal proceeding. Moreover, none of the property of the Company is subject to any pending or threatened legal proceeding. No director, officer, affiliate or shareholder of the Company is a party to any pending or threatened legal proceeding adverse to the Company, nor do any of these persons hold any material interest adverse to the Company.

### Item 4. Removed and Reserved .

## PART II

### Item 5. Market for Common Equity and Related Stockholder Matters.

#### Market Information

The Company's common stock is traded in the over-the-counter (OTC) market and is quoted on the OTC Bulletin Board under the symbol "VPWT" The range of high and low bid prices of the Company's common stock, as reported by the Bulletin Board quotation systems, are as follows. These quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions, and are adjusted to reflect the 1 for 4 reverse stock split of September 2009.

<b>Period</b>	<b>High Price(Bid)</b>	<b>Low Price(Bid)</b>
April – June, 2009	\$ 2.00	\$ .60
July – September, 2009	\$ 1.90	\$ .62
October – December, 2009	\$ 2.02	\$ 1.00
January – March , 2010	\$ 1.40	\$ 1.07
April – June, 2010	\$ .85	\$ .81
July – September 2010	\$ .91	\$ .83
October – December, 2010	\$ .70	\$ .60
January – March, 2011	\$ .69	\$ .30

The closing sales price of our common stock on May 4, 2011 was \$.55 per share.

## Reverse Stock Split

In September 2009, the Company affected a 1-for-4 reverse stock split whereby one post-split common share was issued for each four shares of common stock outstanding prior to the reverse split. All common share references in this annual report have been adjusted to reflect this reverse stock split.

## Shareholders

As of May 13, 2011, there were 434 shareholders of record holding common stock of the Company.

## Dividends

The Company has never declared or paid any cash dividends on its common stock, and does not anticipate paying any cash dividends in the foreseeable future.

## Securities Authorized for Issuance Under Equity Compensation Plans

The Company has no established equity compensation plans for the issuance of common stock as payment for employees, consultants or other parties. The Company has utilized its common stock for equity compensation from time to time on a transactional basis. In the future, the Company may establish some type of an equity compensation plan to provide incentive to current or future employees and others material to the Company's business.

There were no issuer repurchases by the Company during the fiscal year ended December 31, 2010.

## Equity Securities Sold by the Company

Following are all equity security transactions during the year ended December 31, 2010 involving sales not registered under the Securities Act of 1933:

### Loan Transactions

The Company entered into seven 90-day loan agreements bearing interest at 12% per annum during the year ended December 31, 2010. These loans were not initially convertible. Each agreement also required the Company to issue warrants to purchase the applicable number of shares of common stock at prices as described below. The Company performed a Black-Scholes valuation for each transaction. The call value was used to value the warrants issued. Once the warrants were valued, the relative fair value method was used to allocate the proceeds between the warrants and the loans. The difference in the face value of the loans and the proceeds assigned to the loans becomes a discount on the loans. These discounts are then accreted over the life of the loans, under a separate debt conversion agreement dated November 30, 2010, the loans were converted at \$.75 per share and additional warrants were granted in which the note holder received 1 warrant for every 2 shares of stock issued upon conversion. These loans and accrued interest were converted on November 30, 2010 into common stock. Any remaining unamortized debt discount at the time of conversion has been accreted to financing cost.

Date	Term	Proceeds	Warrants	Exercise Price	Interest	Call Value	Warrant Value	Proceeds Allocation
1/21/2010	90 days	\$ 100,000.00	50,000	\$ 0.50	12.00%	\$ 1.11	\$ 55,500.00	\$ 35,600.00
1/27/2010	90 days	\$ 25,000.00	12,500	\$ 0.50	12.00%	\$ 0.95	\$ 11,875.00	\$ 8,050.00
1/28/2010	90 days	\$ 25,000.00	12,500	\$ 0.50	12.00%	\$ 0.94	\$ 11,750.00	\$ 8,000.00
2/4/2010	90 days	\$ 100,000.00	50,000	\$ 0.50	12.00%	\$ 0.86	\$ 43,000.00	\$ 30,000.00
2/4/2010	90 days	\$ 100,000.00	50,000	\$ 0.50	12.00%	\$ 0.86	\$ 43,000.00	\$ 30,000.00
6/16/2010	90 Days	\$ 100,000.00	50,000	\$ 1.00	12.00%	\$ 0.22	\$ 11,000.00	\$ 9,900.00
6/16/2010	90 Days	\$ 100,000.00	50,000	\$ 1.00	12.00%	\$ 0.22	\$ 11,000.00	\$ 9,900.00
		<u>\$ 550,000.00</u>	275,000					<u>\$ 131,450.00</u>

Another noteholder had a \$100,000 90 day note that existed at December 31, 2009. The loan was also converted on November 22, 2010, and the Noteholder received the same inducement warrants to convert as the above mentioned agreements.

The Company entered into a 90-day loan agreement and a 365-day loan agreement during the year ended December 31, 2010. These loans were convertible into common shares at \$.75 and \$.50; respectively, and carry a 12.0% interest rate. The agreement also requires the Company to issue warrants to purchase the applicable number of shares of common stock at \$1.00 per share. The Company performed a Black-Scholes valuation for these transactions. The call value was used to value the warrants issued. Once the warrants were valued, the relative fair value method was used to allocate the proceeds between the warrants and the loans. The warrant values will be credited to the APIC-Warrant account. The difference in the face value of the loans and the proceeds assigned to the loans becomes a discount on the loans. These discounts are then accreted over the life of the loans. With the convertibility of these loans, a beneficial conversion feature is created. The effective conversion price is subtracted from the stock market price to determine the beneficial conversion feature per share. This is then multiplied by the number of warrants issued. This BCF value is then expensed immediately, since the loan can be immediately converted. The ninety day loan and accrued interest was converted on November 30, 2010. The 365-day loan was converted on December 30, 2010.

<u>Date</u>	<u>Term</u>	<u>Proceeds</u>	<u>Warrants</u>	<u>Exercise Price</u>	<u>Interest</u>	<u>Call Value</u>	<u>Warrant Value</u>	<u>Proceeds Allocation</u>	<u>Beneficial Conv. Feature Value</u>
3/23/2010	365 days	\$ 500,000.00	250,000	\$ 1.00	12.00%	\$ 0.76	\$ 190,000.00	\$ 137,000.00	\$ 363,000.00
7/2/2010	90 days	\$ 200,000.00	100,000	\$ 1.00	12.00%	\$ 0.34	\$ 34,000.00	\$ 28,800.00	\$ 53,333.00
		\$ 700,000.00	350,000					\$ 165,800.00	\$ 416,333.00

#### Common Stock Transactions

During the twelve months ended December 31, 2010, the Company issued 1,905,200 shares of common stock under private placements and 1,392,600 warrants for \$1,495,200 in cash, and the company performed Black-Scholes valuation for each transaction. The warrant allocation is the amount of the proceeds applied to the warrants. The difference between the warrant allocation and the proceeds was allocated to the shares of common stock issued.

<b>Date</b>	<b>Shares</b>	<b>Proceeds</b>	<b>Warrants</b>	<b>Exercise Price</b>	<b>Call Value</b>	<b>Warrant Allocation</b>
1/12/2010	100,000	\$ 100,000.00	50,000	\$ 0.50	\$ 1.22	\$ 60,977.49
1/14/2010	200	\$ 200.00	100	\$ 0.50	\$ 1.09	\$ 108.95
2/23/2010	100,000	\$ 100,000.00	50,000	\$ 0.50	\$ 0.84	\$ 41,939.07
2/23/2010	25,000	\$ 25,000.00	12,500	\$ 0.50	\$ 0.84	\$ 10,484.77
5/5/2010	50,000	\$ 50,000.00	50,000	\$ 1.00	\$ 0.40	\$ 20,000.00
7/1/2010	30,000	\$ 30,000.00	15,000	\$ 1.00	\$ 0.20	\$ 3,000.00
7/9/2010	250,000	\$ 250,000.00	125,000	\$ 1.00	\$ 0.39	\$ 48,750.00
7/20/2010	100,000	\$ 100,000.00	50,000	\$ 1.00	\$ 0.44	\$ 22,000.00
8/25/2010	25,000	\$ 25,000.00	12,500	\$ 1.00	\$ 0.42	\$ 5,250.00
9/2/2010	50,000	\$ 50,000.00	25,000	\$ 1.00	\$ 0.36	\$ 9,000.00
9/23/2010	25,000	\$ 25,000.00	12,500	\$ 1.00	\$ 0.40	\$ 5,000.00
9/29/2010	100,000	\$ 100,000.00	50,000	\$ 1.00	\$ 0.37	\$ 18,500.00
10/1/2010	25,000	\$ 25,000.00	12,500	\$ 1.00	\$ 0.40	\$ 5,000.00
10/1/2010	25,000	\$ 25,000.00	12,500	\$ 1.00	\$ 0.40	\$ 5,000.00
10/13/2010	30,000	\$ 30,000.00	15,000	\$ 1.00	\$ 0.44	\$ 6,600.00
10/13/2010	40,000	\$ 40,000.00	20,000	\$ 1.00	\$ 0.44	\$ 8,800.00
10/18/2010	100,000	\$ 100,000.00	50,000	\$ 1.00	\$ 0.42	\$ 21,000.00
11/24/2010	50,000	\$ 25,000.00	50,000	\$ 1.00	\$ 0.11	\$ 5,500.00
12/2/2010	100,000	\$ 50,000.00	100,000	\$ 1.00	\$ 0.14	\$ 14,000.00
12/3/2010	10,000	\$ 10,000.00	10,000	\$ 1.00	\$ 0.14	\$ 1,400.00
12/6/2010	50,000	\$ 25,000.00	50,000	\$ 1.00	\$ 0.14	\$ 7,000.00
12/7/2010	25,000	\$ 12,500.00	25,000	\$ 1.00	\$ 0.14	\$ 3,500.00
12/7/2010	25,000	\$ 12,500.00	25,000	\$ 1.00	\$ 0.14	\$ 3,500.00
12/7/2010	10,000	\$ 5,000.00	10,000	\$ 1.00	\$ 0.14	\$ 1,400.00
12/14/2010	98,000	\$ 49,000.00	98,000	\$ 1.00	\$ 0.12	\$ 11,760.00
12/14/2010	200,000	\$ 100,000.00	200,000	\$ 1.00	\$ 0.12	\$ 24,000.00
12/20/2010	2,000	\$ 1,000.00	2,000	\$ 1.00	\$ 0.15	\$ 300.00
12/20/2010	30,000	\$ 15,000.00	30,000	\$ 1.00	\$ 0.12	\$ 3,600.00
12/20/2010	200,000	\$ 100,000.00	200,000	\$ 1.00	\$ 0.15	\$ 30,000.00
12/27/2010	30,000	\$ 15,000.00	30,000	\$ 1.00	\$ 0.12	\$ 3,600.00
	<u>1,905,200</u>	<u>\$ 1,495,200.00</u>	<u>1,392,600</u>			<u>\$ 410,970.28</u>

Also during the year ended December 31, 2010, the Company issued 80,000 shares of common stock for services. The stock price was traced to the market closing price on each applicable date. The stock price was used to value the stock issued for services.

<b>Date</b>	<b>Shares</b>	<b>Market Price</b>	<b>Value</b>
2/5/2010	10,000	\$ 1.20	\$ 12,000.00
2/5/2010	20,000	\$ 1.20	\$ 24,000.00
2/23/2010	50,000	\$ 1.09	\$ 54,500.00
	<u>80,000</u>		<u>\$ 90,500.00</u>

Based on the manner of offering and sale of all the foregoing equity security transactions, they were private placements and not in the nature of a public offering, and the Company believes they were exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof. All of the persons receiving securities of the Company in the foregoing transactions received legended certificates for such securities which clearly stated the securities could not be resold, transferred or otherwise disposed of unless registered under applicable securities laws or exempt from registration under a satisfactory securities exemption.

#### **Item 6. Selected Financial Data.**

The Company is a smaller reporting company and is not required to provide this information.

#### **Item 7. Management's Discussion and Analysis and Plan of Operation.**

##### **Forward-Looking Statements**

*This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Forward-looking statements sometimes include the words "may," "will," "estimate," "intend," "continue," "expect," "anticipate" or other similar words. Statements expressing expectations regarding our future and projections we make relating to products, sales, revenues and earnings are typical of such statements.*

*All forward-looking statements are subject to the risks and uncertainties inherent in attempting to predict the future. Our actual results may differ materially from those projected, stated or implied in our forward-looking statements as a result of many factors, including, but not limited to, our overall industry environment, customer and dealer acceptance of our products, effectiveness of our dealer network, failure to develop or commercialize new products, delay in the introduction of products, regulatory certification matters, production and/or quality control problems, warranty and/or product liability matters, competitive pressures, inability to raise sufficient working capital, general economic conditions and our financial condition.*

*Our forward-looking statements speak only as of the date they are made by us. We undertake no obligation to update or revise any such statements to reflect new circumstances or unanticipated events as they occur, and you are urged to review and consider all disclosures we make in this and other reports that discuss risk factors germane to our business.*

The following discussion should be read in conjunction with our audited consolidated financial statements and related notes included in this Annual Report. These financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

#### **Results of Operations for the Fiscal Year Ended December 31, 2010 Compared to the Fiscal Year Ended December 31, 2009.**

*Revenues.* We reported revenue of \$35,768 in 2010 compared to revenue of \$342,282 in 2009 represented by the sale of motorcycles and motorcycle parts. There were fewer motorcycles sold in 2010 as the Company re-engineered its engine with Ilmor.

*Gross Profit.* Gross profit in 2010 was \$728 representing the sale of one motorcycle and costs associated with low volumes of production. The gross profit for 2009 was a negative \$89,587 representing increased cost with low volumes of production. The difference between 2009 and 2010 relates to labor associated with more bikes being produced and the additional costs related to the older engines in those older motorcycles.

*Research and Development.* Research and development costs were \$758,107 in 2010 compared to \$353,449 in 2009. The increased R&D costs in 2010 were due primarily to re-engineering expenses related to our contract with Ilmor Engineering to improve our V-Twin engine.

*Selling, General and Administrative Expenses.* Selling, general and administrative costs decreased \$123,605 to \$1,781,081 in 2010 from \$1,904,686 in 2009, due primarily to decreased professional fees, lower marketing cost and slightly decreased administrative expenses as we entered into increased production.

*Loss from Impairment of Assets.* The Company did experience impairment losses of \$209,628 during 2010 due to the transition from a pre-production to a manufacturing company. There were no impairment losses in 2009.

*Loss from Operations.* Operational losses were \$2,748,088 in 2010 compared to \$2,347,722, for 2009. This increase in 2010 of \$400,366 was due primarily to increased R&D expenditures related to our engine development joint venture with Ilmor Engineering as well as recognizing the impairment losses associated with the transition to a manufacturing company.

*Interest Expense.* Interest expense increased by \$169,684 to \$268,775 in 2010 compared to \$99,091 in 2009. The increase was due to interest incurred as a result of increased borrowing and not being able to convert the loans until late November.

## **Plan of Operation**

Our long-term business strategy or goal is to become a leading developer and supplier of premium V-Twin heavyweight motorcycles, V-Twin engines, and ancillary motorcycle aftermarket products. In implementing this strategy, we intend to execute the following matters during the next twelve months:

*Continue commercializing the Diamondback & Mamba* – Our primary focus during 2010 was to complete implementing and improving production operations for our motorcycle products to be manufactured by us effectively on a commercial scale. We have completed a production assembly line including shelving, railings and individual station equipment necessary for efficient factory production operations. We also have obtained all vendors, suppliers or subcontract third parties needed for obtaining components, parts and raw materials for our motorcycles and having them painted after assembly, and we will continue to identify and obtain alternate sources for material components.

*Continue Design and Development* – We will complete development and testing of our Mamba model and a Viper three-wheeled “trike” in order to offer the Mamba commercially as soon as possible in 2011 and the “trike” soon thereafter.

*Expansion of Distribution Network* – We will continue to identify and recruit qualified independent motorcycle dealers to become Viper dealers until we achieve our goal of having a nationwide network of Viper dealers. We will only select full-service dealers which we determine possess a successful V-Twin motorcycle sales history, a solid financial condition, a good reputation in the industry, and a definite desire to sell and promote Viper products. We also intend to commence initial efforts to enter overseas foreign markets including identifying effective overseas motorcycle distributors and attracting them to our products and Viper brand.

*Expansion of Sales and Marketing Activities* – We will continue and expand upon our marketing activities which are primarily focused toward supporting our dealer network and building Viper brand awareness. We will participate in leading consumer and dealer trade shows, rallies and other motorcycle events. We also will engage in ongoing advertising and promotional activities to develop and enhance the visibility of our Viper brand image.

*Market and Sell Ancillary Viper Products* – In 2010, we intend to commence marketing and sales of a variety of ancillary products under our Viper brand, particularly in the large custom cruiser aftermarket. We expect our primary aftermarket sales will be our line of powerful Viper V-Twin engines, and during 2011 we anticipate obtaining substantial revenues from Viper engine sales in this active aftermarket. We also will outsource production of ancillary Viper items from third-party suppliers including various motorcycle parts and accessories, apparel, and other Viper branded merchandise. For example, we have obtained a source to provide us with a line of Viper branded apparel. Our ancillary Viper products will be sold through multiple marketing channels including Viper dealers, independent aftermarket catalogs and our website.

*Relocation of Manufacturing operations* - Viper Motorcycle Company has announced in a press release dated August 10, 2010 that it has plans to begin manufacturing motorcycles in Auburn, Alabama. The Company will move its operations from Hopkins, Minnesota to Auburn, Alabama as soon as possible with full production beginning in mid 2011. A brand new facility in the Auburn Technology Park West will become the new headquarters and production facility for Viper Motorcycle Company and we have entered into a lease to occupy these facilities when ready.

## **Liquidity and Capital Resources**

Since our inception, we have financed our development, capital expenditures and working capital needs primarily through the sale and issuance of our capital stock or through loans from our principal shareholders. Financing through issuance of our common or preferred stock has included private placements for cash, common stock issued to satisfy accounts payable, and common and preferred stock issued to convert outstanding loans and other liabilities into capital stock of our company. We have raised a total of approximately \$14.4 million through the sale of our common stock in private placements, and at least \$6.7 million in loans from our management or principal shareholders.

We have also relied on satisfying substantial employee compensation, consulting fees, product development, marketing, administrative expenses and shareholder notes directly through issuance of our common stock. From inception through the end of 2010, we paid a total of approximately \$8.1 million for such expenses with our capital stock.

## **Future Liquidity**

Based on our current cash position, private placement subscriptions and anticipated revenues from product sales, we believe we will be able to fund our ongoing operations until at least the summer of 2011. To provide working capital and funding for increased motorcycle engine and component inventories to support anticipated growth thereafter, however, we will need to obtain substantial additional financing through loans and/or sales of our equity securities. Although we believe such additional financing will be available to us as needed, there is no assurance we will raise any such additional funds on terms acceptable to us, or at all, or that any future financing transactions will not be dilutive to our stockholders.

If we are unable to raise additional funds as needed, we will be required to curtail significantly, or may even cease, our ongoing and planned operations. Our future liquidity and capital requirements will be influenced materially by various factors including the extent and duration of our future operating losses, the level and timing of future sales and expenses, market acceptance of our motorcycle products, regulatory and market developments in our industry, and general economic conditions.

The report of our independent registered accounting firm for our audited financial statements included in this Form 10-K filing states that there is substantial doubt about the ability of our business to continue as a going concern.

### **Critical Accounting Policies**

The preparation of our financial statements requires us to make estimates and judgments affecting our reported amounts of assets, liabilities, revenues and expenses, and related disclosures. On an ongoing basis, we will evaluate these estimates and judgments, which are based on historical experience, observance of industry trends, information from dealers and motorcycle enthusiasts, and certain assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Our management believes the following accounting policies affect its more significant judgments and estimates used in the preparation of our financial statements.

*Revenue Recognition* – Our sales since inception have all been to dealers. We recognize revenue for sales to dealers when the following has occurred:

- motorcycle products are delivered, which is upon shipment;
- title to products passes to the dealer, also upon shipment;
- collection is reasonably assured; and
- the sales price is fixed or determinable.

We also account for expenses of shipping costs, rebates and sales incentive costs when our products are shipped, resulting in our revenue recognition being net of such expenses.

*Product Warranties* – We account for estimated warranty costs at the time of product shipments based on our best estimate using historical data and trends, and we have established a warranty liability reserve account for our estimated warranty costs. We will make subsequent adjustments to our warranty estimates as actual claims become known or the amounts are determinable. Our warranty obligation is affected by various factors such as product failure rates, service costs incurred to correct product failures and defects, and any recalls of our motorcycles. Current estimates of warranty costs could differ materially from what will actually transpire in the future.

*Valuation and Control of Inventory* – Our inventory is valued at the lower of cost, determined on a first-in, first-out basis (FIFO), or market. We analyze the cost and market value of inventory items on a quarterly basis in order to maintain and update our inventory valuation reserve for obsolete, discontinued or excess inventory. Our inventory reserve will be based on historical experience and current product demand, and will be increased as necessary to reflect any slow moving, discontinued or obsolete inventory. We do not believe our inventories will be subject to rapid obsolescence.

Inventories of motorcycle engines and components represent a large percentage of our tangible assets, and we expect this percentage to increase substantially in the future. We employ an inventory control manager dedicated to and responsible for safeguarding, monitoring and recording our inventory assets.

*Stock-Based Compensation* – We expense stock-based compensation issued to our employees, contractors, consultants or others providing goods and services to us. The fair value of our securities issued for goods or services are expensed over the period in which we receive the related goods or services. Equity instruments which have been issued by us for goods and services have been for common shares or common stock purchase warrants. These securities are fully vested, non-forfeitable, and fully paid or exercisable at the date of grant. Regarding our option and warrant grants, their fair values have been determined by us using the Black-Scholes model of valuation.

Offering prices with respect to our private placements have been based on various factors including arms' length negotiations with unaffiliated representatives of private investors or independent placement agents and our valuation beliefs based on the development of our company and motorcycle products at the respective times of the private placements.

*Impairment* – Soon after the end of each fiscal year and each interim quarter, we conduct a thorough impairment evaluation of our engine development technology and any other material intangible assets. If the results of any such impairment analysis indicate our recorded values for any such assets have declined a material amount, we will adjust our recorded valuations on a discounted cash flow basis to reflect any such decline in value in all our financial statements.

### **Off-Balance Sheet Arrangements**

Other than a guarantee of our limited floor plan financing by a principal shareholder we have no off-balance sheet arrangements.

### **Risk Factors**

Our business and any related investment in our common stock or other securities involves many significant risks. Any person evaluating our company and its business should carefully consider the following risks and uncertainties in addition to other information in this Annual Report. Our business, operating results and financial condition could be seriously harmed due to one or more of the following risks.

*Because of our early stage commercial status and the nature of our business, our securities are highly speculative.*

Our securities are speculative and involve a high degree of risk and there is no assurance we will ever generate any material commercial revenues from our operations. Moreover, we do not expect to realize any material profits from our operations in the short term. Any profitability in the future from our business will be dependent upon realizing production and sales of our motorcycle products in material commercial quantities, which there is no assurance will ever happen.

*We have a limited operating history primarily involved in product development, and we have only generated limited commercial revenues to date.*

From our inception in late 2002 through December 31, 2010, we have experienced cumulative losses of approximately \$37.0 Million, and we will continue to incur losses until we produce and sell our motorcycle products in sufficient volume to attain profitability, which there is no assurance will ever happen. Our operations are particularly subject to the many risks inherent in the early stages of a business enterprise and the uncertainties arising from only a limited commercial operating history. There can be no assurance that our business plan will prove successful.

*Our business plan will encounter serious delays or even result in failure if we are unable to obtain significant additional financing when needed, since we are required to make significant and continuing expenditures to satisfy our future business plan.*

Our ability to become commercially successful will depend largely on our being able to continue raising significant additional financing. If we are unable to obtain additional financing through equity or debt sources as needed, we would not be able to succeed in our commercial operations which eventually would result in a failure of our business.

*Our ability to generate future revenues will depend upon a number of factors, some of which are beyond our control.*

These factors include the rate of acceptance of our motorcycle products, competitive pressures in our industry, effectiveness of our independent dealer network, adapting to changes in the motorcycle industry, and general economic trends. We cannot forecast accurately what our revenues will be in future periods.

*We have very limited experience in commercial production or sales of our products.*

Our operations have been limited primarily to designing and developing our products, testing them after development, establishing our initial distribution network of independent dealers, obtaining suppliers for our components, outsourcing future production of certain components, and reorganizing our company. These past activities only provide a limited basis to assess our ability to commercialize our motorcycle products successfully.

*We have limited experience in manufacturing motorcycle products.*

Our motorcycles must be designed and manufactured to meet high quality standards in a cost-effective manner. Because of our lack of experience in manufacturing operations, we may have difficulty in timely producing or outsourcing motorcycle products in a volume sufficient to cover orders from our dealers. Any material manufacturing delays could frustrate dealers and their customers and lead to a negative perception of Viper products or our company. If we are unable to manufacture effectively in terms of quality, timing and cost, our ability to generate revenues and profits will be impaired.

*We depend upon a limited number of outside suppliers for our key motorcycle parts and components.*

Our heavy reliance upon outside vendors and suppliers for our components involves risk factors such as limited control over prices, timely delivery and quality control. We have no written agreements to ensure continued supply of parts and components. Although alternate suppliers are available for our key components, any material changes in our suppliers could cause material delays in production and increase production costs. We are unable to determine whether our suppliers will be able to timely supply us with commercial production needs. There is no assurance that any of our vendors or suppliers will be able to meet our future commercial production demands as to volume, quality or timeliness.

*We will be highly dependent upon our Viper distribution network of independent motorcycle dealers.*

We depend upon our Viper dealers to sell our products and promote our brand image. If our dealers are unable to sell and promote our products effectively, our business will be harmed seriously. We currently have agreements with ten dealers. We must continue to recruit and expand our dealer base to satisfy our projected revenues. If we fail to timely obtain new dealers or maintain our relationship with existing dealers effectively, we could be unable to achieve sufficient sales to support our operations.

Our dealers are not required to sell our products on an exclusive basis and also are not required to purchase any minimum quantity of Viper products. The failure of dealers to generate sales of our products effectively would impair our operations seriously and could cause our business to fail.

We also depend upon our dealers to service Viper motorcycles. Any failure of our dealers to provide satisfactory repair services to purchasers of Viper products could lead to a negative perception of the quality and reliability of our products.

*Sales of Viper motorcycles are substantially dependent upon our ability to provide and maintain a source of reliable "floor plan" financing to our dealers.*

We currently provide limited floor plan financing to our dealers for their purchase of Viper products which is self-financed by the company. If we are unable to increase the amount of floor plan financing available to our dealers, they would have to pay cash or obtain other financing to purchase Viper products, which most likely would result in substantially lower sales of our products, and lack of sufficient cash flow to support our business.

*We will face significant challenges in obtaining market acceptance of Viper products and establishing our Viper brand.*

Our success depends primarily on the acceptance of our products and the Viper brand by motorcycle purchasers and enthusiasts. Virtually all potential customers are not familiar with or have not seen or driven Viper motorcycles. Acceptance of our products by motorcyclists will depend on many factors including price, reliability, styling, performance, uniqueness, service accessibility, and our ability to overcome existing loyalties to competing products.

*Our business model of selling Viper motorcycles to upscale purchasers at premium prices may not be successful.*

Sales of our premium motorcycle products are targeted toward a limited number of upscale purchasers willing to pay a higher price for Viper products. Suggested retail prices of our motorcycles will be considerably higher than most premium models of our competitors. If we are unable to attract and obtain sufficient motorcyclists willing to pay the higher prices of our products, our business model would not succeed and our business would likely fail.

*We may experience significant returns or warranty claims.*

Since we have a minimal history of commercial sales of our products, we have no material data regarding the performance or maintenance requirements of Viper products. Accordingly, we have no basis on which we can currently predict warranty costs. If we experience significant warranty service requirements or product recalls, potential customers may not purchase our products. Any significant warranty service requirements or product recalls would increase our costs substantially and likely reduce the value of our brand.

*Our exposure to product liability claims could harm us seriously.*

Given the nature of motorcycle products, we expect to encounter product liability claims against us from time to time for personal injury or property damage. If such claims become substantial, our brand and reputation would be harmed seriously. These claims also could require us to pay substantial damage awards.

Although we intend to obtain adequate product liability insurance, we may be unable to obtain coverage at a reasonable cost or in a sufficient amount to cover future losses from product liability claims. Any successful claim against us for uninsured liabilities or in excess of insured liabilities would most likely harm our business seriously.

*Our success will be substantially dependent upon our current key employees and our ability to attract, recruit and retain additional key employees.*

Our success depends upon the efforts of our current executive officers and other key employees, and the loss of the services of one or more of them could impair our growth materially. If we are unable to retain current key employees, or to hire and retain additional qualified key personnel when needed, our business and operations would be adversely affected substantially. We do not have "key person" insurance covering any of our employees, and we have no written employment agreement with a key employee.

*Our success depends substantially on our ability to protect our intellectual property rights, and any failure to protect these rights would be harmful to us.*

The future growth and success of our business will depend materially on our ability to protect our trademarks, trade names and any future patent rights, and to preserve our trade secrets. We hold trademark rights for our logo design and our brand, Viper Motorcycle Company.

We have applied for various patents covering unique features of both our motorcycles and our V-Twin engines, but we do not expect to obtain any significant patent protection. We will rely mainly upon trade secrets, proprietary know-how, and continuing technological innovation to compete in our market. There is no assurance that our competitors will not independently develop technologies equal to or similar to ours, or otherwise obtain access to our technology or trade secrets. Our competitors also could obtain patent rights that could prevent, limit or interfere with our ability to manufacture and market our products. Third parties also may assert infringement claims against us, which could cause us to incur costly litigation to protect and defend our intellectual property rights. Moreover, if we are judged to have infringed rights of others, we may have to pay substantial damages and discontinue use of the infringing product or process unless they are re-designed to avoid the infringement. Any claim of infringement against us would involve substantial expenditures and divert the time and effort of our management materially.

*We will face intense competition from existing motorcycle manufacturers already well established and having much greater customer loyalty and financial, marketing, manufacturing and personnel resources than us.*

In our premium heavyweight motorcycle market, our main competitor is Harley-Davidson Inc. which dominates the market for V-Twin cruiser motorcycles. Other significant competitors include Polaris with its Victory motorcycle line. We also face particularly direct competition from a number of V-Twin custom cruiser manufacturers concentrating on the same upscale market niche where we are situated, including Big Dog and other numerous small companies and individuals throughout the country which build "one-off" custom cruisers from non-branded parts and components available from third parties. We also expect additional competitors to emerge from time to time in the future. There is no assurance that we will be able to compete successfully against current and future competitors.

*Introduction of new models of motorcycles by our competitors could materially reduce demand for our products.*

Products offered in our industry often change significantly due to product design and performance advances, safety and environmental factors, or changing tastes of motorcyclists. Our future success will depend materially on our ability to anticipate and respond to these changes. If we cannot introduce acceptable new models on a regular basis or if our new models fail to compete effectively with those of our competitors, our ability to generate revenues or achieve profitability would be impaired substantially.

*Purchase of recreational motorcycles is discretionary for consumers, and market demand for them is influenced by factors beyond our control.*

Viper motorcycles represent luxury consumer products and accordingly market demand for them depends on a number of economic factors affecting discretionary consumer income. These factors are beyond our control and include employment levels, interest rates, taxation rates, consumer confidence levels, and general economic conditions. Adverse changes in one or more of these factors may restrict discretionary consumer spending for our products and thus harm our growth and profitability.

Viper motorcycles also must compete with other powersport and recreational products for the discretionary spending of consumers.

*Our business is subject to seasonality which may cause our quarterly operating results to fluctuate materially.*

Motorcycle sales generally are seasonal in nature since consumer demand is substantially lower during colder seasons in North America. We may endure periods of reduced revenues and cash flows during off-season periods, requiring us to lay off or terminate employees from time to time. Seasonal fluctuations in our business could cause material volatility in the public market price of our common stock.

*When we sell our products in international markets, we will encounter additional factors which could increase our cost of selling our products and impair our ability to achieve profitability from foreign business.*

Our marketing strategy includes future sales of Viper products internationally, which will subject our business to additional regulations and other factors varying from country to country. These matters include export requirement regulations, foreign environmental and safety requirements, marketing and distribution factors, and the effect of currency fluctuations. We also will be affected by local economic condition in international markets as well as the difficulties related to managing operations from long distances. There is no assurance we will be able to successfully market and sell Viper products in foreign countries.

*We must comply with numerous environmental and safety regulations.*

Our business is governed by numerous federal and state regulations governing environmental and safety matters with respect to motorcycle products and their use. These many regulations generally relate to air, water and noise pollution and to motorcycle safety matters. Compliance with these regulations could increase our production costs, delay introduction of our products and substantially impair our ability to generate revenues and achieve profitability.

Use of motorcycles in the United States is subject to rigorous regulation by the Environmental Protection Agency (EPA), and by state pollution control agencies. Any failure by us to comply with applicable environmental requirements of the EPA or relevant state agencies could subject us to administratively or judicially imposed sanctions including civil penalties, criminal prosecution, injunctions, product recalls or suspension of production.

Motorcycles and their use are also subject to safety standards and rules promulgated by the National Highway Traffic Safety Administration (NHTSA). We could suffer harmful recalls of our motorcycles if they fail to satisfy applicable safety standards administered by the NHTSA.

*We do not intend to pay any cash dividends on our common stock.*

We have never declared or paid any cash dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future.

*The price of our common stock may be volatile and fluctuate significantly in our over-the-counter trading market, and an investor's shares could decline in value.*

Our common stock trades in the over-the-counter (OTC) market, and has not experienced a very active trading market. There is no assurance a more active trading market for our common stock will ever develop, or be sustained if it emerges. Unless an active trading market is developed for our common stock, it will be difficult for shareholders to sell our common stock at any particular price or when they wish to make such sales.

The market price of our common stock may fluctuate significantly, making it difficult for any investor to resell our common stock at an attractive price or on reasonable terms. Market prices for securities of early stage companies such as us have historically been highly volatile due to many factors not affecting more established companies. Moreover, any failure by us to meet estimates of financial analysts is likely to cause a decline in the market price of our common stock.

*Our current management and principal shareholders control our company, and they may make material decisions with which other shareholders disagree.*

Our executive officers and directors and principal shareholders affiliated with them own a majority of our outstanding capital stock. As a result, these persons acting as a group have the ability to control transactions requiring stockholder approval, including the election or removal of directors, significant mergers or other business combinations, changes in control of our company, and any significant acquisitions or dispositions of assets.

*Additional shares of our authorized capital stock which are issued in the future will decrease the percentage equity ownership of existing shareholders, could also be dilutive to existing shareholders, and could also have the effect of delaying or preventing a change of control of our company.*

Under our Articles of Incorporation we are authorized to issue up to 25,000,000 shares of common stock and 20,000,000 shares of preferred stock. Our board of directors has the sole authority to issue remaining authorized capital stock without further shareholder approval. To the extent that additional authorized preferred or common shares are issued in the future, they will decrease existing shareholders' percentage equity ownership and, depending upon the prices at which they are issued, could be dilutive to existing shareholders.

Issuance of additional authorized shares of our capital stock also could have the effect of delaying or preventing a change of control of our company without requiring any action by our shareholders, particularly if such shares are used to dilute the stock ownership or voting rights of a person seeking control of our company.

**Item 8. Financial Statements.**

Financial statements are included following the Signature page and commencing on page F-1.

**Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

As of the end of the period covered by this report, we conducted an evaluation, using the COSO framework, established by the Treadway Commission under the supervision and with the participation of our principal executive officer and principal financial officer, of our disclosure controls and procedures in accordance with Rule 13a-15 under the Securities Exchange Act of 1934. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are ineffective to ensure that information required to be disclosed by Viper Powersports Inc. in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. There was no change in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining financial control over financial reporting as defined under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of inherent limitations, a system of internal control over financial reporting may not detect or prevent misstatements, no matter how well conceived and operated. Moreover, any projections of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2010. Based on this assessment, our management believes that the Company has determined that controls were assessed as ineffective contributing to the timing of the filing and number of audit adjustments.

### PART III

#### Item 10. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act.

The directors of the Company serve until their successors are elected and shall qualify. Executive officers are elected by the Board of Directors and serve at the discretion of the directors. There are no family relationships among our directors and executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
John R. Silseth II	47	Chief Executive Officer and Director
Robert O. Knutson	74	Director and Secretary
Jerome Posey	62	Chief Financial Officer and Treasurer
Terry L. Nesbitt	61	Director and President of Viper Motorcycle Company
Robert Van Den Berg	76	Director
Duane Peterson	61	Director

JOHN R. SILSETH II has been a director of the Company since 2009 and is also Chief Executive Officer of the Company. Through his wholly-owned company, Racing Partners Management Inc., Mr. Silseth has provided consulting and financing services to the Company since its 2002 inception, and he also is a principal shareholder of the Company. Through Racing Partners Management Inc., Mr. Silseth also has provided consulting services to various early-stage or start-up businesses during the past ten years.

ROBERT O. KNUTSON has been a director of the Company since February 2005, and he has been Secretary of the Company since its 2002 inception. Mr. Knutson has practiced law in the Minneapolis metropolitan area as a sole practitioner since 1971, and prior thereto he was an associate attorney with the Minneapolis law firm of Dorsey & Whitney.

JEROME POSEY has been the Chief Financial Officer of the Company since November 2005. From December 2001 until October 2005, Mr. Posey was Vice President/ Finance & Chief Financial Officer of Intravantage Inc., which manufactured a drug delivery device for the dental industry. From 1997 to November 2001, he was the Chief Financial Officer and Shareholder of Robin Lee's, Inc., a retailer of collectibles, home decor and greeting cards.

TERRY L. NESBITT has been a director of the Company since February 2005, and he recently became President of Viper Motorcycle Company, our subsidiary. Until January 2007, Mr. Nesbitt was our Executive Vice President of Sales and Marketing of the Company, since our inception in 2002. During 2001 and most of 2002, Mr. Nesbitt was an independent consultant in the motorcycle industry. Prior to 2001, he served in several key sales management positions over a fifteen-year period with Polaris Industries Inc., including national sales manager for Polaris' line of Victory V-Twin cruiser motorcycles.

ROBERT VAN DEN BERG has been a director of the Company since January 2007. Since 1969 he was the principal owner and Chief Executive Officer of Comstrand Inc. until its sale in 2006 when it had attained annual sales of \$50 million. Mr. Van Den Berg also has owned and sold several other successful companies over the past years, and he currently is engaged in certain real estate development activities.

DUANE PETERSON has been a director of the Company since January 2007. He is a founder of Peterson, Beyenhof & Zahler, Ltd. and has been a principal CPA with this accounting firm since 1978. Mr. Peterson has extensive experience in business and financial consulting, complex tax accounting, and tax and financial planning for many corporate and individual clients.

## Audit Committee

We do not have a separately designated audit committee, but rather our entire Board of Directors serves as our audit committee.

## Section 16(a) Beneficial Ownership Reporting Compliance

Based upon a review of copies of reports furnished to us during our fiscal year ended December 31, 2010, which are required to be filed under Section 16(a) of the Securities Exchange Act of 1934, we know of no director, officer, or beneficial owner of more than 10% of our common stock who failed to file on a timely basis any report required by Section 16(a).

## Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, our principal financial and accounting officer, or persons performing similar functions. We will provide any person without charge who requests, a copy of our Code of Ethics. Any copy requests may be directed to Viper Powersports Inc., 10895 Excelsior Blvd., Suite 203, Hopkins, MN 55343 in care of John Silseth.

## Item 11. Executive Compensation

The following table sets forth the executive compensation of the executive officers of the Company during the two fiscal years ended December 31, 2009 and 2010.

SUMMARY COMPENSATION TABLE

<u>Name and Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Stock Awards (#)</u>
John Silseth Chief Executive Officer	2010	\$ 102,000	
	2009	\$ 102,000	
Terry Nesbitt, President - Viper Motorcycle Co.	2010	\$ 86,000	
	2009	\$ 72,000	75,000
Jerome Posey CFO	2010	75,000	
	2009	75,000	

## Options/SAR Grants

The Company did not issue any stock options or SAR grants in fiscal 2010. None of the stock options issued by the Company since its inception have been exercised. The following tables contain certain information relating to unexercised options.

### Aggregated Option/SAR Exercises in Last Fiscal Year and FY-End Option/SAR Values

Name	Shares Acquired	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARs at FY-End		Value of Unexercised In-the-Money Options/SARs at FY-End (\$)
			(#)	Exercisable/Unexercisable	
Terry Nesbitt	-0-	-0-	31,250/0	\$	0/0

## Compensation of Directors

No compensation was paid by the company to its directors for their services as a director during 2010.

## Employment Contracts and Change-in-Control Arrangements

The Company currently has no written employment contracts with its management or other employees. The Company also does not have any change-in-control arrangements with any person. The Company also does not have any plans, arrangements or understandings to pay any accrued earnings in the future.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stock Matters.**

The following table sets forth as of December 31, 2010 certain information regarding beneficial ownership of the common stock of the Company by (a) each person or group known by the Company to be the beneficial owner of more than 5% of the outstanding common stock of the Company, (b) each director and executive officer of the Company, and (c) all directors and executive officers of the Company as a group. Each shareholder named in the below table has sole voting and investment power with respect to shares of common stock shown in the table. Shares underlying any options or warrants included in the table are all currently exercisable. Unless otherwise indicated, the address of each listed shareholder is 10895 Excelsior Blvd., Suite 203, Hopkins, MN 55343.

<u>Shareholder</u>	<u>Shares Owned Beneficially</u>	<u>Percent of Class</u>
<u>Title of Class – Common Stock</u>		
Terry L. Nesbitt <sup>1</sup>	182,500	1.5%
Robert O. Knutson	122,356	.7%
John R. Silseth II	1,113,257	6.3%
Robert Van Den Berg	133,843	.8%
Duane Peterson	12,500	.1%
Jerome L. Posey	6,250	-
Brent Henderson	841,667	5.1%
All directors and officers as a group (5 persons)	1,388,206	8.4%

---

<sup>1</sup> Includes 31,250 share of underlying options

**Item 13. Certain Relationships and Related Transactions.**

Following are certain material transactions during the past two years between the Company and any of its directors, executive officers, and principal shareholders:

In connection with certain private placements of our common stock, Robert Van Den Berg, a director of the company, participated on the same terms as unrelated parties, including purchasing: 2,500 shares at \$1.00 per share in 2008 and 6,250 shares at \$.40 per share in 2009.

In 2009, we satisfied substantial outstanding liabilities through the issuance of restricted common stock based on \$.40 per share, which included issuance of 50,000 shares to Robert O. Knutson, 37,500 shares to Terry L. Nesbitt, 25,000 shares to Robert Van Den Berg, 12,500 shares to Duane Peterson, and 687,500 shares to a wholly-owned corporation of John Silseth.

In 2009, James G. Kelly, then director of the Company, purchased a total of 46,875 shares of restricted common stock of the Company at \$.40 per share in private placements in which he participated on the same terms as unrelated parties.

We also have issued warrants to David Palmlund III for providing us with financing services, which warrants have granted him the right to purchase a total of 56,250 of our common shares exercisable at \$.625 per share for a five-year term expiring in 2012 .

Robert Van Den Berg, a director of the Company, guaranteed a \$250,000 credit facility we obtained from a banking institution, which was established in order to purchase inventory parts and components for upcoming commercial production of Viper motorcycles. In consideration for Mr. Van Den Berg providing this guaranty, we issued him 25,000 shares of our common stock. This line has been completely paid off in early January of 2011.

**Item 14. Principal Accountant Fees and Services.**

*Pre-Approval of Audit Fees*

Our Board of Directors is responsible for pre-approving all audit and permitted non-audited services to be performed for us by our independent registered public accounting firm or any other auditing or accounting firm.

*Auditor Fees*

Child, Van Wagoner & Bradshaw, PLLC acted as our independent accounting firm for the fiscal years ended December 31, 2010 and 2009, including performing our audits for these two fiscal years and reviews of our quarterly financial statements for this two-year period. The aggregate fees billed by Child, Van Wagner & Bradshaw, PLLC for such services are as follows:

	<u>Fiscal 2010</u>	<u>Fiscal 2009</u>
Audit and review fees	\$ 44,417	\$ 39,592
Tax fees	\$ 0	\$ 0
All other fees	\$ 0	\$ 0

**Item 15. Exhibits.**

See the “Exhibit Index” following the financial statements of this Form 10-K for a listing and description of the documents that are incorporated by reference or filed as exhibits to this Annual Report.

## SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIPER POWERSPORTS INC.  
(Registrant)

By: /s/ John Silseth  
John Silseth - CEO

Date: May 13, 2011

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.

By: /s/ John R. Silseth  
John R. Silseth – Director

Date: May 13, 2011

By: /s/ Terry Nesbitt  
Terry Nesbitt – Director

Date: May 13, 2011

By: /s/ Robert Van Den Berg  
Robert Van Den Berg – Director

Date: May 13, 2011

By: /s/ Robert O. Knutson  
Robert O. Knutson – Director

Date: May 13, 2011

By: /s/ Jerome L. Posey  
Jerome L. Posey – CFO

Date: May 13, 2011

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Consolidated Financial Statements**

**For the Years Ended December 31, 2010  
and 2009**

---

Viper Powersports Inc.  
(A Development Stage Company)

Index to Consolidated Financial Statements

	PAGE
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Stockholders' Equity (Deficit)	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors

Viper Powersports Inc.

Hopkins, Minnesota 55343

We have audited the accompanying consolidated balance sheets of Viper Powersports, Inc. (a development stage company) and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the period from November 18, 2002 (inception) to December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting, as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 audits provide 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 Viper Powersports, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, and the period from November 18, 2002 (inception) to December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses and net cash outflows from operations since inception. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Child, Van Wagoner & Bradshaw, PLLC

Salt Lake City, Utah

May 20, 2011

**Child,  
Van Wagoner  
& Bradshaw,  
PLLC**

CERTIFIED PUBLIC ACCOUNTANTS



**SALT LAKE CITY**

5296 South Commerce Dr.  
Suite 300  
Salt Lake City, Utah 84107  
Phone: 801.281.4700  
Fax: 801.281.4701

**KAYSVILLE**

1284 West Flint Meadow Dr.  
Suite D  
Kaysville, Utah 84037  
Phone: 801.927.1337  
Fax: 801.927.1344

**HONG KONG**

Suite A, 5/F  
Max Share Centre  
373 King's Road  
North Point, Hong Kong



**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Consolidated Balance Sheets**

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 15,579	\$ 100,162
Accounts receivable	0	212,675
Inventory and supplies	190,930	35,040
Prepaid expenses and other assets	1,330	61,570
<b>Total current assets</b>	<u>207,839</u>	<u>409,447</u>
<b>Fixed assets:</b>		
Office and computer equipment	124,100	119,835
Manufacturing and development equipment	272,254	273,759
Vehicles	101,799	101,799
Leasehold improvements	90,446	90,446
Subtotal	588,599	585,839
Accumulated depreciation	(507,989)	(471,152)
<b>Total fixed assets</b>	<u>80,610</u>	<u>114,687</u>
<b>Other assets:</b>		
Rental deposit	4,010	4,010
Long term inventory	431,261	505,929
<b>Total other assets</b>	<u>435,271</u>	<u>509,939</u>
<b>Total assets</b>	<u>\$ 723,720</u>	<u>\$ 1,034,073</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 303,518	\$ 358,167
Accrued liabilities	181,325	125,612
Derivative liability – cashless warrants	586,992	0
Notes payable	129,000	150,000
Notes payable – related party	304,513	439,353
Current portion of capital leases	0	4,052
<b>Total current liabilities</b>	<u>1,505,348</u>	<u>1,077,184</u>
<b>Long-term liabilities</b>		
Note payable	0	29,921
<b>Total long-term liabilities</b>	<u>0</u>	<u>29,921</u>
<b>Total liabilities</b>	<u>1,505,348</u>	<u>1,107,105</u>
<b>Stockholders' equity (deficit)</b>		
Preferred stock; \$0.001 par value; 20,000,000 shares authorized, 0 issued and outstanding for both years	-	-
Common stock; \$0.001 par value; 25,000,000 shares authorized, 17,719,280 and 13,409,000 issued and outstanding, respectively	17,719	13,409
Additional paid-in capital	36,237,465	32,185,691
Accumulated deficit	(37,036,812)	(32,272,132)
<b>Total Stockholders' Equity (Deficit)</b>	<u>(781,628)</u>	<u>(73,032)</u>
<b>Total liabilities and stockholders' equity (deficit)</b>	<u>\$ 723,720</u>	<u>\$ 1,034,073</u>

See notes to consolidated financial statements.



**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Consolidated Statements of Operations**

	<u>Year Ended</u> <u>December 31, 2010</u>	<u>Year Ended</u> <u>December 31, 2009</u>	<u>Cumulative from</u> <u>November 18, 2002</u> <u>(Date of Inception)</u> <u>through December 31,</u> <u>2010</u>
Revenues (net of returns)	\$ 35,768	\$ 342,282	\$ 1,089,862
Cost of revenues	35,040	431,869	1,046,597
Gross profit	728	(89,587)	43,265
Operating expenses			
Research and development costs	758,107	353,449	6,030,800
Selling, general and administrative	1,781,081	1,904,686	20,527,294
Loss on impairment of assets and inventory	209,628	-	7,581,317
Total operating expenses	2,748,816	2,258,135	34,139,411
Loss from operations	(2,748,088)	(2,347,722)	(34,096,146)
Other income (expense)			
Interest expense	(268,775)	(99,091)	(1,518,905)
Loss on sale of asset	-	-	(18,994)
Financing cost relating to debt discount, beneficial conversion features and finders fees	(1,749,563)	-	(1,749,563)
Other income	1,746	2,434	346,796
Total other income (expense)	(2,016,592)	(96,657)	(2,940,666)
Net loss	<u>\$ (4,764,680)</u>	<u>\$ (2,444,379)</u>	<u>\$ (37,036,812)</u>
Loss per common share - basic	<u>\$ (0.34)</u>	<u>\$ (0.23)</u>	
Weighted average common shares outstanding - basic	<u>14,210,267</u>	<u>10,444,619</u>	

See notes to consolidated financial statements.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Consolidated Statements of Stockholders' Equity (Deficit)**  
**For the Period from November 18, 2002 (Inception) to December 31, 2010**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance at November 18, 2002 (Inception)	-	\$ -	-	\$ -	\$ -	\$ -	\$ -
Common stock for services and accounts payable - \$.40/share	-	-	106,250	170,000	-	-	170,000
Common stock for cash at \$.40/share	-	-	73,620	117,791	-	-	117,791
Net loss from inception through December 31, 2002	-	-	-	-	-	(344,612)	(344,612)
<b>Balances at December 31, 2002</b>	-	-	179,870	287,791	-	(344,612)	(56,821)
Common stock for services at \$.40 to \$1.00 /share	-	-	304,813	1,095,500	-	-	1,095,500
Common stock for cash at \$.40/share	-	-	213,881	342,209	-	-	342,209
Common stock for services and accounts payable - \$2.00/share	-	-	10,625	85,000	-	-	85,000
Common stock for cash at \$2.00/share net of issuance costs	-	-	114,350	884,549	-	-	884,549
Value of warrants issued with convertible debt	-	-	-	110,168	-	-	110,168
Net loss for the year ended December 31, 2003	-	-	-	-	-	(2,999,735)	(2,999,735)
<b>Balances at December 31, 2003</b>	-	-	823,539	2,805,217	-	(3,344,347)	(539,130)
Value of warrants issued with convertible debt	-	-	-	22,033	-	-	22,033
Common stock for cash at \$2.50/share	-	-	24,500	245,000	-	-	245,000
Common stock for services and software at \$2.50/share	-	-	15,250	152,500	-	-	152,500
Common stock for employment agreement services at \$2.50/share	-	-	43,750	437,500	-	-	437,500
Common stock issued with May 2004 notes at \$2.50/share	-	-	33,334	333,335	-	-	333,335
Common stock grants to employees at \$2.50/share	-	-	47,425	474,250	-	-	474,250
Value of warrants and options issued for services	-	-	-	175,363	-	-	175,363
Net loss for the year ended December 31, 2004	-	-	-	-	-	(5,761,208)	(5,761,208)
<b>Balances at December 31, 2004</b>	-	-	987,798	4,645,198	-	(9,105,555)	(4,460,357)
Common stock for cash at \$2.50/share	-	-	76,303	763,030	-	-	763,030
Common stock for payables and debt converted at \$2.50/share	-	-	281,339	2,813,379	-	-	2,813,379
Preferred stock for outstanding debt converted at \$2.50/share	195,750	1,957,500	-	-	-	-	1,957,500
Value of warrants and option issued for services	-	-	-	497,700	-	-	497,700
Common stock for engine development technology (Note 3)	-	-	749,144	7,491,437	-	-	7,491,437
Recapitalization from March 31, 2005 reverse merger (Note 4)	-	(1,957,304)	153,268	(16,208,496)	18,165,800	-	-
Common stock for cash at \$3.90/share , net of offering costs of \$513,124	-	-	250,010	250	3,386,774	-	3,387,024
Common stock issued for SEDA equity agreement	-	-	33,730	34	749,966	-	750,000
Net loss for the year ended December 31, 2005	-	-	-	-	-	(4,986,019)	(4,986,019)
<b>Balances at December 31, 2005</b>	195,750	196	2,531,592	2,532	22,302,540	(14,091,574)	8,213,694
Preferred stock converted to common stock at \$1.25/share	(195,750)	(196)	391,500	392	(196)	-	-
Common stock for cash at \$.75/share	-	-	43,333	43	129,957	-	130,000
Conversion of notes payable at \$1.25/share	-	-	447,567	448	2,237,388	-	2,237,836
Conversion of notes payable at \$.75/share	-	-	171,119	171	513,185	-	513,356
Dividends for preferred converted at \$1.25/share	-	-	52,257	52	261,234	-	261,286
Net loss for the year ended December 31, 2006	-	-	-	-	-	(11,323,832)	(11,323,832)
<b>Balances at December 31, 2006</b>	-	-	3,637,368	3,638	25,444,108	(25,415,406)	32,340
Common stock for cash at \$.75/share	-	-	532,792	533	1,588,468	-	1,589,001
Common stock for services at \$.75/share	-	-	276,501	276	734,724	-	735,000
Net loss for the year ended December 31, 2007	-	-	-	-	-	(2,400,853)	(2,400,853)
<b>Balances at December 31, 2007</b>	-	-	4,446,661	4,447	27,767,300	(27,816,259)	(44,512)
Common stock for services	-	-	531,084	531	482,100	-	482,631
Common stock for cash	-	-	2,080,417	2,080	1,354,920	-	1,357,000
Common stock for conversion of debt	-	-	663,000	663	528,837	-	529,500
Net loss for the year ended December 31, 2008	-	-	-	-	-	(2,011,494)	(2,011,494)
<b>Balances at December 31, 2008</b>	-	-	7,721,162	7,721	30,133,157	(29,827,753)	313,125
Reconciliation adjustment	-	-	236,171	236	52,264	-	52,500
Stock warrants issued for services	-	-	-	-	25,498	-	25,498
Common stock for services	-	-	2,231,449	2,231	881,349	-	883,580
Common stock for inventory	-	-	62,500	63	24,937	-	25,000
Common stock for cash	-	-	2,925,000	2,925	978,719	-	981,644
Common stock for conversion of debt	-	-	225,000	225	89,775	-	90,000
Common stock issued for rounding with 4-to-1 reverse stock split	-	-	7,690	8	(8)	-	-
Net loss for the year ended December 31, 2009	-	-	-	-	-	(2,444,379)	(2,444,379)
<b>Balances at December 31, 2009</b>	-	-	13,408,972	13,409	32,185,691	(32,272,132)	(73,032)

Common stock for Cash		1,905,200	1,905	1,072,325	-	1,074,230
Common stock for Services		80,000	80	90,420	-	90,500
Common stock for conversion of debt	-	-	2,220,774	2,221	1,413,359	1,415,580
Stock warrants issued with common shares				410,970	-	410,970
Stock warrants issued with debt				713,583		713,583
Common stock issued for retirement of debt and interest	-	-	104,334	104	58,130	58,234
Warrants granted for inducement to convert loans				292,987		292,987
Net loss for the year ended December 31, 2010	-	-	-	-	(4,764,680)	(4,764,680)
<b>Balances at December 31, 2010</b>	<b>-</b>	<b>\$ -</b>	<b>17,719,280</b>	<b>\$ 17,719</b>	<b>\$ 36,237,465</b>	<b>\$ (37,036,812)</b>
						<b>\$ (781,628)</b>

See notes to consolidated financial statements.

**Viper Powersports Inc.**  
**(A Development Stage Company)**  
**Consolidated Statements of Cash Flows**

	<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>	<b>Cumulative from November 18, 2002 (Date of Inception) through December 31, 2010</b>
<b>Cash flows from operating activities:</b>			
Net loss	\$ (4,764,680)	\$ (2,444,379)	\$ (37,036,812)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	36,837	40,444	577,501
Common stock and warrants issued for compensation and expenses	90,500	957,578	8,623,536
Beneficial conversion feature on convertible loan	416,333	-	416,333
Accretion of debt discount	297,250	-	297,250
Bad debt expense	105,707	-	105,707
Warrants issued for inducement to convert debt	292,987	-	292,987
Impairment loss-inventory	209,628	-	7,581,317
Common stock issued to convert accrued interest	123,814	-	123,814
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable, net of bad debts	106,968	(212,675)	(106,974)
Decrease (increase) in inventory and supplies, net of obsolescence	(290,850)	251,360	(826,314)
Decrease (increase) in prepaids and other	60,240	(53,652)	(53,023)
Decrease (increase) in accounts payable	(54,650)	(148,853)	428,523
Increase (decrease) in derivative liabilities-cashless warrants	586,992	-	586,992
Increase (decrease) in accrued liabilities	55,715	73,832	217,057
Net cash provided by (used in) operating activities	(2,727,209)	(1,238,639)	(18,772,106)
<b>Cash flows from investing activities:</b>			
Loss from sale of fixed assets	-	-	18,994
Funding from Thor Performance for engine development	-	-	150,000
Purchase of intellectual property	-	-	(35,251)
Purchase of fixed assets	(2,760)	-	(826,685)
Net cash provided by (used in) investing activities	(2,760)	-	(692,942)
<b>Cash flows from financing activities:</b>			
Net proceeds from sale of stock with warrants	1,485,200	985,644	12,104,948
Net proceeds from note payable	1,299,079	352,169	1,901,248
Payments on note payable	-	(189,705)	(189,705)
Payments on capital leases	(4,052)	(36,381)	(642,069)
Payments on notes payable – related party	(134,841)	226,706	6,306,205
Net cash provided by (used in) financing activities	2,645,386	1,338,433	19,480,627
Net change in cash and cash equivalents	(84,583)	99,794	15,579
Cash, beginning of period	100,162	368	-
Cash, end of period	\$ 15,579	\$ 100,162	\$ 15,579
<b>Supplemental Non-Cash Financing Activities and Cash Flow Information:</b>			
Common Stock issued for accounts payable (expenses)	\$ -	\$ -	\$ 1,323,698
Common stock issued for accrued liabilities (expenses)	\$ -	\$ -	\$ 553,521
Preferred stock issued for debt	\$ -	\$ -	\$ 1,957,500
Common stock issued for conversion of debt	\$ 1,350,000	\$ 90,000	\$ 4,406,440
Common stock issued for assets (software and inventory)	\$ -	\$ 25,000	\$ 75,000
Common stock issued for engine development technology and engine development obligation of \$150,000	\$ -	\$ -	\$ 7,341,437
Equipment acquired via capital lease	\$ -	\$ -	\$ 304,740
Stock warrants issued with convertible debt	\$ -	\$ -	\$ 132,201

Interest paid	\$ 144,961	\$ 75,944	\$ 708,416
Income taxes paid	\$ -	\$ -	\$ -

See notes to consolidated financial statements.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Viper Powersports Inc. was incorporated in Nevada in 1980 under a different name, and was inactive for years. On March 31, 2005 the Company was recapitalized through a merger with Viper Motorcycle Company, a Minnesota corporation. The former shareholders of Viper Motorcycle Company acquired 93.5% of the capital stock of Viper Powersports Inc. in exchange for all of the capital stock of Viper Motorcycle Company. This transaction was effected as a reverse merger for financial statement and operational purposes, and accordingly Viper Powersports Inc. regards its inception as being the incorporation of Viper Motorcycle Company on November 18, 2002. (See Note 4 - *Recapitalization*). Upon completion of this reverse merger, Viper Motorcycle Company became a wholly-owned subsidiary of Viper Powersports Inc.

The stock exchange in this reverse merger was effected on a one-for-one basis, resulting in each shareholder of Viper Motorcycle Company receiving the same number and type of capital stock of Viper Powersports Inc. which they held in Viper Motorcycle Company prior to the merger.

Viper Performance Inc., also a wholly-owned subsidiary of Viper Powersports Inc., was incorporated in Minnesota in March 2005 for the purpose of receiving and holding engine development technology and related assets acquired by Viper Powersports Inc. These assets were acquired from Thor Performance Inc., a Minnesota corporation in March 2005 in exchange for 749,144 shares of common stock of Viper Powersports Inc. (See Note 3 - *Purchase of Engine Development Technology*.)

As used herein, the term “the Company” refers to “Viper Powersports Inc.”, and its wholly-owned subsidiaries, unless the context indicates otherwise.

The Company is a development stage company engaged in design and development of premium V-Twin cruiser motorcycles. The Company has sold its capital stock and debt securities in various private placements to fund its development, marketing and other operations. The Company also has issued substantial shares of its common stock to compensate officers and other employees, consultants, and vendors, and to satisfy outstanding debt and other obligations. The Company continues to rely upon loans and sales of its equity securities to fund current operations. The Company’s executive and administrative offices, were relocated , in October 2008, from Big Lake, Minnesota to Hopkins, Minnesota, a suburb of Minneapolis. We lease our current Hopkins facility under a three year lease at a monthly lease amount of \$7,910 not including utilities. The facility occupies 9,000 square feet in a modern one-story light industrial building. The Company is currently planning to relocate to a much larger facility in Auburn, Alabama during the summer of 2011 which will allow us to grow based on our forecasted production schedule.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Going Concern – The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying consolidated financial statements, the Company has incurred a net loss of \$ 37,036,812 since inception, and currently has limited sales. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the production of its motorcycles. Management has plans to seek additional capital through private placements of its capital stock. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Principles of Consolidation – The consolidated financial statements include the accounts of Viper Powersports Inc. and its wholly-owned subsidiaries, Viper Motorcycle Company and Viper Performance Inc. All intercompany balances and transactions have been eliminated in consolidation.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that could change in the near term are warrants at derivative liability value, inventory obsolescence and impairment.

Loss Per Share – Basic and diluted net loss per common share is computed using the net loss applicable to common shareholders and the weighted average number of shares of common stock outstanding. Diluted net loss per common share does not differ from basic net loss per common share since potential shares of common stock from conversion of debt and the exercise of warrants and options are anti-dilutive for all periods presented. The fully diluted shares would be 16,843,347.

Inventories – Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method (FIFO). Demonstration motorcycles are stated at manufacturing cost and reserves are recorded to state the demonstration motorcycles at net realizable value. The Company reviews inventory for obsolescence and excess quantities to determine that items deemed obsolete or excess are appropriately reserved. Components of inventory at December 31, 2010 are as follows;

Raw materials	\$ 479,179
Work-in-process	0
Finished Goods	143,012
	<u>\$ 622,191</u>
Current Portion	190,930
Long term Portion	431,261

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Property and Equipment – Property and equipment are stated at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which are 3 to 7 years. Leasehold improvements are amortized straight line over the shorter of the lease term or estimated useful life of the asset.

Impairment of Long Lived Assets – The Company reviews long-lived assets for impairment annually or more frequently if the occurrence of events or changes in circumstances indicates that the carrying amount of the assets may not be fully recoverable or the useful lives of the assets are no longer appropriate. Each impairment test is based on a comparison of the carrying amount of an asset to future net undiscounted cash flows. If impairment is indicated, the asset is written down to its estimated fair value on a discounted cash flow basis. Long-term inventory written off due to obsolescence included in impairment loss for 2010 was \$209,628.

Revenue Recognition – The Company conducts its sales through a network of independent dealers, and the Company recognizes revenue for sales to dealers after the following has taken place:

- Motorcycles are delivered, which is at the time they are shipped;
- Title of the motorcycle passes to the dealer, generally at the time of shipment;
- Collection of the relevant receivable is probable;
- Persuasive evidence of an arrangement exists; and
- The sales price is fixed or determinable.

The exception to the above statement is if the sale(s) to the dealer(s) are financed through dealer financing. At that point the company records revenue for the bike sold and a receivable from Viper Powersports.

The Company's dealer agreement provides that the dealer has no right of return unless the Company authorizes the return.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Warranty – The Company provides warranty coverage for its motorcycles with unlimited miles within a one year period from date of purchase, including parts and labor necessary to repair the motorcycle during the warranty period.

A provision for the costs related to warranty expense will be recorded as a charge to cost of goods sold when revenue is recognized. The estimated warranty cost will be based on industry averages and the stage of production life cycle of the Company's motorcycles. The warranty reserve will be evaluated on an ongoing basis to ensure its adequacy. At the same time the company calculates a Fair Market value of the risk associated with the dealer financing liability and records the entry. The liability exposure is generally based on using an industry average of ten percent (10%) for the motorcycle sales for the reporting period.

Warranty information is detailed in the following table:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Beginning balance	\$ 36,531	\$ 7,016	\$ 21,631
Addition to Reserve	0	29,515	0
Warranty payments	(7,832)	0	(14,615)
Ending balance	\$ 28,699	\$ 36,531	\$ 7,016

Research and Development – Research and development costs are expensed as incurred. Assets that are required for research and development activities, and have alternative future uses, in addition to its current use, are included in equipment and depreciated over their estimated useful lives. Research and development costs consist primarily of salaries and other compensation for development and engineering personnel, contract engineering and development costs for outsourced projects, equipment and material costs for development activities, and expenses for regulatory compliance and certifications.

Income Taxes – Income taxes are accounted for under the asset and liability method. Deferred income taxes, if any, are recognized for the difference between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Deferred income taxes, if any, will be recorded at the tax rates expected to be in effect when amounts are to be included in future taxable income. A valuation allowance is recorded to reduce the deferred tax assets to the amounts believed to be realizable. Due to the uncertainty regarding the Company's future profitability, the future tax benefits of its net operating losses (NOL) have been fully reserved and no net tax benefit has been recorded in these financial statements. Cumulative NOL's at December 31, 2010 of approximately 28,100,000 begin to expire in 2022. Deferred tax assets of approximately \$12,610,000 have been offset completely by a valuation allowance. There are no other significant components of deferred tax assets or liabilities.

A reconciliation of the income tax benefit using federal statutory rates applied to pre-tax losses is as follows:

	2010	2009
Income Tax Benefit at effective federal statutory rate of 35%:	\$ (1,667,638)	\$ (855,533)
State income taxes (benefit):	(466,939)	(239,549)
Non-deductible impairment losses, accretion and financing expenses paid for with stock and warrants:	676,571	0
Change in valuation allowance:	1,458,006	1,095,082
Income Tax Benefit:	\$ 0	\$ 0

The Company has no tax position for which the ultimate deductibility is certain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended December 31, 2010, the Company recognized no interest or penalties. The Company had no accruals for interest and penalties at December 31, 2010 or 2009. Open years subject to investigation of the Company's federal income tax returns extend from 2007 to 2010.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fair Value of Financial Instruments – The carrying values of balance sheet financial instruments approximates their fair values as the debt and assets were incurred and acquired recently. These financial instruments include cash, accounts receivable, accounts payable, accrued liabilities, notes payables and indebtedness to related parties. Management is of the opinion that the Company is not exposed to significant interest, credit or currency risks arising from these financial instruments.

Stock Options and Stock Based Compensation

The Company accounts for equity instruments issued to non-employees for services and goods under ASC Topic 505.50; EITF 96-18 (Accounting for Equity Instruments Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods and Services); and EITF 00-18 (Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to other than Employees.) Generally, the equity instruments issued for services or goods are for common shares or common stock purchase warrants. These shares or warrants are fully vested, non-forfeitable and fully paid or exercisable at the date of grant and require no future performance commitment by the recipient. The Company expenses the fair market value of these securities over the period in which the Company receives the related services.

Dealer Floor Plan Financing – The Company has a very limited dealer floor plan financing program which is self-financed by the company.

Recently Issued Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (“FASB”) issued *The FASB Accounting Standards Codification* (“ASC”) which became effective for interim and annual reporting periods ending after September 15, 2009. The Codification is the source of authoritative U.S. GAAP recognized by the FASB. The adoption of this Codification did not have any material impact on the Company’s financial position, results of operations or cash flows.

Accounting Standards Update (ASU) No. 2009-05 (ASC Topic 820), which amends Fair Value Measurement and Disclosures-Overall, ASU No. 2009-13 (ASC Topic 605), Multiple Deliverable Revenue Arrangements, and various other ASU’s No. 2009-2 through ASU No. 2011-04 which contain technical corrections to existing guidance or affect guidance to specialized industries or entities have been recently issued. These updates have no current applicability to the Company or their effect on the financial statements would not have been significant.

Reclassification:

Certain items for 2009 have been reclassified to conform to the 2010 presentation.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**2. EQUITY FINANCING AGREEMENTS**

Following are all equity security transactions during the year ended December 31, 2010 involving sales not registered under the Securities Act of 1933:

**Loan Transactions**

The Company entered into seven 90-day loan agreements bearing interest at 12% per annum during the year ended December 31, 2010. These loans were not initially convertible. Each agreement required the Company to issue warrants to purchase the applicable number of shares of common stock at prices as described below. The Company performed a Black-Scholes valuation for each transaction. The call value was used to value the warrants issued. Once the warrants were valued, the relative fair value method was used to allocate the proceeds between the warrants and the loans. The difference in the face value of the loans and the proceeds assigned to the loans becomes a discount on the loans. These discounts are then accreted over the life of the loans under a separate Debt Conversion Agreement dated November 30, 2010 in which the loans were converted at \$.75 per share and additional warrants were granted in which the note holder received 1 warrant for every 2 shares of stock issued upon conversion. These loans and accrued interest were converted on November 30, 2010 into common stock. Any remaining unamortized debt discount at the time of conversion has been accreted to financing cost.

Date	Term	Proceeds	Warrants	Exercise Price	Interest	Call Value	Warrant Value	Proceeds Allocation
1/21/2010	90 days	\$100,000.00	50,000	\$ 0.50	12.00%	\$ 1.11	\$ 55,500.00	\$ 35,600.00
1/27/2010	90 days	\$ 25,000.00	12,500	\$ 0.50	12.00%	\$ 0.95	\$ 11,875.00	\$ 8,050.00
1/28/2010	90 days	\$ 25,000.00	12,500	\$ 0.50	12.00%	\$ 0.94	\$ 11,750.00	\$ 8,000.00
2/4/2010	90 days	\$100,000.00	50,000	\$ 0.50	12.00%	\$ 0.86	\$ 43,000.00	\$ 30,000.00
2/4/2010	90 days	\$100,000.00	50,000	\$ 0.50	12.00%	\$ 0.86	\$ 43,000.00	\$ 30,000.00
6/16/2010	90 Days	\$100,000.00	50,000	\$ 1.00	12.00%	\$ 0.22	\$ 11,000.00	\$ 9,900.00
6/16/2010	90 Days	\$100,000.00	50,000	\$ 1.00	12.00%	\$ 0.22	\$ 11,000.00	\$ 9,900.00
		<u>\$550,000.00</u>	<u>275,000</u>					<u>\$ 131,450.00</u>

An individual had a \$100,000, 90 day note that existed at December 31, 2009. The loan was converted at \$.75 per share on November 30, 2010 under the Debt Conversion Agreement noted above.

The Company entered into a 90-day loan agreement and a 365-day loan agreement during the year ended December 31, 2010. These loans were convertible into common shares at \$.75 and \$.50; respectively, and bear a 12.0% interest rate. The agreement also required the Company to issue warrants to purchase the applicable number of shares of common stock at \$1.00 per share. The Company performed a Black-Scholes valuation for these transactions. The call value was used to value the warrants issued. Once the warrants were valued, the relative fair value method was used to allocate the proceeds between the warrants and the loans. The warrant values will be credited to the APIC-Warrant account. The difference in the face value of the loans and the proceeds assigned to the loans becomes a discount on the loans. These discounts are then accreted over the life of the loans. With the convertibility of these loans, a beneficial conversion feature is created. The effective conversion price is subtracted from the stock market price to determine the beneficial conversion feature per share. This is then multiplied by the number of warrants issued. This BCF value is then expensed immediately, since the loan can be immediately converted. The ninety day loan and accrued interest was converted on November 22, 2010. The 365-day loan was converted on December 30, 2010.

Date	Term	Proceeds	Warrants	Exercise Price	Interest	Call Value	Warrant Value	Proceeds Allocation	Beneficial Conv. Feature Value
3/23/2010	365 days	\$ 500,000.00	250,000	\$ 1.00	12.00%	\$ 0.76	\$ 190,000.00	\$ 137,000.00	\$ 363,000.00
7/2/2010	90 days	\$ 200,000.00	100,000	\$ 1.00	12.00%	\$ 0.34	\$ 34,000.00	\$ 28,800.00	\$ 53,333.00
		\$ 700,000.00	350,000					\$ 165,800.00	\$ 416,333.00

**Common Stock Transactions**

During the twelve months ended December 31, 2010, the Company issued 1,905,200 shares of common stock under private placements and 1,392,600 warrants for \$1,485,200 in cash, and the Company performed Black-Scholes valuations for each transaction. The warrant allocation is the amount of the proceeds applied to the warrants. The difference between the warrant allocation and the proceeds was allocated to the shares of common stock issued.

Date	Shares	Proceeds	Warrants	Exercise Price	Call Value	Warrant Allocation
1/12/2010	100,000	\$ 100,000.00	50,000	\$ 0.50	\$ 1.22	\$ 60,977.49
1/14/2010	200	\$ 200.00	100	\$ 0.50	\$ 1.09	\$ 108.95
2/23/2010	100,000	\$ 100,000.00	50,000	\$ 0.50	\$ 0.84	\$ 41,939.07
2/23/2010	25,000	\$ 25,000.00	12,500	\$ 0.50	\$ 0.84	\$ 10,484.77
5/5/2010	50,000	\$ 50,000.00	50,000	\$ 1.00	\$ 0.40	\$ 20,000.00
7/1/2010	30,000	\$ 30,000.00	15,000	\$ 1.00	\$ 0.20	\$ 3,000.00

7/9/2010	250,000	\$ 250,000.00	125,000	\$	1.00	\$	0.39	\$	48,750.00
7/20/2010	100,000	\$ 100,000.00	50,000	\$	1.00	\$	0.44	\$	22,000.00
8/25/2010	25,000	\$ 25,000.00	12,500	\$	1.00	\$	0.42	\$	5,250.00
9/2/2010	50,000	\$ 50,000.00	25,000	\$	1.00	\$	0.36	\$	9,000.00
9/23/2010	25,000	\$ 25,000.00	12,500	\$	1.00	\$	0.40	\$	5,000.00
9/29/2010	100,000	\$ 100,000.00	50,000	\$	1.00	\$	0.37	\$	18,500.00
10/1/2010	25,000	\$ 25,000.00	12,500	\$	1.00	\$	0.40	\$	5,000.00
10/1/2010	25,000	\$ 25,000.00	12,500	\$	1.00	\$	0.40	\$	5,000.00
10/13/2010	30,000	\$ 30,000.00	15,000	\$	1.00	\$	0.44	\$	6,600.00
10/13/2010	40,000	\$ 40,000.00	20,000	\$	1.00	\$	0.44	\$	8,800.00
10/18/2010	100,000	\$ 100,000.00	50,000	\$	1.00	\$	0.42	\$	21,000.00
11/24/2010	50,000	\$ 25,000.00	50,000	\$	1.00	\$	0.11	\$	5,500.00
12/2/2010	100,000	\$ 50,000.00	100,000	\$	1.00	\$	0.14	\$	14,000.00
12/3/2010	10,000	\$ 10,000.00	10,000	\$	1.00	\$	0.14	\$	1,400.00
12/6/2010	50,000	\$ 25,000.00	50,000	\$	1.00	\$	0.14	\$	7,000.00
12/7/2010	25,000	\$ 12,500.00	25,000	\$	1.00	\$	0.14	\$	3,500.00
12/7/2010	25,000	\$ 12,500.00	25,000	\$	1.00	\$	0.14	\$	3,500.00
12/7/2010	10,000	\$ 5,000.00	10,000	\$	1.00	\$	0.14	\$	1,400.00
12/14/2010	98,000	\$ 49,000.00	98,000	\$	1.00	\$	0.12	\$	11,760.00
12/14/2010	200,000	\$ 100,000.00	200,000	\$	1.00	\$	0.12	\$	24,000.00
12/20/2010	2,000	\$ 1,000.00	2,000	\$	1.00	\$	0.15	\$	300.00
12/20/2010	30,000	\$ 15,000.00	30,000	\$	1.00	\$	0.12	\$	3,600.00
12/20/2010	200,000	\$ 100,000.00	200,000	\$	1.00	\$	0.15	\$	30,000.00
12/27/2010	30,000	\$ 15,000.00	30,000	\$	1.00	\$	0.12	\$	3,600.00
	<u>1,905,200</u>	<u>\$1,495,200.00</u>	<u>1,392,600</u>						<u>\$ 410,970.28</u>

Also during the year ended December 31, 2010, the Company issued 80,000 shares of common stock for services. The stock price was traced to the market closing price on each applicable date. The stock price was used to value the stock issued for services.

Date	Shares	Market Price	Value
2/5/2010	10,000	\$ 1.20	\$ 12,000.00
2/5/2010	20,000	\$ 1.20	\$ 24,000.00
2/23/2010	50,000	\$ 1.09	\$ 54,500.00
	<u>80,000</u>		<u>\$ 90,500.00</u>

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**3. PURCHASE OF ENGINE DEVELOPMENT TECHNOLOGY**

Effective March 31, 2005, Viper Powersports Inc., acquired substantial motorcycle engine technology and related assets from Thor Performance Inc., a Minnesota corporation. These assets were acquired in exchange for 749,144 shares of common stock of Viper Powersports Inc. issued to Thor Performance, Inc. The Company valued the engine development technology at \$10.00per share and capitalized \$7,341,438 for the value of the motorcycle engine development .

Motorcycle development technology acquired from Thor Performance Inc. includes designs and prototypes for various V-Twins and other motorcycle engines and other components, and a \$150,000 commitment by Thor Performance Inc. to fund the completion of certain development in progress being conducted by MCD, which commitment has been fulfilled. The Company had an independent appraisal of the engine development technology conducted which, under the income methodology approach, valued the engine development technology at \$19,616,400.

In accordance with SFAS 2, *Accounting for Research and Development Costs* , and SFAS 142, *Goodwill and Other Intangible Assets* , the Company's policy is to capitalize costs incurred in connection with the purchase, from outside parties, of new engine development technology. Any internally developed technology would be classified as research and development, and would be immediately expensed. During 2005 the Company capitalized \$ 7,341,438 of motorcycle engine development cost. The Company's policy is to amortize the cost capitalized in connection with developing engine technology on a straight line basis over 10 years. No amortization was taken during 2005 as the company was still in the development stage. The company did not produce any motorcycles during the 2006 year and so it was determined that impairment of the engine development cost should be taken. This amount is \$7,371,689 and has been fully impaired in the fiscal year 2006.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

4. RECAPITALIZATION

In 2005 Viper Powersports Inc. was merged with Viper Motorcycle Company pursuant to a merger agreement dated March 11, 2005. Upon consummation of this merger, Viper Motorcycle Company became a wholly-owned subsidiary of Viper Powersports Inc.

This transaction constituted a reverse merger which is regarded as if Viper Motorcycle Company had acquired Viper Powersports Inc. These financial statements present operations of Viper Motorcycle Company from its inception on November 18, 2002, and do not include any prior operations of Viper Powersports Inc.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

5. RELATED PARTY TRANSACTIONS

Robert Van Den Berg, a director of the Company, guaranteed a \$250,000 credit facility we obtained from a banking institution, which was established in order to purchase inventory parts and components for upcoming commercial production of Viper motorcycles. In consideration for Mr. Van Den Berg providing this guaranty, we issued him 25,000 shares of our common stock. This line has been paid completely in early January 2011.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**6. COMMON STOCK WARRANTS AND OPTIONS**

The Company has issued warrants to purchase a total of 2,601,830 shares of its common stock.

Warrants – Outstanding warrants to purchase 6,500 common shares at a price of \$4.00 per share have a three-year term expiring in March 2011; outstanding warrants to purchase 25,000 common shares at a price of \$2.00 per share have a two year term expiring April 2011; outstanding warrants to purchase 31,250 common shares at a price of \$1.60 per share have three year term expiring March 2012; outstanding warrants to purchase 37,500 common shares at a price of \$4.00 per share having a five-year term expiring January 2013 to March 2013; outstanding warrants to purchase 736,480 common shares at a price of \$1.00 per share have five year term expiring January 2013 to December 2015; outstanding warrants to purchase 830,000 common shares at a price of \$1.00 per share having three year term expiring November 2013 to December 2013; outstanding warrants to purchase 62,500 common shares at a price of \$.50 per share having a five-year term expiring November 2014 to December 2014; outstanding warrants to purchase 10,000 common shares at a price of \$2.00 per share have a five-year term expiring in November 2014; outstanding warrants to purchase 862,600 common shares at a price of \$.50 per share have a five-year term expiring in December 2015; outstanding warrants to purchase 400,625 common shares at a price of \$.40 per share having a ten-year term expiring December 29, 2020; outstanding warrants to purchase 90,000 common shares at a price of \$.50 per share having a ten-year term expiring December 29, 2020; outstanding warrants to purchase 232,734 common shares at a price of \$.75 per share having a ten-year term expiring December 29, 2020; outstanding warrants to purchase 203,467 common shares at a price of \$1.00 per share having a ten-year term expiring December 29, 2020; outstanding warrants to purchase 233,000 common shares at a price of \$1.25 per share having a ten-year term expiring December 29, 2020 and outstanding warrants to purchase 16,167 common shares at a price of \$3.00 per share having a ten-year term expiring December 29, 2020. Related parties hold warrants to purchase 10,000 of these warrant shares, with the other warrants being held by persons who have provided financial or consulting services to the Company. No warrants issued by the Company have been exercised so far.

Stock Options – There is one outstanding option for 31,250 shares.

The assumptions used in valuing warrants under the Black-Scholes option pricing model are as follows;

Exercise price	\$ .40 to \$4.00
Term	Two to Ten years
Volatility	31.3% to 107.97%
Dividends	0.00%
Discount Rate	2.38%

Finders fees paid with warrants during 2010 with a value of \$586,992 were paid on December 29, 2010. The fees were paid separate from and substantially later than the receipt of proceeds of private placements made during the year, and accordingly, were expensed. These warrants had cashless exercise provisions that allowed them to potentially be settled in cash, resulting in a derivative liability of the same amount. Because the fees were paid at the end of the year, the gain or loss on the change in value of the derivative liability was nominal.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

**VIPER POWERSPORTS, INC.**  
**COMMON STOCK WARRANTS & OPTIONS**

	<u>Options</u>		<u>Warrants</u>	
	<u>12/31/2010</u>	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
<b>Beg Bal</b>	114,500	114,500	314,417	922,669
Issued	0	0	2,429,080	128,750
Adjust for 1 for 4 split				(692,002)
Exercised	—	—	—	—
Cancelled	(83,250)	0	(141,667)	(45,000)
<b>End Bal</b>	<u>31,250</u>	<u>114,500</u>	<u>2,601,830</u>	<u>314,417</u>
Exercisable	<u>31,250</u>	<u>114,500</u>	<u>2,601,830</u>	<u>314,417</u>

7. LEASING ACTIVITIES

On October 17, 2005, the Company entered into a capital lease with Citizen Automobile Finance for the acquisition of a 2004 delivery van for a term of 60 months and an interest rate of 7.99%. This lease was completely satisfied in November 2010.

**Viper Powersports Inc.**  
**(A Development Stage Company)**

**Notes to Consolidated Financial Statements**

On September 18, 2008, the Company entered into an operating lease for manufacturing and office space at its current Hopkins facility. The term of the lease is thirty nine (39) months beginning October 1, 2008. Future minimum lease payments under this agreement have been included in the schedule of minimum operating lease payments.

On October 14, 2010, the Company entered into an operating lease for manufacturing and office space at its future Auburn, Alabama facility. The term of the lease is one hundred and twenty (120) months beginning January 1, 2011 but which has been delayed until July 1, 2011 based on the move in condition of the facility. Future minimum lease payments under this agreement have been included in the schedule of minimum operating lease payments.

Minimum lease payments are as follows:

<b>For the years ending December 31,</b>	<b>Capital Lease</b>	<b>Operating Lease</b>
2011	-	\$ 107,985
2012	-	180,000
Total	-	<u>\$ 287,985</u>
Amount for interest	-	
Net	-	
Less: Current portion	-	
Long term portion	<u>\$ -</u>	

The operating lease for 2011 is made up of the Hopkins lease location amount of \$50,985 and the Auburn lease location amount of \$57,000 for July through December 2011. The Hopkins lease will be completed as of December 31, 2011. The lease for the Auburn location will not begin until the Company moves into the completed facility which should be approximately July 1, 2011. The rent at the Auburn location, for 2013 and beyond, has yet to be established according to the lease document but will be determined by several factors and shall not be less than \$10,000 per month. Total rent expense consisting of the Hopkins lease in 2010 was \$93,000.

#### 8. PREFERRED STOCK

The Company has authorized 20,000,000 shares of preferred stock with par value of \$.001 per share and of these there are none outstanding.

#### 9. SUBSEQUENT EVENTS

##### Payoff of bank loan

Subsequent to the year end the company paid off a \$250,000 credit facility that was guaranteed by a director of the Company that was used for parts and components for commercial production. This line has been paid off in early January of 2011.

##### Legal Proceedings

In January 2011, International Finance, LLC, as plaintiff, commenced a legal action against the Company, claiming that the Company owes the plaintiff approximately \$98,000 in principal and accrued interest relating to a Promissory Note executed by the Company in 2007. The Company has answered this claim and denied any liability regarding this Promissory Note on the grounds primarily due to lack of consideration by the plaintiff. The Company will continue to defend and oppose this lawsuit.

##### Common Stock Transactions

During the period January 1 through April 1, 2011, the Company issued 858,000 shares of common stock and 479,000 warrants for \$479,000 in cash, and the Company performed Black-Scholes valuation for each transaction. The call value was the cost per share per this model. The warrant allocation is the amount of the proceeds applied to the warrants. The difference between the warrant allocation and the proceeds was allocated to the shares of common stock issued.

Option term	Date	Shares	Proceeds	Warrants	Exercise Price	Call Value	Warrant Allocation
3 yr	1/6/2011	100,000	\$ 50,000.00	50,000	\$ 1.00	\$ 0.16	\$ 8,000.00
3 yr	1/14/2011	60,000	\$ 30,000.00	30,000	\$ 1.00	\$ 0.25	\$ 7,500.00
3 yr	1/25/2011	30,000	\$ 15,000.00	15,000	\$ 1.00	\$ 0.25	\$ 3,750.00
3 yr	1/27/2011	100,000	\$ 100,000.00	100,000	\$ 1.00	\$ 0.23	\$ 23,000.00
3 yr	2/9/2011	10,000	\$ 5,000.00	5,000	\$ 1.00	\$ 0.28	\$ 1,400.00
3 yr	2/14/2011	134,000	\$ 67,000.00	67,000	\$ 1.00	\$ 0.27	\$ 18,090.00
3 yr	2/14/2011	134,000	\$ 67,000.00	67,000	\$ 1.00	\$ 0.27	\$ 18,090.00
3 yr	2/22/2011	140,000	\$ 70,000.00	70,000	\$ 1.00	\$ 0.24	\$ 16,800.00

3 yr	3/29/2011	100,000	\$ 50,000.00	50,000	\$ 1.00	\$ 0.18	\$ 9,000.00
3 yr	4/1/2011	50,000	\$ 25,000.00	25,000	\$ 1.00	\$ 0.19	\$ 4,750.00
Total:		<u>858,000</u>	<u>\$ 479,000.00</u>	<u>479,000</u>			<u>\$ 110,380.00</u>

#### Loan Transactions

The Company entered into two 60-day loan agreements during the period January 1 through April 15, 2011. These loans are convertible and carry a 10.0% interest rate. Each agreement also required the company to issue warrants to purchase the applicable number of shares of common stock at \$.50 per share. The Company performed a Black-Scholes valuation for each transaction. The call value was used to value the warrants issued. Once the warrants were valued, the relative fair value method was used to allocate the proceeds between the warrants and the loans. The warrant values would be credited to the APIC-Warrant account. The difference in the face value of the loans and the proceeds assigned to the loans becomes a discount on the loans. These discounts are then accreted over the life of the loans.

<u>Date</u>	<u>Term</u>	<u>Proceeds</u>	<u>Warrants</u>	<u>Exercise Price</u>	<u>Interest</u>	<u>Call Value</u>	<u>Warrant Value</u>
4/9/2011	60 days	\$ 50,000.00	50,000	\$ 0.50	10.00%	\$ 0.33	\$ 16,500.00
4/9/2011	60 days	\$ 50,000.00	50,000	\$ 0.50	10.00%	\$ 0.33	\$ 16,500.00
		<u>\$ 100,000.00</u>	<u>100,000</u>				<u>\$ 33,000.00</u>

## INDEX TO EXHIBITS

Form 10-K for  
Fiscal Year Ended December 31, 2010

Viper Powersports Inc.

<b>Exhibit Number</b>	<b>Description</b>
2 +	Agreement and Plan of Business Combination
3.1+	Articles of Incorporation
3.2+	Bylaws
4 +	Rights of Series A Preferred Shareholders
10.1 +	Asset Purchase Agreement
10.2 +	Dealer Agreement
10.3 +	Financing Floor Plan Vendor Agreement
10.7 #	Palmlund Secured Inventory Financing Agreement
10.9 #	V-Twin Engine Component Purchase Order With MCD
10.10 #	Placement Agent Agreement With Bathgate Capital Partners LLC
10.13 ^	Amendment to Secured Inventory Financing Agreement
21 +	Subsidiaries of Registrant
31.1 *	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 *	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 *	Certification of Principal Executive Officer and Principal Financial Officer Under Section 906 of the Sarbanes-Oxley

---

+ Filed previously with Form 10-SB which was filed on November 22, 2005.

# Filed previously with Amendment #1 to Form 10-SB which was filed on January 19, 2006.

^ Filed previously with Form 10KSB which was filed on March 31, 2006

\* Filed with this Annual Report for fiscal year ended December 31, 2010

Certification of Chief Executive Officer  
Pursuant to Section 302 of the  
Sarbanes-Oxley Act of 2002

I, John R. Silseth, certify that:

1. I have reviewed this report on Form 10-K of Viper Powersports Inc. ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles.
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 13, 2011

/s/ John R. Silseth

John R. Silseth

Chief Executive Officer and President

Certification of Chief Financial Officer  
Pursuant to Section 302 of the  
Sarbanes-Oxley Act of 2002

I, Jerome L. Posey, certify that:

1. I have reviewed this report on Form 10-K of Viper Powersports Inc. ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles.
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 13, 2011

/s/ Jerome L. Posey  
Jerome L. Posey  
Chief Financial Officer

**CERTIFICATIONS  
OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Yearly Report on Form 10-K of Viper Powersports Inc, a Nevada corporation for the Quarter ended December 31, 2010, the undersigned certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that

- (1) the Yearly Report on Form 10-K of Viper Powersports Inc for the Year ended December 31, 2010 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) the information contained in the Yearly Report on Form 10-K for the year ended December 31, 2010 fairly presents in all material respects, the financial condition and results of operations of Viper Powersports Inc

Date: May 13, 2011

/s/ John R. Silseth

John R. Silseth, Principal Executive Officer of  
Viper Powersports Inc.

Date: May 13, 2011

/s/ Jerome L. Posey

Jerome L. Posey, Principal Financial Officer of Viper Powersports  
Inc.