

VIPER POWERSPORTS INC

FORM 10QSB (Quarterly Report of Financial Condition)

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Address 10895 EXCELSIOR BLVD., STE. 203
HOPKINS, MN 55343
Telephone 952-938-2481
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 2008 Commission File No. 000-51632

VIPER POWERSPORTS INC.

(Exact name of small business issuer as specified in Its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

41-1200215

(IRS Employer Identification No.)

19950 177th St., Suite F, Big Lake, Minnesota
(Address of principal executive offices)

55309
(Zip Code)

(763) 263-5700

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes

No Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No The number of shares of common stock outstanding was 18,841,646 as of April 1, 2008. Transitional Small Business Disclosure Format (check one): Yes No

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PART 1: FINANCIAL INFORMATION

Item 1: Financial Statements

**Viper Powersports Inc.
(A Development Stage Company)
Consolidated Balance Sheets**

Assets	March 31, 2008	December 31, 2007
	(Unaudited)	(Audited)
Current Assets:		
Cash	\$ (484)	\$ 2,110
Accounts receivable	-	-
Inventory and supplies	664,885	605,725
Prepaid expenses and other	24,330	22,086
Total Current Assets:	688,731	629,921
Fixed Assets:		
Office & computer equipment	118,675	118,675
Manufacturing and development equipment	272,963	272,963
Vehicles	101,799	101,799
Leasehold improvements	75,265	75,265
Accumulated depreciation	(347,252)	(324,370)
Total Fixed Assets:	221,450	244,332
Other Assets:		
Rental deposit and other	16,449	16,449
Total Other Assets:	16,449	16,449
Total Assets:	\$ 926,630	\$ 890,702
<u>Liabilities and Stockholders' Deficit</u>		
Current Liabilities:		
Accounts payable	\$ 352,432	\$ 325,792
Accrued liabilities	34,849	62,828
Shareholder note	395,000	140,000
Other notes payable	250,000	250,000
Current portion of capital lease	23,109	27,671
Total Current Liabilities:	1,055,390	806,291
Long-Term Liabilities:		
Note payable – Big Lake lease	75,848	75,848
Capital lease, less current portion	40,001	53,075
Total Long-Term Liabilities:	115,849	128,923
Total Liabilities:	1,171,239	935,214
Stockholders' Deficit:		
Preferred stock, \$.001 par value; authorized 20,000,000 shares; 0 issued and outstanding as of March 31, 2008	-	-
Common stock, \$.001 par value; authorized 100,000,000 shares; 18,196,650 and 17,786,650 issued and outstanding, respectively	18,197	17,787
Additional paid in capital	28,163,550	27,753,960
Accumulated deficit during the development stage	(28,426,356)	(27,816,259)
Total Stockholders' Deficit:	(244,609)	(44,512)
Total Liabilities and Stockholders' Deficit:	\$ 926,630	\$ 890,702

See accompanying notes to the financial statements



Viper Powersports Inc.
(A Development Stage Company)
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Cumulative from Inception November 18, 2002 through March 31, 2008
	March 31, 2008	March 31, 2007	
Revenue	\$ 0	\$ 0	\$772,095
Cost of revenue	0	0	578,269
Gross profit:	0	0	193,826
Operating expense:			
Research and development cost	69,732	172,526	4,823,479
Selling, general and administrative	524,675	314,857	15,684,193
Loss on impairment of assets	0	0	7,371,689
Total operating expense:	594,407	487,383	27,879,361
Loss from operations:	(594,407)	(487,383)	(27,685,535)
Other (expenses) income:			
Interest (expense)	(19,804)	(12,563)	(1,033,641)
Loss on sale of assets	0	0	(18,994)
Other income (expense)	4,115	(16,359)	311,814
Total other (expense) income:	(15,689)	(28,922)	(740,821)
Net loss:	\$ (610,096)	\$ (516,305)	\$(28,426,356)
Net loss per common share:			
Basic and diluted	\$ (0.03)	\$ (0.04)	
Weighted average shares			
common stock outstanding	18,333,316	12,119,426	

See accompanying notes to financial statements.

Viper Powersports Inc.
(A Development Stage Company)
Statement of Cash Flows
(Unaudited)

	Three Months Ended		Cumulative from Inception November 18, 2002 through March 31, 2008
	March 31, 2008	March 31, 2007	
Cash Flows Used in Operating Activities:			
Net loss	\$ (610,096)	\$ (516,035)	\$(28,426,356)
Expenses not requiring an outlay of cash:			
Depreciation	22,883	15,136	416,865
Stock based compensation	0	0	7,088,727
Loss (gain) from sale of fixed assets	0	(2,284)	18,994
Impairment loss	0	0	7,371,689
Changes to operating assets and liabilities:			
Decrease (increase) in accounts receivable	0	0	0
Decrease (increase) in supplies and prepaids	(55,555)	(101,850)	(708,647)
Decrease (increase) in rental deposits and other	(5,850)	(736)	(65,461)
Increase (decrease) in accounts payable	26,640	(180,810)	477,438
Increase (decrease) in accrued liabilities	(32,543)	(31,880)	66,014
Cash flows used in operating activities	(654,521)	(818,459)	(13,760,737)
Cash Flows Used in Investing Activities:			
Funding from Thor Performance for engine development	0	0	150,000
Purchase of intellectual property	0	0	(35,251)
Purchase of fixed assets	0	(9,800)	(806,788)
Cash flows used in investing activities	0	(9,800)	(692,039)
Cash Flows from Financing Activities:			
Net proceeds from sale of stock	360,000	551,875	8,691,104
Notes payable	0	75,849	250,000
Stockholder loan and capital lease payment	(60,073)	(7,340)	(589,051)
Loans from stockholders	352,000	212,500	6,100,239
Cash flows from financing activities	651,927	832,884	14,452,292
Net Increase (decrease) in cash	(2,594)	4,625	(484)
Cash at beginning of period	2,110	110,854	0
Cash at end of period	\$ (484)	\$ 115,479	\$(484)
Supplemental Non-Cash Financing Activities and Cash Flow Information:			
Capital Stock issued for Debt & Expenses	\$ 50,000	\$ 0	\$7,787,239
Common Stock issued for Engine Development Technology	\$ 0	\$ 0	\$7,341,437
Stock Warrants Issued with Convertible Debt	\$ 0	\$ 0	\$132,201
Equipment Acquired via capital lease	\$ 0	\$ 0	\$304,740
Interest paid	\$ 19,804	\$ 12,563	\$578,009

See accompanying notes to the financial statements

Viper Powersports Inc.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS A Basis of Presentation The consolidated balance sheet as of March 31, 2008, the consolidated statements of operations for the three month periods ended March 31, 2008 and 2007 and the consolidated statements of cash flows for the three month periods ended March 31, 2008 and 2007 have been prepared by Viper Powersports Inc. (the 'Company') without audit. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position, the consolidated balance sheet as of March 31, 2008 and results of operations and cash flows for the three month periods ended March 31, 2008 and 2007 presented herein have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the Annual Report on Form 10-KSB of the Company for the fiscal year ended December 31, 2007. B. Going Concern The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has no current revenues and has a negative working capital position of \$(366,659) as of March 31, 2008. Current cash and cash available is not sufficient to fund operations beyond a short period of time. These conditions create uncertainty as to the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

C. Recent Financing

On March 31, 2008 the Company converted a loan for \$50,000 into equity at \$.75 per share for a total of 66,227 common shares. This conversion is reflected in the paragraph on "Recent Restructuring" on Page 7.

Item 2: Management’s Discussion and Analysis *The following discussion should be read and considered along with our consolidated financial statements and related notes included in this IO-QSB. These financial statements were prepared in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ substantially from those anticipated in these forward-looking statements as a result of various factors including those set forth in the “Risk Factors” section of our Form 10-KSB filing for December 31, 2007.* **Business Development Overview** Viper Powersports Inc., formerly ECCO Capital Corporation (“ECCO”), was incorporated in Nevada in 1980 under a former name. ECCO ceased all active operation in 2001 and remained inactive until its stock exchange acquisition of Viper Motorcycle Company in early 2005, incident to which it changed its name to Viper Powersports Inc. Effective March 31, 2005, Viper Powersports Inc. acquired all of the outstanding capital stock of Viper Motorcycle Company, a Minnesota corporation, resulting in Viper Motorcycle Company becoming a wholly-owned subsidiary of Viper Powersports Inc. For accounting and operational purposes, this acquisition was a recapitalization conducted as a reverse acquisition of Viper Powersports Inc. with Viper Motorcycle Company being regarded as the acquirer. Consistent with reverse acquisition accounting, all of the assets, liabilities and accumulated deficit of Viper Motorcycle Company are retained on our financial statement as the accounting acquirer. Since Viper Powersports Inc. had no assets or liabilities at the time of this acquisition, its book value has been stated as zero on the recapitalized balance sheet. The stock exchange for this reverse acquisition was affected on a one-for-one basis, resulting in the stockholders of Viper Motorcycle Company exchanging all of their outstanding capital stock for an equal and like amount of capital stock of Viper Powersports Inc. this resulted in the former shareholders of Viper Motorcycle Company acquiring approximately 94% of the resulting combined entity. Viper Performance Inc. was incorporated by us in March 2005 as a wholly-owned Minnesota corporation. We organized and incorporated Viper Performance Inc. for the purpose of receiving and holding the engine development technology and related assets which we acquired from Thor Performance Inc.

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 in late 2002, we have been in the business of designing, developing and commencing commercial marketing and production of premium custom V-Twin motorcycles popularly known as “cruisers.” Our motorcycles will be 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 consistently strong demand for upscale or luxury motorcycle products like our American-styled classic Viper cruisers and our premium V-Twin engines. For example, the prestigious upscale Robb Report magazine publishes a Robb Report Motorcycling magazine bi-monthly, which is targeted exclusively to luxury motorcycle products.

We have completed the development and extensive testing of proprietary V-Twin engines including actual performance testing of the engines on our various motorcycle models, and we have been very satisfied with their performance while powering our cruisers during all kinds of street and highway running conditions.

We commenced commercial marketing, production and delivery of our motorcycles in late 2007.

Operational Overview We are a motorcycle company in the business of designing, developing, producing and marketing a line of premium custom V-Twin motorcycles popularly known as “cruisers.” Our motorcycles will be 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 higher price for enhanced performance, innovative styling and a distinctive brand. We believe there is a consistently strong demand for upscale or luxury products like our American-styled classic Viper cruisers and our premium V-Twin engines. In 2004, we produced and sold to our initial dealer base a preliminary production run of our first cruiser model which was powered by a non-proprietary engine. These 2004 sales consisted of 25 motorcycles which generated revenues of approximately \$600,000. We then discontinued any further production operations in order to concentrate on obtaining proprietary V-Twin engine

technology as well as to complete certain other planned enhancements to our initial model. In early 2005, we completed the acquisition of our engine development technology to allow us to have our own V-Twin engines to power all Viper motorcycles. We completed extensive testing of our proprietary V-Twin engines and we have been very satisfied with their performance while powering our cruisers during all kinds of street and highway running conditions. In February 2008, we attended and displayed our motorcycles at the leading annual dealer show for cruiser motorcycles in Cincinnati as well as the shows in Daytona and Myrtle Beach. We have been and are currently devoting considerable marketing efforts toward recruiting and retaining additional independent dealers for our distribution network. Regarding commercial production, we have limited our production schedule to building sub-assemblies as we pursue additional funding to finalize procurement of the necessary production parts. We have reduced substantially the amount of space we lease at our Big Lake facility through an amendment of the initial lease entered into with the lessor. Our reduced spaces are approximately 15,000 square feet. Our monthly payments for rental, utilities, taxes and other pro rata share of the building expenses have been reduced from approximately \$25,000 to \$13,864 monthly.

We believe the reduced spaces are adequate to conduct all of business, production assembly and development operations for the foreseeable future.

Recent Restructuring During much of 2007, the Company expended extensive time, efforts and capital to affect a substantial public offering of its securities. We had anticipated commencing commercial production of our motorcycles in early 2007, but lacked the working capital to do so. Accordingly, we then engaged in a major restructuring of the Company to continue our business. During 2007 the company raised working capital by selling stock to accredited investors. During the year the Company sold a total of 3,111,164 common shares of the Company in various private placements to accredited investors at \$.75 per share, for a total consideration of \$2,324,000. Also during the first quarter of 2008 the Company sold or converted debt for a total of 546,666 common shares of the company to accredited investors at \$.75 per share, for a total consideration of \$410,000.

Results of Operations *Revenues* Since our 2002 inception, we have generated total revenues of \$772,095 most of which occurred in 2004 before we discontinued offering a motorcycle with a non-proprietary engine. We anticipate that our future revenues for the next 12 months will be primarily from sale of Viper cruisers, although we expect to begin obtaining sales of our proprietary engines in the aftermarket by the fourth quarter of 2008. We anticipate receiving additional revenues from our planned line of custom parts and accessories for the motorcycle aftermarket as well as our Viper branded apparel and other merchandise. We believe our future revenue stream will be most significantly affected by customer demand for Viper cruisers, performance of our proprietary V-Twin engines, our ability to timely manufacture our motorcycle products in response to dealer and customer orders, recruitment and retention of dealers who actively promote and sell our products, and dealer acceptance of our floor plan financing facility. We currently have orders for approximately 36 Viper motorcycles. *Operating Expenses* From our inception in November 2002 through March 31, 2008, we have incurred total operating expenses of \$20,507,672 including \$4,823,479 of research and development expenses and \$15,684,193 of selling, general and administrative expenses. Research and development expenses consist primarily of salaries and other compensation for development personnel, contract engineering costs for outsourced design or development, supplies and equipment related to design and prototype development activities, and costs of regulatory compliance or certifications. Selling, general and administrative expenses consist primarily of salaries and other compensation for our management, marketing and administrative personnel, facility rent and maintenance, advertising and promotional costs including trade shows and motorcycle rallies, sales brochures and other marketing materials, dealer recruitment and support costs, development of accounting systems, consulting and professional fees, financing costs, public relations efforts and administrative overhead costs.

Comparison of Quarter Ended March 31, 2008 to Quarter Ended March 31, 2007. Revenues and Gross Profit There was no revenue to report for the quarter ending March 31 for both 2008 and 2007. **Research and Development Expenses** Research and development decreased by \$102,794 to \$69,732 for the 1st Quarter 2008 from \$172,526 for the 1st Quarter 2007. This decrease was due primarily to reduced development expense as we began the production stage. **Selling, general and administrative expenses** Selling, general and administrative expenses increased by \$209,818 to \$524,675 for the 1st Quarter 2008 from \$314,857 for the first Quarter 2007. This increase was due to expenses associated with securing additional funding for inventory and production by presenting to various investors. Also costs were incurred to attend various Motorcycle trade shows.

Loss from operations Operational losses for the 1st Quarter 2008 were \$594,407 compared to \$487,383 for the 1st Quarter 2007. This increase in losses of \$107,024 in the 1st quarter of 2008 was due to increased show cost and expenses associated with securing additional funding. **Interest expense** Interest expense for the 1st Quarter 2008 was \$19,804 compared to \$12,563 for the 1st Quarter 2007. This increase of \$7,241 during the 1st Quarter 2008 was due to additional expense to renew the line of credit for dealer floor planning. No income tax benefit was recorded regarding our net loss for the 1st Quarters 2008 and 2007, since we could not determine that it was more likely than not that any tax benefit would be realized in the future. Since we are just beginning commercial operations, our operations are subject to all of the risks inherent in the development of a new business enterprise, including the ultimate risk that we may never commence full-scale operations or that we may never become profitable. We do not expect to make material shipments of our motorcycles to dealers until the summer of 2008. Our historic spending levels are not indicative of future spending levels since we are entering a period requiring increased spending for commercial operations including significant inventory purchases, increased marketing and dealer network costs, and additional general operating expenses. Accordingly, our losses could increase significantly until we succeed in generating substantial product sales, which may never happen. We currently have 14 employees, including four in management and administration, two in design and development, four in sales and marketing, two in purchasing and inventory control, and two in production and quality control. We anticipate hiring three to four additional production assembly personnel and a dealer support employee in 2008 incident to our planned commercial production and marketing operations. We do not anticipate any other increase in our number of employees for the next 12 months. **Liquidity and Capital Resources** Since our inception, we have financed our development, capital expenditures, and working capital needs through sale of our common stock to investors in private placements and substantial loans from our principal shareholders. We raised a total of approximately \$8.7 million through the sale of our common stock in private placements, and in excess of \$3.7 million through loans from our principal shareholders. As of March 31, 2008, we had cash resources of \$0, total liabilities of \$1,171,239, and a negative working capital position of \$366,659.

Future Liquidity Based on our current cash position, we have concerns about our ability to fund our ongoing operations. We anticipate obtaining additional needed financing through the proceeds from additional private placement of equity securities.

If we are unable to complete the proposed private placements or to obtain substantial additional funding through another source, we most likely would need to curtail significantly, or 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 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 statement ended December 31, 2007 states that there is substantial doubt about the ability of our business to continue as a going concern. Accordingly, our ability to continue our business as a going concern is in question. **Cash Flow Information** *Operating Activities* Net cash consumed by operating activities was \$654,521 during the 1st Quarter ended March 31, 2008. Cash was consumed by the net loss of \$610,096 and offset by depreciation of \$22,883. Net changes to operating assets and liabilities also consumed cash in the amount of \$67,308. Net cash consumed by operating activities during the 1st Quarter ended March 31, 2007 was \$818,459. Cash was consumed by the net loss of \$516,035 and a loss from the sale of fixed assets of \$2,284 offset by depreciation of \$15,136. Net changes to operating assets and liabilities also consumed cash in the amount of \$315,276. *Investing Activities* Net cash outflow from investing activities was \$0.00 during the Quarter ended March 31, 2008 and for the Quarter ended March 31, 2007 the investing activities consumed cash in the amount of \$9,800 which related to the purchase of fixed assets.

Financing Activities Net cash inflows from financing activities generated \$651,927 during the quarter ended March 31, 2008, and consisted of \$360,000 from a private placement offering of \$.75 per share and loans from stockholders of \$352,000. Payments for stockholder loans and capital leases were \$60,073. Net cash inflows from financing activities generated \$832,884 during the Quarter ended March 31, 2007, and consisted primarily of proceeds from the sale of common stock in private placement offering in the amount of \$551,875, loans in the amount of \$212,500 and a note payable for \$79,849 offset by \$7,430 in capital lease payments. Sales of motorcycles in the United States are affected materially by a pattern of seasonality experienced in the industry which results in lower sales during winter months in colder regions of the country. Accordingly, we anticipate that our sales will be greater during spring, summer and early fall months than during late fall and winter periods. We also expect our revenues and operating results could vary materially from quarter to quarter due to industry seasonality. **Recent Accounting Pronouncements** In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment to FASB Statement No. 115”. This statement permits companies to choose to measure many financial instruments and other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement of accounting for financial instruments. This statement applies to all entities, including not for profit. The fair value option established by this statement permits all entities to measure eligible items at fair value at specified election dates. This statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. The Company is currently assessing the impact adoption of SFAS No. 159 will have on its consolidated financial statements. In December 2006, the FASB issued SFAS No. 157 “Fair Value Measurements,” which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. The statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the market in which the reporting entity would transact for the asset or liability; that is, the principal or most advantageous market for the asset or liability. It also emphasizes that fair value is a market-based measurement, not an entity-

specific measurement, and that market participant assumptions include assumptions about risk and effect of a restriction on the sale or use of an asset. The provisions are effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of the statement. In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations", SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements." These statements aim to improve, simplify, and converge internationally the accounting for business combinations and the reporting of non-controlling interests in consolidated financial statements. The provisions of SFAS No. 141 (R) and SFAS No. 160 are effective for our fiscal year beginning January 1, 2009. The Company is currently assessing the impact of these statements. None of these recently issued pronouncements are expected to have a material impact on the company's financial reporting.

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 registration statement. 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, 2007, we have experienced cumulative losses of approximately \$28 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 the lack of a 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 only seven 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 have a significant agreement with a leading financial institution to provide floor plan financing to our dealers for their purchase of Viper products. Under this floor plan facility, we will receive payment for our motorcycles upon their shipment to our dealers. If we are unable to continue effective floor plan financing for 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 we have applied for certain additional trademark protection. There is no assurance, however, that any future or current trademark registrations will result in a registered and protectable trademark. Moreover, there is no assurance that challenges to our brands and marks will not be successful. If one or more challenges against us are successful, we could be forced to discontinue use of our motorcycle brands, which would cause serious harm to our business and brand image.

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 Suzuki, Honda, Yamaha, Kawasaki, Ducati, Triumph, BMW, Moto Guzzi and 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, American IronHorse, Bourget's Bike Works and others. Additional competition exists from the 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 substantial 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 100,000,000 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.

Off-Balance Sheet Arrangements In January 2004 we obtained a letter of credit (LOC) from Compass Bank of Dallas, Texas in the amount of \$200,000 in favor of GE Commercial Distribution Finance Corporation for the purpose of securing our floor plan financing facility. This LOC, which is now from Northern Trust Bank, is guaranteed by David Palmund III, a principal shareholder of our company, who is being paid \$3,000 monthly by us so long as this guarantee is outstanding.

Forward-Looking Statements This quarterly report on Form 10-QSB contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. 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, including those risk factors in our Form 10-KSB for the period ended December 31, 2007. **Item 3. Controls and Procedures** Evaluation of disclosure controls and procedures The Company's Chief Executive and Chief Financial Officer, John R. Silseth and Peter J. Anton, have reviewed the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon this review, these two officers believe that the Company's disclosure controls and procedures are effective in ensuring that information that is required to be disclosed by the Company in reports that it files under the Securities Exchange Act of 1934 is recorded, processed and summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission. Changes in internal controls There were no changes in the Company's internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION Item 6. Exhibits Exhibit

Number	Description
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 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURE Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duty authorized.

VIPER POWERSPORTS INC.

By: /s/ Peter J. Anton
Peter J. Anton
Principal Financial Officer

May 15, 2008
Big Lake, Minnesota

**CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, John R. Silseth certify that:

1. I have reviewed this report on Form 10-QSB 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-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) 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
 - (c) 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the registrant's board of directors acting as an audit committee:
 - (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.

Date: May 15, 2008

/s/ John R. Silseth
John R. Silseth
Principal Executive Officer

**CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Peter J. Anton, certify that:

1. I have reviewed this report on Form 10-QSB 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-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) 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
 - (c) 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the registrant's board of directors acting as an audit committee:
 - (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.

Date: May 15, 2008

/s/ Peter J. Anton

Peter J. Anton
Principal 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 Quarterly Report on Form 10-QSB of Viper Powersports Inc, a Nevada corporation for the Quarter ended March 31, 2008, the undersigned certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that

- (1) the Quarterly Report on Form 10-QSB of Viper Powersports Inc for the Quarter ended March 31, 2008 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 Quarterly Report on Form I 0-QSB for the quarter ended March 31, 2008 fairly presents in all material respects, the financial condition and results of operations of Viper Powersports Inc

Date: May 15, 2008

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

Date: May 15, 2008

/s/ Peter J. Anton
Peter J. Anton, Principal Financial Officer of
Viper Powersports Inc.