

Rhino Outdoor International, Inc.
Form 10QSB
August 27, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2007

Transition report under Section 13 or 15(d) of the Exchange Act for the transition period from _____ to _____.

Commission File Number: **333-62690**

RHINO OUTDOOR INTERNATIONAL, INC.

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

Nevada
(State or other jurisdiction of incorporation
or organization)

65-1000634
(I.R.S. Employer Identification No.)

1191 Center Point Dr., Henderson, Nevada
(Address of principal executive office)

89704
(Zip Code)

1-800-288-3099

(Issuer's telephone number)

(Former name, former address, and former fiscal year, if changed since last report)

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 by Rule 12b-2 of the Exchange Act 1934).

Yes No

As of August 27, 2007, the number of outstanding shares of the issuer's common stock was 65,266,209 shares.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT: Yes No

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ITEM 1. FINANCIAL STATEMENTS**RHINO OUTDOOR INTERNATIONAL, INC
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2007**

	June 30 2007	December 31 2006
ASSETS		
CURRENT ASSETS		
Cash	\$ 9,103	\$ 1,862
Note receivable	4,500	-
Loan receivable		-
Prepaid expense	1,852	-
Inventory	113,490	123,490
Other current assets	88,502	2,052
Total Current Assets	217,447	127,404
PROPERTY AND EQUIPMENT, NET	92,081	107,954
OTHER ASSETS		
Investments	900	14,400
Goodwill	3,013,463	3,013,463
Total Other Assets	3,014,363	3,027,863
TOTAL ASSETS	\$ 3,323,891	\$ 3,263,221
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 1,281,163	\$ 1,300,032
Accounts payable- checks in excess of bank balance	-	21,534
Accrued liabilities	1,638,798	1,332,860
Lines of credit	292,995	299,896
Current portion of long-term debt	36,141	40,485
Deferred revenue and customer deposits	272,991	448,027
Notes payable	459,172	294,192
Notes payable - related party	477,614	573,814
Other current liabilities	400,000	400,000
Total Current Liabilities	4,858,874	4,710,840
LONG TERM LIABILITIES		
Bank indebtedness	29,155	37,682
Vehicle loans, net current portion	15,663	22,047
Total Long Term Liabilities	44,818	59,729
	-	-

**COMMITMENTS AND
CONTINGENCIES****STOCKHOLDERS' EQUITY (DEFICIT)**Preferred stock, \$.001 par value; 5,000,000
shares authorized,Series A - 835,660 shares issued and
outstanding

836

836

Series B - 1,000,000 shares issued and
outstanding

1,000

1,000

Series C - 2,250,000 shares issued and
outstanding

2,250

2,250

Common stock, \$.001 par value;
500,000,000 shares authorized,66,066,209 and 50,748,709 shares issued
and outstanding,

respectively

66,066

50,749

Additional paid-in capital

36,595,323

35,502,478

Accumulated deficit prior to curent
development stage

(19,234,546)

(19,234,546)

Accumulated deficit in development stage

(18,899,130)

(17,394,515)

Accumulated comprehensive income (loss)

(111,600)

(435,600)

Total Stockholders' Equity (Deficit)

(1,579,801)

(1,507,348)

TOTAL LIABILITIES AND**STOCKHOLDERS' EQUITY (DEFICIT)**

\$

3,323,891

\$

3,263,221

RHINO OUTDOOR INTERNATIONAL, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
JUNE 30, 2007

	Three Months Ended		Six Months Ended		Inception of Development Stage (January 1, 2005) to June 30 2007
	June 30 2007 (unaudited)	June 30 2006	June 30 2007 (unaudited)	June 30 2006	
REVENUES	\$ 218,340	\$ 29,750	\$ 417,385	\$ 29,750	494,478
COST OF GOODS SOLD	\$ 50,480	\$ 24,654	\$ 115,761	\$ 24,654	216,001
Gross Profit	167,860	5,096	301,624	5,096	278,477
OPERATING EXPENSES					
Depreciation	9,142	851	18,373	851	36,657
General and administrative	161,105	74,257	261,480	141,350	1,763,170
Marketing expense	59,375	382,634	414,175	596,059	10,166,362
Selling expenses	-	18,000	359,300	164,856	5,511,840
Management fees	188,944	601,729	374,730	706,729	1,397,459
TOTAL OPERATING EXPENSES	418,566	1,077,471	1,428,058	1,609,845	18,875,488
LOSS FROM OPERATIONS	(250,706)	(1,072,375)	(1,126,434)	(1,604,749)	(18,597,011)
OTHER INCOME (EXPENSES)					
Other income		14,063		14,063	340,272
Interest income					2,500
Interest expense	(14,483)	(21,220)	(24,706)	(39,858)	(188,078)
Acquisition expense	-		(25,098)		
Gain /loss on sale of investment	-		(328,377)		
Gain on forgiveness of debt					(14,171)
TOTAL OTHER INCOME (EXPENSES)	(14,483)	(7,157)	(378,181)	(25,795)	(199,749)
LOSS BEFORE TAXES	(265,189)	(1,079,532)	(1,504,615)	(1,630,544)	(18,796,760)
INCOME TAXES	-	-	-	-	-
NET LOSS	(265,189)	(1,079,532)	(1,504,615)	(1,630,544)	(18,796,760)
OTHER COMPREHENSIVE INCOME					
Unrealized gain on investments	90	540,000	(111,600)	540,000	(547,200)
COMPREHENSIVE LOSS	\$ (265,099)	\$ (539,532)	\$ (1,616,215)	\$ (1,090,544)	\$ (19,343,960)

NET LOSS PER COMMON SHARE,						
BASIC AND DILUTED	\$	(0.00)	\$	(0.01)	(0.02)	(0.01)

WEIGHTED AVERAGE NUMBER					
OF					
COMMON STOCK SHARES					
OUTSTANDING, BASIC AND					
DILUTED		65,266,209	151,172,738	61,374,216	140,106,932

RHINO OUTDOOR INTERNATIONAL, INC
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
JUNE 30, 2007

	Convertible		Common Stock		Additional	Accumulated	Other	Totals
	Preferred Shares	Stock Amount	Shares	Amount	Paid-in Capital	Deficit	Comprehensive Loss	
Balance, December 31, 2004	835,600	\$ 836	\$ 232,258	\$ 232	\$ 16,193,129	\$ (19,234,546)		\$ (3,040,349)
Shares issued for consulting expense			996,260	996	6,945,396			6,946,392
								-
Shares issued for debt			5,000	5	57,495			57,500
								-
Shares issued for compensation	1,000,000	1,000			99,000			100,000
								-
Net loss for year ending December 31, 2005						(7,783,970)		(7,783,970)
Balance, December 31, 2005	1,835,600	1,836	1,233,518	1,233	23,295,020	(27,018,516)		(3,720,427)
Shares issued for management and consulting fees			245,000	245	489,755			490,000
								-
Shares issued for accrued liabilities			205,000	205	409,795			410,000
								-
Shares issued for acquisition of subsidiary	1,650,000	1,650			1,648,350			1,650,000
								-
Shares issued for accrued management	600,000	600			599,400			600,000

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fees								
Shares issued for related party payable			5,200,000	5,200	1,228,031			1,233,231
								-
Shares issued for marketing and selling expenses			43,865,191	43,866	7,832,127			7,875,993
Net loss for period ending December 31, 2006						(9,610,545)		(9,610,545)
								-
Unrealized loss on investments							(435,600)	(435,600)
Balance, December 31, 2006	4,085,600	4,086	50,748,709	50,749	35,502,478	(36,629,061)	(435,600)	(1,507,348)
Common stock issued for cash			5,268,000	5,267	259,420			264,687
								-
Shares issued for marketing, selling and financing costs			15,649,500	15,650	807,825			823,475
								-
Shares issued for related party notes payable			400,000	400	19,600			20,000
								-
Cancelled shares			(6,000,000)	(6,000)	6,000			-
								-
Net loss for period ending June 30, 2007						(1,504,615)		(1,504,615)
								-
Unrealized loss on investments							324,000	324,000
	4,085,600	4,086	66,066,209	66,066	36,595,323	(38,133,676)	(111,600)	(1,579,801)

Balance, June
30, 2007
(unaudited)

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RHINO OUTDOOR INTERNATIONAL, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
JUNE 30, 2007

	Six Months Ended		From inception of development stage January 1, 2005 to June 30 2007
	June 30 2007	June 30 2006	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (1,504,615)	\$ (1,630,544)	(18,899,130)
Unearned revenue			-
Provision for doubtful accounts			-
Stock issued for accrued wages		450,000	510,000
Stock issued for services		1,207,630	7,436,392
Reserve for issuance of preferred stock			400,000
Stock issued for accrued management fees		600,000	600,000
Forgiveness of debt			(2,500)
Bad debt expense			20,000
Loss on abandonment of assets			14,171
Amortization of deferred revenues	(234,375)		(562,500)
Common stock issued for marketing and selling expenses	823,475		8,699,468
Loss on sale of investment	328,377		417,544
Amortization and depreciation	18,373	851	36,657
Adjustments to reconcile net (loss) to net cash provided (used) by operating activities:			-
Decrease (increase) in inventories	10,000		69,720
Decrease (increase) in note receivable	(4,500)		(4,500)
Decrease (increase) in accounts receivable		7,500	-
Decrease (increase) in prepaids			-
Decrease (increase) in deposits	(88,302)		(88,302)
Decrease (increase) in other current assets			
Increase (decrease) in interest payable			-
Increase (decrease) in accounts payable-checks in excess			-
Increase (decrease) in accounts payable	(18,869)	116,143	298,345
			-

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Increase (decrease) in accrued payroll			
Increase (decrease) in accrued liabilities	305,938	(784,459)	238,351
Increase (decrease) in deferred revenue and customer deposits	59,339	2,000	310,127
Increase (decrease) in inventory			-
Net cash used by operating activities	(305,159)	(30,879)	(506,157)

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in loan receivable		15,000	(7,500)
Cash acquired in acquisition		18,578	18,578
Purchase of plant, property, and equipment	(2,500)		
Cash from sale of investments	9,123		32,456
Net cash used by investing activities	6,623	33,578	43,534