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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)
[X] 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	**65-1000634**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1191 Center Point Dr., Henderson, Nevada	**89704**
(Address of principal executive office)	(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 x No o

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act 1934).
Yes o No x

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 o No x

1

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

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 deposites	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 oustanding,				
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

3

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

	Three Months Ended		Six Months Ended		Inception of Development Stage (January 1, 2005)
	June 30 2007 (unaudited)	June 30 2006	June 30 2007 (unaudited)	June 30 2006	to June 30 2007
REVENUES	$ 218,340	$ 29,750	$ 417,385	$ 29750	494,478
					-
COST OF GOODS SOLD	$ 50,480	$ 24,654	$ 115,761	$ 24654	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

4

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

	Convertible Preferred Stock Shares	Convertible Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Loss	Totals
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 acquistion 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

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)

5

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

	Six Months Ended June 30 2007	June 30 2006	From inception of development stage January 1, 2005 to June 30 2007
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 ans 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
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 acquistion				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
CASH FLOWS FROM FINANCING ACTIVITIES:					
Advances from related parties		(96,200)		15,500	76,583
Proceeds from issuance of convertible debt		164,980			164,980
Decrease in lines of credit		(6,901)			(6,955)
Decrease in bank indebtedness		(12,870)			(10,172)
Decrease in vehicle loans		(6,384)			(13,373)
Increase in bank overdrafts		(1,535)		379	(1,524)
Proceeds from notes payable		-			-
Payment of notes payable					-
Proceeds from sale of common stock		264,687			264,687
Net cash provided by financing activities		305,777		15,879	474,226
Change in cash		7,241		18,578	11,603
Cash, beginning of period		1,862		-	
Cash, end of period	$	9,103	$	18,578	11,603
		-			
SUPPLEMENTAL CASH FLOW INFORMATION:					
Interest paid	$	-	$	2,212	21,298
Income taxes paid	$	-	$	-	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:					
Common stock issued for debt	$	20,000	$	-	77,500
Common stock issued for accrued wages				450,000	45,000
	$	-	$	1,650,000	16,500

Preferred shares issued for subsidiary		
Shares issued for related party payable	1,233,231	1,233,231

6

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - BASIS OF PRESENTATION AND DESCRIPTION OF THE BUSINESS

Rhino Outdoor International, Inc. (fka Cyberads, Inc), was incorporated on April 12, 2000 in the State of Florida. On August 10, 2005, the Company changed domicile from Florida to Nevada.

The Company provides management and sales support to businesses focused in the Extreme Sports/Lifestyle market segment. The Company earns commissions/fees on securing distribution for the businesses and products it represents. Additionally, the Company will earn commissions when product deliveries are made through the distribution channel. The Company and its management has devoted their attention toward restructuring debt and seeking profitable products in 2005 and 2006. The Company's year-end is December 31.

As of January 1, 2005, the Company abandoned its previous business plan of marketing cellular phone services and began a new development stage where it intends to provide management and sales support to businesses focused in the Extreme Sports/Lifestyle market segment.

On June 21, 2006, the Company entered into a share exchange agreement and plan of reorganization with Rhino Off Road Industries, Inc. Under this agreement and plan of reorganization, the Company acquired 100 percent of the outstanding common stock of Rhino in exchange for 1,650,000 shares of the Company's Series C convertible preferred stock. Furthermore, the Company issued another 600,000 shares of Series C convertible preferred stock for the retention of the subsidiary's officers and agreed to issue 400,000 shares of Series C convertible preferred stock for loan guarantees. As of June 30, 2007, the 400,000 shares had not yet been issued. Rhino Off Road Industries, Inc. was incorporated on September 25, 2003 in the State of Nevada. The principal business of the Company is the design, manufacturing and sale of off road vehicles and related parts. The Company's operations are located in Henderson, Nevada. See Note 3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Rhino Outdoor International, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

<u>Accounting Method</u>
The Company's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

<u>Accounts Receivable</u>
The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions.

The Company's policy is to accrue interest on trade receivables 90 days after invoice date. A receivable is considered past due if payments have not been received by the Company for 90 days. At that time, the Company will discontinue accruing interest and turn the account over for collection. If a payment is made after it has been turned over for collection, the Company will apply the payment to the outstanding principal first and resume accruing interest. Accounts are written off as uncollectible if no payments are received 180 days after they have been turned over for collection.

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Company considers all highly liquid investments and short-term debt instruments with original maturities of three months or less to be cash equivalents.

Compensated Absences
Employees of the Company are entitled to paid vacation, and sick days, depending on job classification, length of service, and other factors. Management has deemed that any liability arising from this policy would be immaterial and has accrued no compensated absences liabilities for the period ended June 30, 2007

Cost of Sales
Cost of sales consists of the purchase price of materials and supplies, shipping, labor and benefits, and other overhead costs associated with production.

Development Stage Activities
Since the inception of the current development stage (which began January 1, 2005), the Company has realized minimal revenue from operations. It expects to be engaged to provide management and sales support to businesses focused in the Extreme Sports/Lifestyle market segment.

Going Concern
The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the financial statements, the Company has limited cash and revenues, has incurred a net loss for the six months ended June 30, 2007, and has an accumulated deficit since the inception of the Company. These factors indicate that the Company may be unable to continue in existence. The Company is currently putting business plans in place which will, if successful, mitigate these factors which raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments related to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue existence.

Management has established plans designed to increase the sales of the Company’s products and services and decrease debt. These plans will include providing management and sales support to businesses focused in the Extreme/Lifestyle market segment where the Company anticipates earning commissions/fees on securing distribution from business and products it represents.

An estimated $2 million is believed necessary to continue operations and increase development through the next fiscal year. The timing and amount of capital requirements will depend on a number of factors, including demand for products and services and the availability of opportunities for international expansion through affiliations and other business relationships. Management intends to seek new capital from new equity securities issuances to provide funds needed to increase liquidity, fund internal growth, and fully implement its business plan.

Goodwill
Goodwill represents the excess of the purchase price and related direct costs over the fair value of net assets acquired as of the date of the acquisition of Rhino Off Road Industries, Inc. The Company reviews periodically its goodwill to assess recoverability based on projected undiscounted cash flows from operations. Impairments are recognized in operating results when a permanent diminution in value occurs. At June 30, 2007, no impairment was deemed necessary for the Company’s goodwill.

8

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Inventories
The Company records inventories at the lower of cost or market on a first-in, first-out basis.

		June 30, 2007		June 30, 2006
Raw materials and work-in-process	$	47,954	$	152,107
Finished goods		65,537	$	81,103
Total Inventory	$	113,491	$	233,210

Investments
The Company's investments in securities are classified as either trading, held to maturity, or available-for-sale in accordance with Statement of Financial Accounting Standards No. 115. Available-for-sale securities consist of equity securities not classified as trading securities or as securities to be held to maturity. Unrealized holding gains and losses, net of tax, on available-for-sale securities are reported as a net amount in a separate component of other comprehensive income. Gains and losses on the sale of available-for-sale securities are determined using the average cost method and are included in earnings. The Company determines the gain or loss on investment securities held as available-for-sale, based upon the accumulated cost basis of specific investment accounts. On the Company's balance sheet, short-term available for sale securities are classified as "investments."

Long-lived Assets
The Company accounts for its long-lived assets in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This standard establishes a single accounting model for long-lived assets to be disposed of by sale, including discontinued operations, and requires that these long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. Accordingly, the Company reviews the carrying amount of long-lived assets for impairment where events or changes in
circumstances indicate that the carrying amount may not be recoverable. The determination of any impairment would include a comparison of estimated future cash flows anticipated to be generated during the remaining life of the assets to the net carrying value of the assets.

Property and Equipment
Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. See Note 5.

Principles of Consolidation
The accompanying consolidated financial statements at June 30, 2007 include the accounts of Rhino Outdoor International, Inc. and its wholly owned subsidiaries: IDS Cellular, Inc. ("IDS") and Rhino Off Road Industries, Inc. All significant transactions and balances among the companies included in the consolidated financial statements have been eliminated. The operations of IDS are currently idle.

Provision for Taxes
Income taxes are provided based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (hereinafter "SFAS No. 109). Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded

against deferred tax assets if management does not believe the Company has met the “more likely than not” standard imposed by SFAS No. 109 to allow recognition of such an asset.

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115" (hereinafter "SFAS No. 159"). This statement permits entities to choose to measure many financial instruments and certain 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, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007, although earlier adoption is permitted. Management has not determined the effect that adopting this statement would have on the Company's financial condition or results of operations.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87,88,106, and 132(R)" (hereinafter "SFAS No. 158"). This statement requires an employer to recognize the overfunded or underfunded statues of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not for profit organization. This statement also requires an employer to measure the funded status of a plan as of the date of its year end statement of financial position, with limited exceptions. The adoption of this statement had no immediate material effect on the Company's financial condition or results of operations.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (hereinafter "SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. Where applicable, SFAS No. 157 simplifies and codifies related guidance within GAAP and does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier adoption is encouraged. The Company does not expect the adoption of SFAS No. 157 to have a significant effect on its financial position or results of operations.

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" (hereinafter "FIN 48"), which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of FIN 48 to have an immediate material impact on its financial reporting, and the Company is currently evaluating the impact, if any, the adoption of FIN 48 will have on its disclosure requirements.

Reclassifications

Certain amounts from prior periods have been reclassified to conform to the current period presentation. This reclassification has resulted in no changes to the Company's accumulated deficit or net losses presented.

Revenue Recognition

The Company recognizes revenue for product sales when there is a mutually executed sales contract, when the products are shipped and title passes to customers, when the contract price and terms are fixed, and when collectibility is reasonably assured.

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Use of Estimates
The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 3 - ACQUISITION OF RHINO OFF ROADS INDUSTRIES, INC.

On June 21, 2006, the Company acquired one hundred percent of the issued and outstanding shares of Rhino Off Roads Industries, Inc. for 1,650,000 convertible preferred shares Series C of Rhino Outdoor International, Inc. Per the merger agreement, the Company issued another 600,000 shares of Series C convertible preferred stock for the retention of the subsidiary's officers. Furthermore, 400,000 shares were to be issued for loan guarantees that the subsidiary's officers had for lines of credit and bank indebtedness. As of March 31, 2007, these shares have not been issued.

The purchase price was allocated as follows:

Cash	$	18,578
Accounts receivable		5,000
Investments		562,500
Inventories		183,210
Plant, property & equipment, net		126,238
Other assets		2,052
Total Assets Acquired		897,578
Current liabilities		(2,186,533)
Other liabilities		(74,508)
Total Liabilities Assumed		(2,261,041)
Net liabilities acquired in excess of assets	$	(1,363,463)

NOTE 4 - BANK OVERDRAFTS

Bank overdrafts consist of checks written in excess of funds on deposit. The underlying bank is used as an imprest account with automatic transfers from the Company's general account as checks are presented.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less depreciation taken. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The useful lives of property, plant and equipment for purposes of computing depreciation are five to forty years. The following is a summary of property, equipment, and accumulated depreciation:

		June 30, 2007		June 30, 2006
Plant assets	$	118,061	$	177,149

Office furniture	9,532	13,984

11

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Leasehold improvements		1,145		1,604
		128,738		192,737
Less accumulated depreciation		(36,657)		(66,498)
Net, property and equipment	$	92,081	$	126,239

Depreciation and amortization expense for the period ended June 30, 2007 and 2006 was $18,373 and $851 respectively. The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts. Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The cost and related reserves of assets sold or retired are removed from the accounts, and any resulting gain or loss is reflected in results of operations.

NOTE 6 - CAPITAL STOCK

<u>Preferred Stock</u>
The Company is authorized to issue 5,000,000 shares of preferred stock with a par value of $0.001. These shares are convertible to common stock. As of September 30, 2006, the Company has issued 835,660 shares of preferred Series A, 1,000,000 shares of preferred Series B, and 2,250,000 shares of preferred Series C.

On June 26, 2005, the Company issued 1,000,000 shares of its convertible preferred Series B stock in exchange for partial payment of accrued salary to an officer of the Company. The shares were recorded at $0.10 value, which was a fair price average during the period of accrual. The Company recorded a reduction in accrued salary liability as a result of this issuance. While each share of Series B preferred was originally entitled to 100 votes per share, this was increased to 255 votes per share on June 21, 2006.

On June 21, 2006, the Company issued 1,650,000 shares of its convertible preferred Series C stock in a share exchange agreement and plan of reorganization when the Company acquired 100 percent of the outstanding common stock of Rhino Off Road Industries, Inc. The Company also issued another 600,000 shares of Series C convertible preferred stock for the retention of the subsidiary's officers. Per the merger agreement, 400,000 shares were to be issued for loan guarantees that the subsidiary's officers had for lines of credit and bank indebtedness. As of September 30, 2006, these shares have not been issued.

<u>Common Stock</u>
The Company is authorized to issue 500,000,000 shares of common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

On August 30, 2006, the board of directors approved and the Company effected a one hundred-for-one reverse stock split of the Company's common stock. All references in the financial statements to shares, share prices, per share amounts and stock plans have been adjusted retroactively for the one hundred-for-one reverse stock split.

During the year ended December 31, 2005, the Company issued 996,260 shares of its common stock in exchange for consulting services for $6,946,392. The services were measured at the fair market value of the shares received on the day the shares were issued.

12

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

During the year ended December 31, 2005, the Company issued 5,000 shares of its common stock in exchange for debt of $60,000 and recorded a gain of forgiveness of debt of $2,500 for this exchange. The services were measured at the fair market value of the shares received on the day the shares were issued.

During the twelve months ended December 31, 2006, the Company issued 245,000 and 205,000 shares of its common stock for $490,000 and $410,000 in exchange for management and consulting services and accrued wages, respectively. The services were measured at the fair market value of the shares received on the day the shares were issued. Also, during the year ended December 31, 2006, the Company issued 43,865,191 shares of common stock in exchange for marketing and selling expenses for $7,875,993. Also, during the year ended December 31, 2006, the Company issued 5,200,000 shares of common stock for related party debt of $1,300,000.

During the six months ended June 30, 2007, the Company issued 15,649,500 shares of its common stock in exchange for marketing and selling expenses of $823,475, and 5,268,000 shares in exchange for cash of $264,687 and 400,000 shares in payment of $20,000 in notes payable. Additionally, the Company cancelled 6,000,000 shares that were previously issued for services.

NOTE 7 - LEASE COMMITMENTS

Lease Payments
The Company has operating lease commitments for its premises. The monthly lease commitment is approximately $6,000. For years ended December 31, 2005, and 2004, the Company had paid approximately $72,000 for rent of facilities costs. The lease expired in April 2006. No replacement lease agreement has been signed and the Company continues to rent the facilities on a month-to-month basis.

NOTE 8 - LINES OF CREDIT AND LOANS PAYABLE

Corporate debt consisted of the following at June 30, 2007:

	2007		2006	
The Company has a $100,000 operating line of credit with Nevada First Bank that bears interest at a rate of 8.5% per annum, and was completely drawn down at September 30, 2006. This line of credit has no security directly associated with it. The Company has a second operating line of $199,896 with Nevada First Bank that bears interest at 8.5% per annum, and was completely drawn down at September 30, 2006. This line of credit is 100% secured with a CD owned by related parties.	$	292,995	$	-299,950
The Company has a 5-year term loan with Nevada First Bank which had an initial value of $125,000. With 3 years left on the term, it bears interest at an annual rate of 7.5%, and is secured by all physical assets of the business. This loan is secured by a personal guarantee by related parties.		51,042		76,323
The Company has two vehicles 5-year loans with lending companies and pays approximately $1,250 in payments at		29,917		43,290

an average interest rate of approximately 2.5% on these vehicles. The loans mature in 2009.		
Note payable was due in installments of $5,000 on January 15, 2004 and February 15, 2004 with final payment due March 15, 2004, plus interest at 10% per annum; secured by all of the Company's accounts receivable, inventories, and computer hardware and software and is personally guaranteed by two former officers of the Company. In default.	109,000	109,000

13

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Note payable to cellular phone service provider; due in installments of $92,596 payable on January 2, 2005 and August 2, 2005, plus interest at Libor index. In default.		185,192		185,192
Total Lines of Credit and Loans Payable	$	668,146	$	713,755

NOTE 9 - COMMITMENTS AND CONTINGENCIES

On June 9, 2006, the Company signed an agreement with Hebei Sida Industry Group Col, Ltd ("Sida"), pursuant to which Sida will become an authorized exclusive distributor of the Company's products in China. Sida has agreed to purchase 1,000 units over a three year period. Under the agreement, Sida will manufacture these units in China and pay the Company a license fee of 10% over its purchase costs for distribution rights.

The Company is non-compliant with respect to certain federal and state payroll related taxes. Included in accrued payroll and payroll related liabilities at June 30, 2007 is approximately $601,482 of unpaid payroll taxes.

In April 2004, the Company agreed to indemnify a former officer of the Company for any loss he sustained in a settlement reached with a cellular phone service provider against IDS and him personally. Under the indemnification agreement, the Company was obligated to pay an aggregate of $72,261 with the balance due October 1, 2004. These amounts were never paid. The indemnification had no effect on the accompanying financial statements as the amount owed to the cellular phone service provider was previously recorded as accounts payable in the records of IDS.

The Company is currently in negotiations with an individual who has threatened a lawsuit against the Company, a former officer and a cellular phone service provider. The Company has offered to issue the individual 250,000 shares of common stock to settle any claims he may have against the Company. This individual has verbally accepted the settlement offer. The offer had no effect on the accompanying consolidated financial statements as consulting services totaling $27,500 owed this individual were previously recorded as accounts payable in the records of Rhino Outdoor International, Inc. The Company has reserved 250,000 shares of common stock to be issued under this settlement offer.

A claim against the Company of approximately $500,000 has been threatened by the Creditors Committee of World Com. The Company does not believe that it owes the amount and intends to vigorously defend the claim. The claim has not been pursued and the Company is not subject to any legal action pursuing this claim. Any claims asserted may be challenged by claims of the Company concerning funds owed to Rhino Outdoor International, Inc. for its prior trade relationship with World Com.

NOTE 10 - RELATED PARTY TRANSACTIONS

Accrued payroll and accrued taxes represents amounts owed to management for services provided. At June 30, 2007 and 2006 the Company had accrued payroll of $598,277 and $211,333, respectively

RHINO OUTDOOR INTERNATIONAL, INC.
(A Development Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Related party payables represent amounts due to management and shareholders, who have loaned money to the Company to pay expenses on behalf of the Company. At June 30, 2007 and 2006, short-term related party payables were $358,614 and $1,687,925, respectively. These loans are unsecured, non-interest bearing, and payable on demand.

NOTE 11 - INVESTMENTS

The Company's securities investments are classified as trading securities and are recorded at fair value as of the balance sheet date, with the change in fair value during the period included in accumulated comprehensive income.

In May 2006, the Company acquired shares of common stock in Luvoo, Inc, a public company, for sponsorship and visual representation on Rhino vehicles in competition for a consecutive twelve months beginning on June 1, 2006. The deferred revenue received from this sponsorship is being amortized at a rate of $46,875 per month as other income.

The Company carries this investment at fair market value. See Note 2.

NOTE 12 - SUBSEQUENT EVENT

The Company has signed a letter of intent to acquire Great Vans West, a privately held Canadian company that manufacturers recreational class "B" motor homes. At this time the acquisition of Great West Vans is not contemplated to be completed as the required debt structure and floorplan line required to operate the business have not been successfully negotiated. The Company has a deposit with Great West Vans attorney's escrow account, and if the company is not successful in completing this acquisition the company may lose all or part of the deposit depending upon final negotiations.

On August 21, 2007 the company announced it intended to complete a "share exchange agreement" with W.E.Rock an event planning and off-road championship series company. Management estimates it will consummate the transaction on or near September 1, 2007.

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

Management's discussion and analysis contains various forward-looking statements within the meaning of the Securities and Exchange Act of 1934. These statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may", "expect", "anticipate", "estimates", or "continue" or use of negative or other variations of comparable terminology. We caution that these statements are further qualified by important factors that could cause actual results to differ materially from those contained in our forward looking statements, that these forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in our forward looking statements.

Management's discussion and analysis should be read in conjunction with the financial statements and the notes thereto.

OVERVIEW

Rhino Outdoor International, Inc. (ROI) did not record revenues during 2005. We discontinued the third party affiliate sales of Cellular phones and services during 2004, and discontinued all cellular sales in 2005 due to the financial losses inherent with the commission structure paid to third party affiliates. The affiliate commissions were earned on "leads" provided, rather than on sales made, therefore the cancellations and returns on cellular phones were not recouped from the third party affiliate and the losses became ROI expense. During 2006 and 2005, we focused on developing a new business plan in the extreme sports sector and marketing of its lifestyle. We engaged with three primary products during 2005, XBoard, Rhino, and Planet X TV.

In 2006, we focused 100% of our efforts on Rhino Off Road Industries, and it’s product the RTV. On June 21, 2006 we acquired by share exchange agreement and plan of reorganization all the outstanding shares of capital stock of Rhino in exchange for shares of capital stock of ROI, formerly known as CyberAds. On August 30, 2006 the company was renamed Rhino Outdoor International, Inc, to reflect a more accurate brand name for our business model. During 2006, we implemented sales and marketing strategies for the Rhino Off Road RTV, and invested in further development of new models which are designed to increase sales to consumers, and potentially to government agencies for the Search and Rescue requirements. During the first quarter of 2007 we continued to focus on developing the Rhino RTV product line, and began marketing to consumers through trade advertising and direct sales through our web site.

During the 2nd quarter of 2007 we continued development of the Rhino Off Road RTV and our implementation of the production facility in China. Management spent time in China finalizing plant layout and assisting our plant facility in obtaining necessary equipment to build the RTV product line.

RELATED PARTIES AND RELIANCE ON CERTAIN PROVIDERS

We rely on the suppliers of inventory to Rhino, for production of products specific to our reselling, or direct selling rights.

16

RECENT EVENTS

As noted above we entered into relationships with Aqua Xtremes, Inc., and its products XBoard, whereby the company was provided exclusive rights to resell distribution and dealers within a defined territory. During 2005, we developed a resell relationship with Rhino Off Road Industries whereby the company would recruit and demonstrate the Rhino product line to Distributors, Dealers, and consumers. During 2005, we developed a relationship with Planet X TV whereby the company would be compensated for recruiting advertisers and sponsors for the Planet X TV shows.

During 2006, we did not focus on either Planet X or XBoard as we put all our efforts towards Rhino and the acquisition and subsequent development of the RTV and potential government Search and Rescue opportunities. In 2006, we entered into an LOI with Great West Vans (GWV), at this time we have not concluded on the transaction and there is no guarantee that the company will raise the capital required to complete this specific transaction.

During the first quarter of 2007 we continued to pursue the GWV acquisition. Further, we have developed a strategic relationship with Arizona Emergency products for the distribution to government agencies of our recently developed Emergency Response vehicle. Additionally, we are completing the design and prototype on a new 4-seater version of the RTV to expand our product line to meet the consumer demand.

During the second quarter of 2007 we focused our efforts on finalizing the China production facility, and completing the design and prototype for AEP and our Rapid Response 4 seater style vehicle.

PATENTS AND PROPRIETARY RIGHTS

We do not hold any trademark, copyright or patent protection.

RESULTS OF OPERATIONS

Quarter ENDED June 30, 2007 AND 2006

We reported revenues of $218,340 and $29,750 for the quarter ending June 30, 2007 and 2006, respectively, losses of $ 265,099 and $ 539,532 during the quarters ended June 30, 2007 and 2006, respectively. The increase in revenue from 2007 to 2006 is attributed to the acquisition of Rhino Off Road effective June 21, 2006 and our effort to develop into an Outdoor lifestyle sector company. The Increase in losses was due to the developmental stage of the company, and our investment in developing the sales and marketing plan for Rhino Off Road. The decrease in loss is attributable to the increase in revenue during 2007 compared with 2006 2nd quarter

<u>RESULTS OF OPERATIONS</u>

Three months ended June 30, 2007 compared to the three months ended June 30, 2006.

	2007	2006	Increase Amount	Percentage
Revenue	$ 218,340	$ 29,750	$ 188,590	633%

Revenue for the three months ended June 30, 2007 resulted from the sale of Rhino RTV vehicles, and parts. There were limited sales in 2006 as we were in developmental stage.

	2007	2006	Increase Amount	%
G&A Expenses	$ 161,105	$ 74,257	$ 86,848	116%

G & A Expenses for the three months ended June 30, 2007 resulted from maintaining our developmental stage, and administrative expenses related to Rhino Off Road, and increased travel due to China plant development. G&A expenses in 2006 were attributable to maintaining the developmental stage of the company.

	2007	2006	Decrease Amount	%
Marketing Expenses	$ 59,375	$ 382,634	$ 323,259	544%

Marketing Expenses for the three months ended June 30, 2007 decreased by $323,259 versus 2006 due to reduction in trade shows, product demonstrations, consultants, and efforts toward recruitment of Government sales which were expensed in Quarter ending June 30 2006..

	2007	2006	Decrease Amount	%
Selling Expenses	$ 0	$ 29,750	$ 29,750	100%

Selling Expenses for the three months ended June 30, 2007 decreased by $29,750 as a result of the company not paying any commissions for Rhino RTV sales, and managements focus on production plant development only.

	2007	2006	Decrease Amount	%
Management fees	$ 188,944	$ 601,729	$ 412,785	218%

Management fees for the three months ended June 30, 2007 was derived by accruing salaries for CEO, President and Chairman. Fees in 2006 were attributable to accrual of executive fees and fees associated to the acquisition of Rhino Off-Road Industries management.

	2007	2006	Decrease Amount	%
Interest Expense	$ 14,483	$ 21,220	$ 6,737	46%

Interest expense for the three months ended June 30, 2007 decreased by $6,737. The decrease was attributable to a reduction in interest on notes to related parties, and interest on bank indebtedness.

FINANCIAL POSITION & LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2007 compared to June 30, 2006:

Liquidity and Capital Resources

As of June 30, 2007, the Company had current assets totaling $217,447 and a working capital deficit of $3,323,891. These assets consist of cash on hand of $9,103, note receivable of $4,500, inventories of $113,490, prepaid expenses of $1,852 and other current assets of $88,502. Net stockholders' deficit in the Company was $1,579,801 at June 30, 2007. The Company is in the development stage and, since January 1, 2005, has experienced significant changes in liquidity, capital resources and shareholders' equity.

Cash flow used in operating activities was $305,159 for the period from December 31, 2006 till June 30, 2007. Cash over the periods was used on accounting, administration, consulting, research and development, and shares issued for marketing expenses.

Cash flow provided from financing activities was $305,777 for the period from December 31, 2006 to June 30, 2007. Financing activities over the period have consisted of sales of the Investments, company's common stock and related or non-related party loans or debentures.

Cash flows provided in investing activities was $6,623 for the period. During 2007, cash flow was provided by the sale of common stock of the company for cash $164,688, offset by reductions in advances by related parties, and bank indebtedness, vehicle loans, and line of credit..

The Company's current assets are insufficient to conduct our plan of operation over the next twelve (12) months and we will have to seek debt or equity financing to fund operations. The Company has no current commitments or arrangements with respect to, or immediate sources of funding. Further, no assurances can be given that funding, if needed, would be available or available to the Company on acceptable terms. The Company's shareholders would be the most likely source of new funding in the form of loans or equity placements though none have made any commitment for future investment and we have no agreement formal or otherwise. The Company's inability to obtain funding would have a material adverse affect on our plan of operation.

Further, there can be no assurance offered to the public by these disclosures, or otherwise, that the Company will be successful, or that we will ultimately succeed as a going concern. To the extent that existing resources and any future earnings prove insufficient to fund our activities, we will need to raise additional funds through debt or equity financing. The Company cannot provide any assurance that such additional financing will be available or that, if available, it can be obtained on terms favorable to us and our shareholders. In addition, any equity financing would result in dilution to the Company shareholders and any debt financing could involve restrictive covenants with respect to future capital raising activities or other financial or operational matters. The Company's inability to obtain adequate funds will adversely affect its operations and the ability to implement is plan of operation.

ITEM 3. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Exchange Act, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer. Based upon that evaluation, we concluded that our disclosure controls and procedures are effective in ensuring that material information related to us, required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the rules and regulations of the SEC. There have been no significant changes in our internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including the Company’s Chief Executive Officer to allow timely decisions regarding required disclosure.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS

Exhibit Number	Description of Document
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certification
32.2	Section 1350 Certification

SIGNATURES

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

Rhino Outdoor International, Inc.

Date: August 27, 2007

By: /s/ Howard Pearl

Howard Pearl
President and Chief Executive Officer