

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
Current Assets		
Cash and cash equivalents	\$ 1,103,003	\$ 1,054,750
Short-term investments	58,196	58,172
Accounts receivable	2,217,840	2,901,699
Inventory	4,578,125	4,241,140
Payments in advance	569,498	208,030
Income tax refunds receivable	83,567	-
Prepaid expenses and other current assets	847,032	1,070,774
Total current assets	<u>9,457,261</u>	<u>9,534,565</u>
Property and equipment, net	1,190,688	1,313,325
Deferred tax asset	108,300	115,000
Other Assets		
Other receivables	-	90,000
Deposits	24,892	16,493
Intangible assets	69,133	61,273
Total other assets	<u>94,025</u>	<u>167,766</u>
Total Assets	<u>\$ 10,850,274</u>	<u>\$ 11,130,656</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 3,021,618	\$ 2,560,980
Income taxes payable	-	384,950
Short term loan, net of finance charges	542,532	658,639
Total current liabilities	<u>3,564,150</u>	<u>3,604,569</u>
Deferred tax liabilities	65,400	73,000
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$.001 par value, 1,120,000 shares authorized, 120,000 shares issued and outstanding	3,000	3,000
Common stock, \$.001 par value, 28,000,000 shares authorized, 5,362,992 and 5,231,823 shares issued and outstanding	130,053	130,040
Additional paid - in capital	7,469,694	7,346,782
Accumulated other comprehensive loss	(610,083)	(710,032)
Retained earnings	228,060	683,297
Total stockholders' equity	<u>7,220,724</u>	<u>7,453,087</u>
Total Liabilities and Stockholders' Equity	<u>\$ 10,850,274</u>	<u>\$ 11,130,656</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Revenues	\$ 16,416,465	\$ 18,343,172
Cost of Revenues	<u>8,178,017</u>	<u>8,741,131</u>
Gross Profit	<u>8,238,448</u>	<u>9,602,041</u>
Product Royalty Income	103,366	182,485
Operating Expenses		
Salaries and wages	2,332,167	2,225,646
Commissions and consulting expenses	566,105	570,937
Professional fees	538,076	845,575
Advertising and marketing	1,588,599	1,498,307
Office rent and expenses	258,950	246,616
Research and development costs	1,443,451	1,180,227
Bad debt expense	62,667	124,213
General and administrative expenses	1,873,981	1,793,698
Depreciation	409,534	371,089
Total operating expenses	<u>9,073,530</u>	<u>8,856,308</u>
Income (Loss) from Operations	<u>(731,716)</u>	<u>928,218</u>
Other Income		
Interest and other income, net	<u>97,521</u>	<u>32,304</u>
Total other income	<u>97,521</u>	<u>32,304</u>
Income (Loss) Before Income Taxes	(634,195)	960,522
Income Taxes	<u>(178,958)</u>	<u>385,590</u>
Net Income (Loss) Available to Common Shareholders	<u>\$ (455,237)</u>	<u>\$ 574,932</u>
Net Income (Loss) per Common Share		
Basic	<u>\$ (0.09)</u>	<u>\$ 0.11</u>
Diluted	<u>\$ (0.08)</u>	<u>\$ 0.10</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,310,966</u>	<u>5,216,483</u>
Diluted	<u>5,448,942</u>	<u>5,537,476</u>
Comprehensive Income (Loss)		
Net Income (Loss)	\$ (455,237)	\$ 574,932
Other comprehensive income (loss), net of \$17,100 and \$43,100 deferred income taxes in 2016 and 2015		
Foreign currency translation	<u>99,949</u>	<u>(331,601)</u>
Total Comprehensive Income (Loss)	<u>\$ (355,288)</u>	<u>\$ 243,331</u>