

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

	ASSETS	
	March 31, 2017	December 31, 2016
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 1,143,509	\$ 1,103,003
Short-term investments	58,201	58,196
Accounts receivable	2,964,288	2,217,840
Inventory	3,512,369	4,578,125
Payments in advance	746,979	569,498
Income tax refunds receivable	-	83,567
Prepaid expenses and other current assets	461,428	847,032
Total current assets	<u>8,886,774</u>	<u>9,457,261</u>
Property and equipment, net	1,184,818	1,190,688
Deferred tax asset	170,300	108,300
Other Assets		
Deposits	25,494	24,892
Intangible assets	72,716	69,133
Total other assets	<u>98,210</u>	<u>94,025</u>
Total Assets	<u>\$ 10,340,102</u>	<u>\$ 10,850,274</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,187,020	\$ 3,021,618
Income taxes payable	64,391	-
Short term loan, net of finance charges	300,773	542,532
Total current liabilities	<u>2,552,184</u>	<u>3,564,150</u>
Deferred tax liabilities	65,400	65,400
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 5,362,992 shares issued and outstanding	130,053	130,053
Additional paid - in capital	7,646,807	7,469,694
Accumulated other comprehensive loss	(557,362)	(610,083)
Retained earnings	500,020	228,060
Total stockholders' equity	<u>7,722,518</u>	<u>7,220,724</u>
Total Liabilities and Stockholders' Equity	<u>\$ 10,340,102</u>	<u>\$ 10,850,274</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

**Three Months Ended
March 31**

	2017	2016
	Unaudited	Unaudited
Revenues	\$ 5,817,769	\$ 4,827,492
Cost of Revenues	<u>2,907,670</u>	<u>2,313,657</u>
Gross Profit	<u>2,910,099</u>	<u>2,513,835</u>
Product Royalty Income	10,956	13,882
Operating Expenses		
Salaries and wages	759,243	681,302
Commissions and consulting expenses	153,048	166,071
Professional fees	310,791	181,659
Advertising and marketing	401,554	361,593
Office rent and expenses	66,051	64,190
Research and development costs	323,243	342,815
Bad debt expense (recovery)	(4,641)	2,827
General and administrative expenses	401,413	446,946
Depreciation	<u>88,965</u>	<u>104,517</u>
Total operating expenses	<u>2,499,667</u>	<u>2,351,920</u>
Income from Operations	<u>421,388</u>	<u>175,797</u>
Other Expenses		
Interest and other income, net	<u>(2,988)</u>	<u>(1,941)</u>
Total other expenses	<u>(2,988)</u>	<u>(1,941)</u>
Income Before Income Taxes	418,400	173,856
Income Taxes	<u>146,440</u>	<u>60,876</u>
Net Income Available to Common Shareholders	<u>\$ 271,960</u>	<u>\$ 112,980</u>
Net Income per Common Share		
Basic	<u>\$ 0.05</u>	<u>\$ 0.02</u>
Diluted	<u>\$ 0.05</u>	<u>\$ 0.02</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,362,992</u>	<u>5,233,272</u>
Diluted	<u>5,499,103</u>	<u>5,545,027</u>
Comprehensive Income		
Net Income	\$ 271,960	\$ 112,980
Other comprehensive income, net of \$0 and \$0 deferred income taxes in 2017 and 2016		
Foreign currency translation	<u>52,721</u>	<u>23,049</u>
Total Comprehensive Income	<u>\$ 324,681</u>	<u>\$ 136,029</u>