

**LEATT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

**ASSETS**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,362,037	\$ 1,103,003
Short-term investments	58,207	58,196
Accounts receivable	1,637,718	2,217,840
Inventory	3,220,009	4,578,125
Payments in advance	643,455	569,498
Income tax refunds receivable	78,907	83,567
Prepaid expenses and other current assets	1,019,665	847,032
Total current assets	<u>8,019,998</u>	<u>9,457,261</u>
Property and equipment, net	1,624,669	1,190,688
Deferred tax asset	170,300	108,300
<b>Other Assets</b>		
Deposits	25,448	24,892
Intangible assets	72,812	69,133
Total other assets	<u>98,260</u>	<u>94,025</u>
Total Assets	<u>\$ 9,913,227</u>	<u>\$ 10,850,274</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,076,063	\$ 3,021,618
Short term loan, net of finance charges	266,642	542,532
Total current liabilities	<u>2,342,705</u>	<u>3,564,150</u>
Deferred tax liabilities	65,400	65,400
Commitments and contingencies		
<b>Stockholders' Equity</b>		
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, 5,366,382 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	(553,695)	(610,083)
Retained earnings	278,957	228,060
Total stockholders' equity	<u>7,505,122</u>	<u>7,220,724</u>
Total Liabilities and Stockholders' Equity	<u>\$ 9,913,227</u>	<u>\$ 10,850,274</u>

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2017	2016	2017	2016
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$3,510,297	\$3,693,915	\$9,328,066	\$ 8,521,407
Cost of Revenues	<u>1,745,138</u>	<u>1,710,012</u>	<u>4,652,808</u>	<u>4,023,669</u>
Gross Profit	<u>1,765,159</u>	<u>1,983,903</u>	<u>4,675,258</u>	<u>4,497,738</u>
Product Royalty Income	39,961	39,649	50,917	53,531
Operating Expenses				
Salaries and wages	555,514	523,912	1,314,757	1,205,214
Commissions and consulting expenses	126,273	133,921	279,321	299,992
Professional fees	119,981	70,659	430,772	252,318
Advertising and marketing	407,781	352,801	809,335	714,394
Office rent and expenses	66,627	62,962	132,678	127,152
Research and development costs	322,155	338,244	645,398	681,059
Bad debt expense (recovery)	5,291	(25,384)	650	(22,557)
General and administrative expenses	434,077	514,852	835,490	961,798
Depreciation	102,490	106,481	191,455	210,998
Total operating expenses	<u>2,140,189</u>	<u>2,078,448</u>	<u>4,639,856</u>	<u>4,430,368</u>
Income (Loss) from Operations	<u>(335,069)</u>	<u>(54,896)</u>	<u>86,319</u>	<u>120,901</u>
Other Income (Expenses)				
Interest and other income (expenses), net	<u>(2,567)</u>	<u>70,750</u>	<u>(5,555)</u>	<u>68,809</u>
Total other income (expenses)	<u>(2,567)</u>	<u>70,750</u>	<u>(5,555)</u>	<u>68,809</u>
Income (Loss) Before Income Taxes	(337,636)	15,854	80,764	189,710
Income Taxes	(116,573)	27,310	29,867	88,186
Net Income (Loss) Available to Common Shareholders	<u>\$ (221,063)</u>	<u>\$ (11,456)</u>	<u>\$ 50,897</u>	<u>\$ 101,524</u>
Net Income (Loss) per Common Share				
Basic	<u>\$ (0.04)</u>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>
Diluted	<u>\$ (0.04)</u>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>5,364,743</u>	<u>5,270,592</u>	<u>5,363,872</u>	<u>5,251,932</u>
Diluted	<u>5,496,278</u>	<u>5,508,380</u>	<u>5,496,278</u>	<u>5,489,720</u>
Comprehensive Income (Loss)				
Net Income (Loss)	\$ (221,063)	\$ (11,456)	\$ 50,897	\$ 101,524
Other comprehensive income (loss), net of \$0 and \$0 deferred income taxes in 2017 and 2016				
Foreign currency translation	<u>3,667</u>	<u>8,870</u>	<u>56,388</u>	<u>31,919</u>
Total Comprehensive Income (Loss)	<u>\$ (217,396)</u>	<u>\$ (2,586)</u>	<u>\$ 107,285</u>	<u>\$ 133,443</u>