

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2017	December 31, 2016
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 1,234,872	\$ 1,103,003
Short-term investments	58,213	58,196
Accounts receivable	2,953,495	2,217,840
Inventory	6,234,692	4,578,125
Payments in advance	415,181	569,498
Income tax refunds receivable	159,730	83,567
Prepaid expenses and other current assets	330,137	847,032
Total current assets	11,386,320	9,457,261
Property and equipment, net	2,031,355	1,190,688
Deferred tax asset	108,300	108,300
Other Assets		
Deposits	25,172	24,892
Intangible assets	69,807	69,133
Total other assets	94,979	94,025
Total Assets	\$ 13,620,954	\$ 10,850,274

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 5,606,448	\$ 3,021,618
Income tax payable	140,980	-
Short term loan, net of finance charges	58,759	542,532
Total current liabilities	5,806,187	3,564,150
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, 5,366,382 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	(602,739)	(610,083)
Retained earnings	572,246	228,060
Total stockholders' equity	7,749,367	7,220,724
Total Liabilities and Stockholders' Equity	\$ 13,620,954	\$ 10,850,274

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Revenues	\$5,455,088	\$4,631,557	\$ 14,783,154	\$ 13,152,964
Cost of Revenues	<u>2,914,008</u>	<u>2,183,072</u>	<u>7,566,816</u>	<u>6,206,741</u>
Gross Profit	<u>2,541,080</u>	<u>2,448,485</u>	<u>7,216,338</u>	<u>6,946,223</u>
Product Royalty Income	39,396	16,224	90,313	69,755
Operating Expenses				
Salaries and wages	562,803	548,829	1,877,560	1,754,043
Commissions and consulting expenses	109,217	144,480	388,538	444,472
Professional fees	88,901	110,700	519,673	363,018
Advertising and marketing	449,176	502,522	1,258,511	1,216,916
Office rent and expenses	68,423	66,593	201,101	193,745
Research and development costs	321,443	402,924	966,841	1,083,983
Bad debt expense (recovery)	7,956	16,216	8,606	(6,341)
General and administrative expenses	419,052	505,194	1,254,542	1,466,992
Depreciation	<u>131,374</u>	<u>103,586</u>	<u>322,829</u>	<u>314,584</u>
Total operating expenses	<u>2,158,345</u>	<u>2,401,044</u>	<u>6,798,201</u>	<u>6,831,412</u>
Income from Operations	<u>422,131</u>	<u>63,665</u>	<u>508,450</u>	<u>184,566</u>
Other Income (Expenses)				
Interest and other income (expenses), net	<u>(95)</u>	<u>(3,270)</u>	<u>(5,650)</u>	<u>65,539</u>
Total other income (expenses)	<u>(95)</u>	<u>(3,270)</u>	<u>(5,650)</u>	<u>65,539</u>
Income Before Income Taxes	422,036	60,395	502,800	250,105
Income Taxes	128,747	21,139	158,614	109,325
Net Income Available to Common Shareholders	<u>\$ 293,289</u>	<u>\$ 39,256</u>	<u>\$ 344,186</u>	<u>\$ 140,780</u>
Net Income per Common Share				
Basic	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.03</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>5,366,382</u>	<u>5,345,312</u>	<u>5,364,718</u>	<u>5,283,059</u>
Diluted	<u>5,547,683</u>	<u>5,483,774</u>	<u>5,546,019</u>	<u>5,421,520</u>
Comprehensive Income				
Net Income	\$ 293,289	\$ 39,256	\$ 344,186	\$ 140,780
Other comprehensive income, net of \$0 and \$0 deferred income taxes in 2017 and 2016				
Foreign currency translation	<u>(49,044)</u>	<u>78,818</u>	<u>7,344</u>	<u>110,737</u>
Total Comprehensive Income	<u>\$ 244,245</u>	<u>\$ 118,074</u>	<u>\$ 351,530</u>	<u>\$ 251,517</u>