LEATT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

Leatt Corporation (the "Company") was incorporated in the State of Nevada on March 11, 2005, under the name Treadzone, Inc. On June 17, 2005, the Company changed its name to Leatt Corporation in connection with the Company's acquisition of rights to use the Leatt Neck Brace patents and trademarks. The Company designs, distributes and markets personal protective equipment for all forms of motor sports and leisure activities, based on the Leatt-Brace ® system, a patented neck protection system for all helmeted sports. The Company's products are manufactured in The Peoples' Republic of China ("China") and sold to customers worldwide through a global network of distributors and retailers. The Company's revenues are generated solely from the sale of Leatt-Brace ® products.

The Company conducts business in South Africa as a foreign registered branch, and in the United States through the Company's wholly-owned subsidiary, Two Eleven Distribution, LLC ("Two Eleven") a California limited liability company. Two Eleven acts as a distributor of Leatt-Brace ® products in the United States. Research and development efforts, global sales and marketing are managed out of the Company's foreign registered branch located in Cape Town, South Africa. United States sales are managed by Two Eleven located in Santa Clarita, California. The Company also has a wholly-owned subsidiary, Three Eleven Distribution ("Three Eleven") which was an inactive South African incorporated company until December 2008, when it acquired South African registered patents relating to products unrelated to the Leatt-Brace ® from Xceed Holdings CC ("Holdings"), a South African incorporated company controlled by the Company's founder. The Company established a new wholly-owned subsidiary, Leatt New Zealand Limited during the first fiscal quarter of 2009. This company acts as the distributor of Leatt-Brace ® products in New Zealand.

The Company has the exclusive global manufacturing and distribution rights to the Leatt-Brace® which is an injection molded neck protection system designed to prevent potentially devastating motor sport injuries to the cervical spine and neck. The patents and all rights for the Leatt-Brace® are held by Holdings except for those patents recently acquired by Three Eleven. There is a license agreement between Holdings and the Company which gives the Company the exclusive worldwide right and license to manufacture, sell and use apparatus embodying, employing and containing the Leatt-Brace® technology.

Basis of presentation

The consolidated balance sheet as of December 31, 2010 was audited. The consolidated balance sheet as of September 30, 2011 and the consolidated statements of operations for the three months ended September 30, 2011 and the nine months ended September 30, 2011, the consolidated statements of changes in stockholders' equity for the nine months ended September 30, 2011 and the related information contained in these notes have been prepared by management without audit. In the opinion of management, all adjustments (which include only normal recurring items) necessary to present fairly the financial position, results of operations and changes in stockholders' equity in conformity with generally accepted accounting principles as of September 30, 2011 and for all periods presented have been made. Interim operating results are not necessarily indicative of operating results for a full year.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's consolidated financial statements for the year ended December 31, 2010.

Market for Common Stock - In order to enhance the ability of the Company's shareholders to trade their common stock, the Company proceeded with efforts to quote its common stock on the Pink Sheets, LLC and, effective August 12, 2009, the Company's common stock commenced quotation on the Pink Sheets (Symbol: Leatt.pk) with Landenburg Thalman & Co. acting as the Company's primary market maker. Since 2011, the Pink Sheets is now formally known as "The OTC Markets Group, Inc." The Company's management believes that the current public market price of the Company's common stock does not reflect the true value of the Company, which failure is due, in part and in the opinion of the Company, to the drop in the Company's financial performance during the recession years of 2008 and 2009, the Company's common stock being a "penny stock" under current U.S. Securities and Exchange Commission or "SEC" rules, the lack of active market support from market makers and other factors. With the improving financial condition of the Company in the first two quarters of fiscal year 2011, the Company is developing a plan that will seek to enhance the information available on the Company and improve the public market liquidity and market maker support for the common stock. Such a plan's prospects are dependent in part on the Company's financial performance continuing to show profitability or improvement. While there are no assurances that such a plan will accomplish improvements in the liquidity and price of the common stock in the public markets, or that the future financial performance of the Company will improve or achieve sustained profitability, the Company intends to present such plan at the 2011 annual meeting of shareholders and to pursue the final version of the plan in the last quarter of fiscal year 2011 and into fiscal year 2012.

Critical Accounting Policies

Principles of consolidation - The accompanying consolidated financial statements include the accounts of Leatt Corporation and its wholly-owned subsidiaries: Two

Eleven Distribution, LLC, Three Eleven Distribution and Leatt New Zealand Limited. All significant intercompany transactions have been eliminated.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas involving our judgments and estimates are described below.

Revenue and Cost Recognition - All manufacturing of Leatt-Brace ® products are performed by third party subcontractors in China.

The Company records its revenue and related cost of revenue for its product sales in the United States upon shipment of the merchandise to the customer.

International sales are generally drop-shipped directly from the third party manufacturer to the Company's customers. Revenue and related cost of revenue is recognized at the time of shipment from the manufacturer's port when shipping terms are Free On Board ("FOB") shipping point or Cost and Freight ("C&F") as legal title and risk of loss to the product pass to the customer.

Short-term investments - The Company's short-term investments consists of certificates of deposit with a maturity of greater than three months but less than twelve months.

Accounts Receivable - Accounts receivable consist of amounts due to the Company from normal business activities. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables as well as historical collection information. Credit is granted to substantially all customers on an unsecured basis. In determining the amount of the allowance, management is required to make certain estimates and assumptions.

Inventory – Inventory is stated at the lower of cost or market value. Cost is determined using the first-in first-out ("FIFO") method. Inventory consists primarily of finished goods. Shipping and handling costs are included in the cost of inventory. In assessing the inventory value, the Company must make estimates and judgments regarding reserves required for product obsolescence, aging of inventory and other issues potentially affecting the saleable condition of products. In performing such evaluations, the Company utilizes historical experience as well as current market information.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is provided using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes over the estimated useful lives of the respective assets.

The estimated useful lives of assets for financial reporting purposes are as follows: moulds and tools, 2 to 5 years; computer equipment and software, 2 to 5 years; office and other equipment, 3 to 6 years; vehicles, 3 to 5 years; leasehold improvements, 3 years. The costs of improvements that extend the lives of the assets are capitalized. Repairs and maintenance are expensed as incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Impairment of Long-Lived Assets – The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows to be generated by the assets. If these assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Based on these reviews, no asset impairment charges were made to the carrying value of long-lived assets during the quarter ended September 30, 2011.

Intangible Assets – The Company's intangible assets consist of acquired patents with an indefinite useful life and are thus not amortized. Intangible assets are carried at cost less impairment. Amortization expense for the quarter ended September 30, 2011 was zero. There was no impairment of intangible assets at September 30, 2011.

Patent Costs - Legal costs in connection with approved patents (including those owned by Holdings) and patent applications are expensed as incurred and classified as professional fees in the consolidated statements of operations.

Research and Development – Research and development costs are expensed as incurred.

Foreign Currency Translation and Foreign Currency Transactions - The U.S. dollar is the Company's reporting currency. Assets and liabilities of the Company's foreign operations, consisting of its South African Branch and Leatt New Zealand Limited, denominated in its local currency, SA RAND and NEW ZEALAND DOLLAR respectively, are translated at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the rate of exchange at the date of the transaction in the applicable period. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive income in stockholders' equity. Gains and losses generated by transactions denominated in foreign currencies are recorded in the accompanying statement of operations in the period in which they occur.

Stock Based Compensation - The Company accounts for stock based compensation in accordance with the fair-value-base method set forth in FASB ASC Topic 718-10, Stock-based Compensation, which requires the measurement and recognition of compensation expense for all stock-based awards made to employees and directors, including employee stock options, based on the estimated fair values on the date of grant or the fair value of the services performed.

The Company recognizes these compensation costs, net of an estimated forfeiture rate, on a pro rata basis over the requisite service period of each vesting tranche of each award. The Company considers voluntary termination behavior as well as trends of actual option forfeitures when estimating the forfeiture rate.

Income Taxes - The Company uses the asset and liability approach to account for income taxes. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the income tax basis of assets and liabilities. A valuation allowance is applied against any net deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The provision for income taxes includes taxes currently payable, if any, plus the net change during the period in deferred tax assets and liabilities recorded by the Company.

The Company applies the provisions of FASB ASC Topic 740-10, Accounting for Uncertainty in Income Taxes ("Standard"), which provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is more likely than not of being sustained upon examination by tax authorities. An uncertain income tax position will not be recognized if it has less than 50% likelihood of being sustained. Additionally, the Standard provides guidance on derecognition, classification, interest and penalties; accounting for interim periods, disclosure and transition, and any amounts when incurred would be recorded under these provisions.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of September 30, 2011, the Company has no unrecognized tax benefits and the Company currently has no federal or state tax examinations in progress.

Fair Value of Financial Instruments - The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, short-term investments, accounts receivable, inventory, payments in advance, customer deposits, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments.

Concentration of Credit Risk - The Company maintains cash and cash equivalent balances at several financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At September 30, 2011, the Company's bank balances totaled $654,439. The Company has not experienced any significant losses on its cash and cash equivalents.

The Company's trade receivables are derived from sales to distributors and dealers. The Company has adopted credit policies and standards intended to accommodate industry growth and inherent risk. Management believes that credit risks are moderated by the diversity of the Company's end customers and geographic sales areas. The Company performs ongoing credit evaluations of its customers' financial condition and requires collateral as deemed necessary. The Company maintains allowances for potential credit losses as needed and has not experienced any significant losses related to the collection of its accounts receivable.

Commitments and Contingencies - There is no liability accrued for potential losses for the following civil lawsuits as the Company believes the claims are without merit and will vigorously defend against this action. Legal counsel appointed by the Company's insurance company is handling each of the following claims. The

Company does not believe that any of the following civil lawsuits has any merit and the Company intends to vigorously defend each civil lawsuit.

On October 28, 2009, the Company was named a defendant in a civil lawsuit filed in the Yuba County Superior Court. The claim is for alleged product defects and breach of product warranties. The matter was settled by the company's insurance carrier without expenditure of company funds.

The Company has also been named as a defendant in a lawsuit in the U.S. District Court for the Western District of Kentucky, filed on October 1, 2010. The claim is for alleged strict liability and breach of product warranties. This case has been set for trial on October 9, 2012.

The Company cannot predict at this time the outcome of any current litigation and as of the date hereof intends to defend these legal actions.

Subsequent Events - The Company has evaluated all subsequent events through the date the financial statements were released.

Results of Operations

For the quarters and nine months ended September 30, 2011 and 2010.

Revenues – For the three months ended September 30, 2011 revenues were $3,582,144 compared to $4,012,145 for the same period in 2010 – a decrease of 11%. This decrease in quarterly revenue is as a result of a change in the Company’s customer order and fulfillment cycle. Revenues for the nine months ended September 30, 2011 were $11,490,294, an increase of 17% compared to revenues of $9,825,465 for the nine months ended September 30, 2010. This increase in revenues is primarily the effect of increased worldwide selling activities as a result of new product releases, focused marketing campaigns and improved supply chain throughput. The Company continues to develop new products in order to widen its product range and markets and has appointed additional distributors worldwide in order to further improve its global distribution network.

For the nine months ended September 30, 2011 and 2010, international sales approximated 51% and 58% respectively of total sales.

Cost of revenues and gross profit - Cost of revenues and gross profit for the three months ended September 30, 2011 were $1,499,775 and $2,082,369, or 58% of sales respectively. For the same period in 2010, cost of revenues and gross profit were $1,561,043 and $2,451,102, or 61% of sales respectively. This decrease in gross profit percentage is due to changes in the Company’s product sales mix as the Company’s product range widens.

Cost of revenues and gross profit for the nine months ended September 30, 2011, were $4,518,438 and $6,971,856 or 61% of sales respectively. For the same period in 2010, cost of revenues and gross profit were $3,784,527 and $6,040,938 or 61% of sales respectively.

Salaries and wages – Salaries and wages for the quarters ended September 30, 2011 and 2010 were $526,019 and $618,686 respectively. For the nine months ended September 30, 2011 and 2010, salaries and wages were $1,576,776 and $1,975,074. This decrease in salaries and wages is the result of a reduction in the Company's corporate staff as part of a restructuring process that occurred during the 2010 fiscal year.

Commissions and consulting expense – Commissions and consulting expense for the quarters ended September 30, 2011 and 2010 were $92,085 and $123,565 respectively. This decrease in quarterly commissions and consulting expenses is due to decreased selling commissions as a result of decreased quarterly revenues. Commission and consulting expense for the nine months ended September 30, 2011 and 2010 were $378,820 and $358,951, respectively. This increase in commissions and consulting expense is primarily the effect of increased sales commissions in line with the Company's increased selling activities.

Professional fees – Professional fees for the quarters ended September 30, 2011 and 2010 were $99,973 and $422,040 respectively. Professional fees for the nine months ended September 30, 2011 and 2010 were $533,635 and $848,810, respectively. These are costs incurred for audit, tax and quarterly reporting requirements, patent protection and litigation expense, regulatory filings, product testing and certification outsourcing and other costs incurred as the Company continues to expand. This decrease in Professional fees is due to decreased patent litigation activity.

Advertising and marketing – Advertising and marketing expenses for the quarters ended September 30, 2011 and 2010 were $192,349 and $328,364 respectively. This decrease in advertising and marketing expenses is in line with the seasonal advertising campaign mentioned below. Advertising and marketing for the nine months ended September 30, 2011 and 2010, were $963,244 and $867,108, respectively. The Company places paid advertising in various motorsport magazines and sponsors a number of events and riders to increase exposure. The Company also uses employee and agent marketing and sales personnel to promote the sale of products to distributors and dealers. The increase in advertising and marketing expenditures are due to a seasonal advertising campaign that was run in order to stimulate sales throughout the year as well as increased sponsorships required as the Company expands into new sporting disciplines and markets. This advertising campaign has contributed to the increase in revenues.

Office rent and expenses – Office rent and expenses for the quarters ended September 30, 2011 and 2010 were $65,482 and $46,588 respectively. Office rent and expenses for the nine months ended September 30, 2011 and 2010 were $188,958 and $159,545 respectively. The Company currently rents premises for its operations in South Africa, New Zealand and the United States. This increase in office rent and expenses is due to annual rental escalations and warehousing rented for additional inventory requirements.

Research and development costs – Research and development costs for the quarters ended September 30, 2011 and 2010 were $323,475 and $325,707 respectively. Research and development costs for the nine months ended September 30, 2011 and 2010 were $921,056 and $837,759 respectively. Costs were incurred to review competitor products and continue to develop new products. This increase in research and development costs is primarily the effect of development costs incurred to develop the Company's 2012 product range.

General and administrative expenses – General and administrative expenses for the quarters ended September 30, 2011 and 2010 were $588,116 and $349,055 respectively. General and administrative expenses for the nine months ended September 30, 2011 and 2010, were $1,649,711 and $1,052,545 respectively. These costs consist of insurance, travel, merchant fees, telephone, office and computer supplies and other sundry expenses; with insurance and travel comprising the bulk of these expenses. The increase in general and administrative expenses is primarily the effect of significant increased product liability insurance premiums. The Company has responded to this situation by reviewing various insurance options and strategies.

Depreciation – Depreciation for the quarters ended September 30, 2011 and 2010 were $119,539 and $87,043 respectively. Depreciation for the nine months ended September 30, 2011 and 2010 was $284,173 and $253,972, respectively. This increase in depreciation is due to the implementation of the Company's ERP system at Two Eleven in line with the rest of the group as well as additional molds acquired for new products developed.

Net Income – The net income before income taxes for the quarters ended September 30, 2011 was $147,443 down from the net income before income taxes of $159,585 for the quarter ended September 30, 2010. The net income before taxes for the nine months ended September 30, 2011 was $570,175 up from the net loss of ($318,140) earned during the nine months ended September 30, 2010. This increase in net income is due primarily to the increase in selling activities discussed above as a result of intensified global sales and marketing efforts as well as new product availability.

Liquidity and Capital Resources – At September 30, 2011, the Company had cash, cash equivalents and short-term investments of $1 million. We are currently meeting our working capital needs through cash on hand as well as internally generated cash from operations.

The Company believes that cash flow from operations, along with our cash on hand, should be sufficient to meet the operating cash requirements over the next twelve month period as currently contemplated. Our long-term financing requirements depend on our growth strategy, which relates primarily to our desire to increase revenue both domestically as well as internationally.

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30 2011 Unaudited	December 31 2010 Audited
Current Assets		
Cash and cash equivalents	$ 705,391	$ 1,235,107
Short-term investments	310,018	309,235
Accounts receivable	2,471,334	2,847,813
Inventory	4,758,576	2,757,196
Payments in advance	166,468	120,150
Income tax refunds receivable	-	40,300
Deferred tax assets	54,300	54,300
Prepaid expenses and other current assets	216,113	811,803
Total current assets	8,682,200	8,175,904
Property and equipment, net	1,481,023	1,496,308
Other Assets		
Deposits	33,720	32,556
Intangible assets	99,682	99,682
Total other assets	133,402	132,238
Total Assets	$ 10,296,625	$ 9,804,450

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30 2011 Unaudited	December 31 2010 Audited
Current Liabilities		
Accounts payable and accrued expenses	$ 2,688,633	$ 1,741,013
Customer deposits	10,707	69,988
Income tax payable	299,425	-
Short term loan, net of finance charges	-	631,430
Total current liabilities	2,998,765	2,442,431
Deferred tax liabilities	110,988	112,400
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $.001 par value, 28,000,000 shares authorized, 3,000,000 issued and outstanding	3,000	3,000
Common stock, $.001 par value, 700,000,000 shares authorized, 130,007,807 and 131,167,225 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	130,008	131,167
Additional paid - in capital	7,286,865	7,367,123
Accumulated other comprehensive income	226,376	526,281
Accumulated deficit	(459,377)	(777,952)
Total stockholders' equity	7,186,872	7,249,619
Total Liabilities and Stockholders' Equity	$ 10,296,625	$ 9,804,450

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30		Nine Months Ended September 30	
	2011 Unaudited	2010 Unaudited	2011 Unaudited	2010 Unaudited
Revenues	$ 3,582,144	$ 4,012,145	$ 11,490,294	$ 9,825,465
Cost of Revenues	1,499,775	1,561,043	4,518,438	3,784,527
Gross Profit	2,082,369	2,451,102	6,971,856	6,040,938
Operating Expenses				
Salaries and wages	526,019	618,686	1,576,776	1,975,074
Commissions and consulting expenses	92,085	123,565	378,820	358,951
Professional fees	99,973	422,040	533,635	848,810
Advertising and marketing	192,349	328,364	963,244	867,108
Office rent and expenses	65,482	46,588	188,958	159,545
Research and development costs	323,475	325,707	921,056	837,759
Bad debt expense	-	-	2,043	-
General and administrative expenses	588,116	349,055	1,649,711	1,052,545
Depreciation	119,539	87,043	284,173	253,972
Total operating expenses	2,007,038	2,301,048	6,498,416	6,353,764
Income / Loss from Operations	75,331	150,054	473,440	(312,826)
Other Income (Expense)				
Interest and other income, net	78,652	1,758	103,275	4,442
Other expenses, net	(6,540)	7,773	(6,540)	(9,756)
Total other income (expense)	72,112	9,531	96,735	(5,314)
Income / Loss Before Income Taxes	147,443	159,585	570,175	(318,140)
Income Taxes	-	-	251,600	2,400
Net Income / Loss Available to Common Shareholders	$ 147,443	$ 159,585	$ 318,575	$ (320,540)
Net Income / Loss per Common share				
Basic	$ 0.0011	$ 0.0012	$ 0.0024	$ 0.00
Diluted	$ 0.0011	$ 0.0012	$ 0.0024	$ 0.00
Weighted Average Number of Common Shares Outstanding				
Basic	130,007,807	132,255,669	130,270,410	132,255,669
Diluted	130,007,807	132,255,669	130,270,410	132,255,669
Comprehensive Income (Loss)				
Net Income / Loss	$ 147,443	$ 159,585	$ 318,575	$ (320,540)
Other comprehensive income (loss) net of $-0- income taxes				
Foreign currency translation	(282,987)	175,626	(299,905)	103,170
Total Comprehensive Income / Loss	$ (135,544)	$ 335,211	$ 18,670	$ (217,370)

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011

	Preferred Stock A		Common Stock		Additional	Accumulated Other Comprensive	(Accumulated	
	Shares	Amount	Shares	Amount	Paid - In Capital	Income	Deficit)	Total
Balance, January 1, 2011	3,000,000	$ 3,000	131,167,225	$ 131,167	$ 7,367,123	$ 526,281	$ (777,952)	$ 7,249,619
Repurchase of common stock	-	-	(1,159,418)	(1,159)	(80,258)	-	-	(81,417)
Net income	-	-	-	-	-	-	318,575	318,575
Foreign currency translation adjustment	-	-	-	-	-	(299,905)	-	(299,905)
Balance, September 30, 2011	3,000,000	$ 3,000	130,007,807	$ 130,008	$ 7,286,865	$ 226,376	$ (459,377)	$ 7,186,872