LEATT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 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, based on the Leatt-Brace ® system, a patented neck protection system for all helmeted sports. The Company's products are manufactured in 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 the Leatt-Brace ® 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 the Leatt-Brace ® 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 March 31, 2011 and the consolidated statements of operations for the three months ended March 31, 2011 and 2010, the consolidated statements of changes in stockholders' equity for the three months ended March 31, 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 March 31, 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 commons stock on the Pink Sheets, LLC and, effective August 12, 2009, the Company's common stock commenced quotation on the Pink Sheets (Symbol: Leat.pk) with Ladenburg Thalman & Co. acting as the Company's primary market maker. Since 2011, the Pink Sheets is now formally known as "The OTC Markets, Inc."

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 the Leatt-Brace ® is 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 March 31, 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 March 31, 2011 was zero. There was no impairment of intangible assets at March 31, 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 March 31, 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 March 31, 2011, the Company's bank balances totaled $1,143,826. 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 three 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. This case has been set for trial on September 20, 2011.

On March 11, 2009, the Company was named a Defendant in a lawsuit filed in the United States District Court for the Eastern District of Kentucky. The claim is for alleged defective product design and breach of product warranties. This case has been set for trial for July 25, 2011.

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.

The Company's insurer initially filed a declaratory judgment in federal court to seek a court declaratory judgment that the insurer did not have to provide any coverage for the lawsuit in the U.S. District Court for the Western District of Kentucky. This matter has been settled between the parties. The settlement results in the insurer providing coverage and legal defense coverage for the pending product-personal injury liability lawsuit in the U.S. District Court for the Western District of Kentucky.

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

Results of Operations

For the three months ended March 31, 2011 and 2010.

Revenues – For the period ended March 31, 2011 revenues were $2,924,698 compared to $2,953,380 for the same period in 2010 – a decrease of 0.97%. This marginal decrease is primarily the effect of shipments that were not able to ship due to the Company's primary manufacturers over the Chinese New Year period. Product that did not ship during this period will ship in the forthcoming quarter. The company has responded to this situation by refining shipping and logistics processes. 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 three months ended March 31, 2011 and 2010 international sales approximated 57% and 51% respectively of total sales.

Cost of revenues and gross profit - Cost of revenues and gross profit for the period ended March 31, 2011 were $1,045,164 and $1,879,534, or 64% of sales respectively. For the same period in 2010, cost of revenues and gross profit were $1,151,463 and $1,801,917, or 61% of sales respectively. This increase in gross profit percentage is due to changes in the Company's product sales mix and improved efficiency of the company's shipping function.

Salaries and wages – Salaries and wages for the period ended March 31, 2011 and 2010 were $463,173 and $682,020 respectively. This decrease in salaries and wages is the result of a reduction in the company's corporate staff as part of a restructuring process.

Commissions and consulting expense – Commissions and consulting expense for the periods ended March 31, 2011 and 2010 were $138,448 and $130,487 respectively. This increase in commissions and consulting expense is primarily the effect of consulting activities aimed at streamlining core functions.

Professional fees – Professional fees for the periods ended March 31, 2011 and 2010 were $257,567 and $229,312 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 increase in professional fees is primarily the effect of increased product development activity which has resulted in additional patent maintenance and certification costs.

Advertising and marketing – Advertising and marketing expenses for the periods ended March 31, 2011 and 2010 were $371,050 and $261,730 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 is due to a pre season 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.

Office rent and expenses – Office rent and expenses for the periods ended March 31, 2011 and 2010 were $66,687 and $60,212 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.

Research and development costs – Research and development costs for the periods ended March 31, 2011 and 2010 were $262,338 and $247,282 respectively. Costs were incurred to review competitor products and continue to develop new products.

General and administrative expenses – General and administrative expenses for the periods ended March 31, 2011 and 2010 were $470,034 and $290,166 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. This 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 all insurance premiums.

Depreciation – Depreciation for the periods ended March 31, 2011 and 2010 were $73,340 and $86,298 respectively. This decrease in depreciation is due to assets that were fully written off in fiscal year 2010.

Net Loss – The net loss before income tax for the period ended March 31, 2011 was $217,634 up from net loss before income taxes of $183,932 for the period ended March 31, 2011. The decrease in net income is due primarily to the relatively low revenues discussed above as well as the effect of increased product liability insurance premiums and the advertising campaign aimed at improving sales. Management is confident that intensified global sales and marketing efforts, new products as well as the restructuring will have a positive effect on net income going forward.

Liquidity and Capital Resources – At March 31, 2011, the Company had cash, cash equivalents and short-term investments of $1.5 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

	March 31 2011 Unaudited	December 31 2010 Audited
Current Assets		
Cash and cash equivalents	$ 1,214,574	$ 1,235,107
Short-term investments	309,594	309,235
Accounts receivable	1,928,658	2,847,813
Inventory	3,266,179	2,757,196
Payments in advance	160,021	120,150
Income tax refunds receivable	-	40,300
Deferred tax assets	54,300	54,300
Prepaid expenses and other current assets	570,520	811,803
Total current assets	7,503,846	8,175,904
Property and equipment, net	1,433,442	1,496,308
Other Assets		
Deposits	34,804	32,556
Intangible assets	99,682	99,682
Total other assets	134,486	132,238
Total Assets	$ 9,071,774	$ 9,804,450

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31 2011 Unaudited	December 31 2010 Audited
Current Liabilities		
Accounts payable and accrued expenses	$ 1,675,518	$ 1,741,013
Customer deposits	73,581	69,988
Income tax payable	49,425	-
Short term loan, net of finance charges	283,501	631,430
Total current liabilities	2,082,025	2,442,431
Deferred tax liabilities	112,140	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, 130,030,103 and 131,167,225 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	130,030	131,167
Additional paid - in capital	7,288,505	7,367,123
Accumulated other comprehensive income	452,460	526,281
Accumulated deficit	(996,386)	(777,952)
Total stockholders' equity	6,877,609	7,249,619
Total Liabilities and Stockholders' Equity	$ 9,071,774	$ 9,804,450

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31 2011 Unaudited	Three Months Ended March 31 2010 Unaudited
Revenues	$ 2,924,698	$ 2,953,380
Cost of Revenues	1,045,164	1,151,463
Gross Profit	1,879,534	1,801,917
Operating Expenses		
Salaries and wages	463,173	682,020
Commissions and consulting expenses	138,448	130,487
Professional fees	257,567	229,312
Advertising and marketing	371,050	261,730
Office rent and expenses	66,687	60,212
Research and development costs	262,338	247,282
General and administrative expenses	470,034	290,166
Depreciation	73,340	86,298
Total operating expenses	2,102,637	1,987,507
Loss from Operations	(223,103)	(185,590)
Other Income		
Interest and other income, net	5,469	1,658
Total other income	5,469	1,658
Loss Before Income Taxes	(217,634)	(183,932)
Income Taxes	800	2,400
Net Loss Available to Common Shareholders	$ (218,434)	$ (186,332)
Net Loss per Common share		
Basic	$ 0.00	$ 0.00
Diluted	$ 0.00	$ 0.00
Weighted Average Number of Common Shares Outstanding		
Basic	130,030,103	132,255,669
Diluted	130,030,103	132,255,669
Comprehensive Income (Loss)		
Net Loss	$ (218,434)	$ (186,332)
Other comprehensive loss net of $-0- income taxes		
Foreign currency translation	(73,821)	(600)
Total Comprehensive Loss	$ (292,255)	$ (186,932)

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
AS OF AND FOR THE PERIOD ENDED MARCH 31, 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	-	-	(1,137,122)	(1,137)	(78,618)	-	-	(79,755)
Net loss	-	-	-	-	-	-	(218,434)	(218,434)
Foreign currency translation adjustmen	-	-	-	-	-	(73,821)	-	(73,821)
Balance, March 31, 2011	3,000,000	$ 3,000	130,030,103	$ 130,030	$ 7,288,505	$ 452,460	$ (996,386)	$ 6,877,609