

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2016	December 31, 2015
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 1,416,725	\$ 1,054,750
Short-term investments	58,180	58,172
Accounts receivable	2,426,114	2,901,699
Inventory	4,016,116	4,241,140
Payments in advance	336,465	208,030
Prepaid expenses and other current assets	867,060	1,070,774
Total current assets	<u>9,120,660</u>	<u>9,534,565</u>
Property and equipment, net	1,236,790	1,313,325
Deferred tax asset	115,000	115,000
Other Assets		
Other receivables	60,000	90,000
Deposits	16,704	16,493
Intangible assets	62,749	61,273
Total other assets	<u>139,453</u>	<u>167,766</u>
Total Assets	<u>\$ 10,611,903</u>	<u>\$ 11,130,656</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 2,068,117	\$ 2,560,980
Income taxes payable	245,800	384,950
Short term loan, net of finance charges	441,128	658,639
Total current liabilities	<u>2,755,045</u>	<u>3,604,569</u>
Deferred tax liabilities	73,000	73,000
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, 5,297,043 and 5,231,823 shares issued and outstanding	130,079	130,040
Additional paid - in capital	7,541,485	7,346,782
Accumulated other comprehensive loss	(686,983)	(710,032)
Retained earnings	796,277	683,297
Total stockholders' equity	<u>7,783,858</u>	<u>7,453,087</u>
Total Liabilities and Stockholders' Equity	<u>\$ 10,611,903</u>	<u>\$ 11,130,656</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended March 31	
	2016 Unaudited	2015 Unaudited
Revenues	\$ 4,827,492	\$ 4,021,455
Cost of Revenues	<u>2,313,657</u>	<u>1,844,195</u>
Gross Profit	<u>2,513,835</u>	<u>2,177,260</u>
Product Royalty Income	13,882	51,533
Operating Expenses		
Salaries and wages	681,302	606,178
Commissions and consulting expenses	166,071	185,908
Professional fees	181,659	214,773
Advertising and marketing	361,593	261,442
Office rent and expenses	64,190	60,508
Research and development costs	342,815	292,717
Bad debt expense	2,827	-
General and administrative expenses	446,946	425,216
Depreciation	<u>104,517</u>	<u>92,803</u>
Total operating expenses	<u>2,351,920</u>	<u>2,139,545</u>
Income from Operations	<u>175,797</u>	<u>89,248</u>
Other Income / Expenses		
Interest and other income, net	<u>(1,941)</u>	<u>442</u>
Total other income / expenses	<u>(1,941)</u>	<u>442</u>
Income Before Income Taxes	173,856	89,690
Income Taxes	<u>60,876</u>	<u>35,585</u>
Net Income Available to Common Shareholders	<u>\$ 112,980</u>	<u>\$ 54,105</u>
Net Income per Common Share		
Basic	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.02</u>	<u>\$ 0.01</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,233,272</u>	<u>5,200,623</u>
Diluted	<u>5,545,027</u>	<u>5,467,160</u>
Comprehensive Income		
Net Income	\$ 112,980	\$ 54,105
Other comprehensive income, net of \$0 and \$0 deferred income taxes in 2016 and 2015		
Foreign currency translation	<u>23,049</u>	<u>(46,469)</u>
Total Comprehensive Income	<u>\$ 136,029</u>	<u>\$ 7,636</u>