

Leatt Corp  
Form 10-Q  
November 10, 2016

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period ended: **September 30, 2016**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **000-54693**

**LEATT CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Nevada**

*(State or other jurisdiction of incorporation or  
organization)*

**20-2819367**

*(I.R.S. Employer Identification No.)*

**50 Kiepersol Drive, Atlas Gardens, Contermanskloof Road,  
Durbanville, Western Cape, South Africa, 7441**

*(Address of principal executive offices)*

**+(27) 21-557-7257**

*(Registrant's telephone number, including area code)*

\_\_\_\_\_  
*(Former name, former address and former fiscal year, if changed since last report)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§

Edgar Filing: Leatt Corp - Form 10-Q

232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of each of the issuer's classes of common stock, as of November 7, 2016 is as follows:

<u>Class of Securities</u>	<u>Shares Outstanding</u>
<b>Common Stock, \$0.001 par value</b>	<b>5,362,992</b>

---

LEATT CORPORATION

*Quarterly Report on Form 10-Q*  
*Three Months and Nine Months Ended September 30, 2016*

TABLE OF CONTENTS

<u>PART I</u>	<u>1</u>
<u>FINANCIAL INFORMATION</u>	<u>1</u>
<b><u>ITEM 1. FINANCIAL STATEMENTS.</u></b>	<u>1</u>
<b><u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.</u></b>	<u>11</u>
<b><u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.</u></b>	<u>21</u>
<b><u>ITEM 4. CONTROLS AND PROCEDURES.</u></b>	<u>21</u>
<u>PART II</u>	<u>21</u>
<u>OTHER INFORMATION</u>	<u>21</u>
<b><u>ITEM 1. LEGAL PROCEEDINGS.</u></b>	<u>21</u>
<b><u>ITEM 1A. RISK FACTORS.</u></b>	<u>22</u>
<b><u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.</u></b>	<u>22</u>
<b><u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES.</u></b>	<u>22</u>
<b><u>ITEM 4. MINE SAFETY DISCLOSURES.</u></b>	<u>22</u>
<b><u>ITEM 5. OTHER INFORMATION.</u></b>	<u>22</u>
<b><u>ITEM 6. EXHIBITS.</u></b>	<u>23</u>

PART I  
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

LEATT CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 and 2015

	<b>Page(s)</b>
Financial Statements	
<u>Consolidated Balance Sheets</u>	<u>2</u>
<u>Consolidated Statements of Operations and</u>	<u>3</u>
<u>Comprehensive Income</u>	
<u>Consolidated Statement of Changes in Stockholders'</u>	<u>4</u>
<u>Equity</u>	
<u>Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Notes to Consolidated Financial Statements</u>	<u>6 - 7</u>

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

**ASSETS**

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 953,418	\$ 1,054,750
Short-term investments	58,190	58,172
Accounts receivable	3,258,193	2,901,699
Inventory	3,984,453	4,241,140
Payments in advance	531,653	208,030
Prepaid expenses and other current assets	492,388	1,070,774
Total current assets	9,278,295	9,534,565
Property and equipment, net	1,144,179	1,313,325
Deferred tax asset	115,000	115,000
<b>Other Assets</b>		
Other receivables	-	90,000
Deposits	24,854	16,493
Intangible assets	68,703	61,273
Total other assets	93,557	167,766
<b>Total Assets</b>	<b>\$ 10,631,031</b>	<b>\$ 11,130,656</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,471,045	\$ 2,560,980
Income taxes payable	222,537	384,950
Short term loan, net of finance charges	38,636	658,639
Total current liabilities	2,732,218	3,604,569
Deferred tax liabilities	73,000	73,000
<b>Commitments and contingencies</b>		
<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, 5,362,992 and 5,231,823 shares issued and outstanding	130,053	130,040
Additional paid - in capital	7,467,978	7,346,782
Accumulated other comprehensive loss	(599,295)	(710,032)
Retained earnings	824,077	683,297
Total stockholders' equity	7,825,813	7,453,087
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 10,631,031</b>	<b>\$ 11,130,656</b>

See accompanying notes to consolidated financial statements.

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

	Three Months Ended September 30		Nine Months Ended September 30	
	2016 Unaudited	2015 Unaudited	2016 Unaudited	2015 Unaudited
Revenues	\$ 4,631,557	\$ 4,655,450	\$ 13,152,964	\$ 13,869,961
Cost of Revenues	2,183,072	2,201,924	6,206,741	6,407,946
Gross Profit	2,448,485	2,453,526	6,946,223	7,462,015
Product Royalty Income	16,224	75,268	69,755	147,469
<b>Operating Expenses</b>				
Salaries and wages	548,829	501,156	1,754,043	1,649,801
Commissions and consulting expenses	144,480	108,020	444,472	445,396
Professional fees	110,700	126,407	363,018	587,572
Advertising and marketing	502,522	504,017	1,216,916	1,128,772
Office rent and expenses	66,593	60,775	193,745	183,826
Research and development costs	402,924	298,200	1,083,983	884,583
Bad debt expense (recovery)	16,216	59,314	(6,341)	78,775
General and administrative expenses	505,194	435,517	1,466,992	1,349,849
Depreciation	103,586	95,677	314,584	279,953
Total operating expenses	2,401,044	2,189,083	6,831,412	6,588,527
Income from Operations	63,665	339,711	184,566	1,020,957
<b>Other Income (Expense)</b>				
Interest and other income (expense), net	(3,270)	18,840	65,539	26,821
Total other income (expense)	(3,270)	18,840	65,539	26,821
Income Before Income Taxes	60,395	358,551	250,105	1,047,778
Income Taxes	21,139	179,585	109,325	390,770
Net Income Available to Common Shareholders	\$ 39,256	\$ 178,966	\$ 140,780	\$ 657,008
<b>Net Income per Common Share</b>				
Basic	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.13
Diluted	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.12
<b>Weighted Average Number of Common Shares Outstanding</b>				
Basic	5,524,078	5,231,823	5,342,648	5,211,370
Diluted	5,662,540	5,542,844	5,481,109	5,522,391
<b>Comprehensive Income</b>				

Edgar Filing: Leatt Corp - Form 10-Q

Net Income	\$	39,256	\$	178,966	\$	140,780	\$	657,008
Other comprehensive income, net of \$0 and \$0 deferred income taxes in 2016 and 2015								
Foreign currency translation		78,818		(138,140)		110,737		(225,031)
Total Comprehensive Income	\$	118,074	\$	40,826	\$	251,517	\$	431,977

See accompanying notes to consolidated financial statements

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

	Preferred Stock A Shares	Amount	Common Stock Shares	Amount	Additional Paid - In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance, January 1, 2016	120,000	\$ 3,000	5,231,823	\$ 130,040	\$ 7,346,782	\$ (710,032)	\$ 683,297	\$ 7,453,087
Compensation cost recognized in connection with stock options	-	-	-	-	155,742	-	-	155,742
Exercise of stock options	-	-	39,000	39	38,961	-	-	39,000
Options exercised on a cashless basis	-	-	118,620	-	-	-	-	-
Cancellation of shares	-	-	(26,451)	(26)	(73,507)	-	-	(73,533)
Net income	-	-	-	-	-	-	140,780	140,780