

Leatt Corp  
Form 10-Q  
November 10, 2015

---

**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, 2015**

☐ 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 [ \* ], 2015 is as follows:

<u>Class of Securities</u>	<u>Shares Outstanding</u>
<b><u>Common Stock, \$0.001 par value</u></b>	<b><u>5,231,823</u></b>

---

**LEATT CORPORATION**

***Quarterly Report on Form 10-Q***  
***Three Months and Nine months Ended September 30, 2015***

**TABLE OF CONTENTS**

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

PART I  
FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

**LEATT CORPORATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 and 2014**

	<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 (Loss)</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>

- 1 -

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

**ASSETS**

	September 30, 2015 Unaudited	December 31, 2014 Audited
Current Assets		
Cash and cash equivalents	\$ 647,191	\$ 724,707
Short-term investments	58,159	58,153
Accounts receivable	3,708,170	4,239,298
Inventory	3,646,222	3,403,854
Payments in advance	310,136	345,406
Income tax refunds receivable	299	25,299
Deferred tax asset	108,000	108,000
Prepaid expenses and other current assets	439,044	994,003
Total current assets	8,917,221	9,898,720
Property and equipment, net	903,888	995,537
Other Assets		
Other receivables	120,000	210,000
Deposits	16,879	17,980
Intangible assets	67,294	81,323
Total other assets	204,173	309,303
Total Assets	\$ 10,025,282	\$ 11,203,560

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Edgar Filing: Leatt Corp - Form 10-Q

<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$	1,859,720	\$ 2,980,885
Income taxes payable		399,000	331,000
Short term loan, net of finance charges		37,226	626,129
Total current liabilities		2,295,946	3,938,014
Deferred tax liabilities		87,603	88,468
<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, 5,231,823 and 5,200,623 shares issued and outstanding as of September 30, 2015 and December 31, 2014		130,040	130,008
Additional paid - in capital		7,346,782	7,314,136
Accumulated other comprehensive loss		(603,462)	(378,431)
Retained earnings		765,373	108,365
Total stockholders' equity		7,641,733	7,177,078
Total Liabilities and Stockholders' Equity	\$	10,025,282	\$ 11,203,560

See accompanying notes to consolidated financial statements

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

	Three Months Ended September 30		Nine Months Ended September 30	
	2015 Unaudited	2014 Unaudited	2015 Unaudited	2014 Unaudited
Revenues	\$ 4,655,450	\$ 3,468,761	\$ 13,869,961	\$ 11,159,630
Cost of Revenues	2,201,924	1,584,460	6,407,946	5,070,624
Gross Profit	2,453,526	1,884,301	7,462,015	6,089,006
Product Royalty Income	75,268	65,083	147,469	136,346
Operating Expenses				
Salaries and wages	501,156	547,955	1,649,801	1,651,178
Commissions and consulting expenses	108,020	134,692	445,396	441,943
Professional fees	126,407	209,168	587,572	823,690
Advertising and marketing	504,017	320,449	1,128,772	995,502
Office rent and expenses	60,775	61,807	183,826	183,792
Research and development costs	298,200	288,904	884,583	903,231
Bad debt expense	59,314	16,357	78,775	38,652
General and administrative expenses	435,517	565,004	1,349,849	1,611,242
Depreciation	95,677	67,075	279,953	214,583
Total operating expenses	2,189,083	2,211,411	6,588,527	6,863,813
Income (Loss) from Operations	339,711	(262,027)	1,020,957	(638,461)
Other Income (Expense)				
Interest and other income (expense), net	18,840	(914)	26,821	4,680
Total other income (expense)	18,840	(914)	26,821	4,680
Income (Loss) Before Income Taxes	358,551	(262,941)	1,047,778	(633,781)
Income Taxes	179,585	250	390,770	130
Net Income (Loss) Available to Common Shareholders	\$ 178,966	\$ (263,191)	\$ 657,008	\$ (633,911)
Net Income (Loss) per Common Share				
Basic	\$ 0.03	\$ (0.05)	\$ 0.13	\$ (0.12)
Diluted	\$ 0.03	\$ (0.05)	\$ 0.12	\$ (0.12)

Edgar Filing: Leatt Corp - Form 10-Q

Weighted Average Number of Common Shares Outstanding							
Basic	5,231,823		5,200,623		5,211,370		5,200,623
Diluted	5,542,844		5,200,623		5,522,391		5,200,623
Comprehensive Income (Loss)							
Net Income (Loss)	\$ 178,966	\$	(263,191)	\$	657,008	\$	(633,911)
Other comprehensive income (loss), net of \$0 and \$0 deferred income taxes in 2015 and 2014							
Foreign currency translation	(138,140)		(102,235)		(225,031)		(93,180)
Total Comprehensive Income (Loss)	\$ 40,826	\$	(365,426)	\$	431,977	\$	(727,091)

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, 2015**

	Preferred Stock A		Common Stock		Additional	Accumulated Other Comprehensive	Retained	Total
	Shares	Amount	Shares	Amount	Paid - In Capital	Loss	Earnings	
Balance, January 1, 2015	120,000	\$ 3,000	5,200,623	\$ 130,008	\$ 7,314,136	\$ (378,431)	\$ 108,365	\$ 7,177,078
Compensation cost recognized in connection with stock options	-	-	-	-	1,478	-	-	1,478
Exercise of stock options	-	-	31,200	32	31,168	-	-	31,200
Net income	-	-	-	-	-	-	657,008	657,008
Foreign currency translation adjustment	-	-	-	-	-	(225,031)	-	(225,031)
Balance, September 30, 2015	120,000	\$ 3,000	5,231,823	\$ 130,040	\$ 7,346,782	\$ (603,462)	\$ 765,373	\$ 7,641,733

See accompanying notes to consolidated financial statements

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
Cash flows from operating activities		
Net income (loss)	\$ 657,008	\$ (633,911)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	279,953	214,583
Deferred income taxes	(865)	(380)
Stock-based compensation	1,478	2,427
Bad debts		