

Leatt Corp
Form 10-Q
August 14, 2014

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: **June 30, 2014**

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 (§

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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 (Do not check if a smaller reporting company) 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

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The number of shares outstanding of each of the issuer's classes of common stock, as of August 11, 2014 is as follows:

<u>Class of Securities</u>	<u>Shares Outstanding</u>
<u>Common Stock, \$0.001 par value</u>	<u>5,200,623</u>

LEATT /CORPORATION

*Quarterly Report on Form 10-Q
Three and Six Months Ended June 30, 2014*

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

LEATT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014 AND 2013

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LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

	June 30 2014	December 31
	Unaudited	2013
		Audited
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 640,184	\$ 835,012
Short-term investments	58,142	58,130
Accounts receivable	2,272,757	3,139,273
Inventory	3,458,175	3,259,274
Payments in advance	479,454	144,302
Income tax refunds receivable	299	299
Deferred tax asset	110,000	110,000
Prepaid expenses and other current assets	611,004	1,092,450
Total current assets	7,630,015	8,638,740
Property and equipment, net	844,039	891,728
Other Assets		
Other receivables	270,000	330,000
Deposits	17,264	19,469
Intangible assets	89,189	89,960
Total other assets	376,453	439,429
Total Assets	\$ 8,850,507	\$ 9,969,897
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,824,556	\$ 2,076,809
Short-term loan, net of finance charges	325,883	833,735
Total current liabilities	2,150,439	2,910,544
Deferred tax liabilities	40,633	40,680
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, 5,200,623 shares issued and outstanding	130,008	130,008
Additional paid - in capital	7,309,942	7,307,515
Accumulated other comprehensive loss	(102,809)	(111,864)
Accumulated deficit	(680,706)	(309,986)
Total stockholders' equity	6,659,435	7,018,673
Total Liabilities and Stockholders' Equity	\$ 8,850,507	\$ 9,969,897

See accompanying notes to consolidated financial statements

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LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2014	2013	2014	2013
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$ 4,167,394	\$ 3,616,598	\$ 7,690,869	\$ 6,864,645
Cost of Revenues	1,858,390	1,830,720	3,486,164	3,483,754
Gross Profit	2,309,004	1,785,878	4,204,705	3,380,891
Product Royalty Income	50,448	142,224	71,263	179,686
Operating Expenses				
Salaries and wages	576,177	552,501	1,103,223	1,131,641
Commissions and consulting expenses	141,234	159,996	307,251	283,169
Professional fees	280,466	451,516	614,522	816,111
Advertising and marketing	389,659	403,688	675,053	730,325
Office rent and expenses	61,867	59,411	121,985	132,814
Research and development costs	333,035	276,747	614,327	565,605
Bad debt expense	223	-	22,295	-
General and administrative expenses	541,284	559,511	1,046,238	1,100,684
Depreciation	69,989	97,429	147,508	191,455
Total operating expenses	2,393,934	2,560,799	4,652,402	4,951,804
Loss from Operations	(34,482)	(632,697)	(376,434)	(1,391,227)
Other Income (Expense)				
Interest and other income (expense), net	4,528	(2,647)	5,594	1,142
Total other income (expense)	4,528	(2,647)	5,594	1,142
Loss Before Income Taxes	(29,954)	(635,344)	(370,840)	(1,390,085)
Income Taxes	(120)	920	(120)	920
Net Loss Available to Common Shareholders	\$ (29,834)	\$ (636,264)	\$ (370,720)	\$ (1,391,005)
Net Loss per Common Share				
Basic	\$ (0.01)	\$ (0.12)	\$ (0.07)	\$ (0.27)
Diluted	\$ (0.01)	\$ (0.12)	\$ (0.07)	\$ (0.27)
Weighted Average Number of Common Shares Outstanding				
Basic	5,200,623	5,200,623	5,200,623	5,200,623
Diluted	5,200,623	5,200,623	5,200,623	5,200,623
Comprehensive Loss				
Net Loss	\$ (29,834)	\$ (636,264)	\$ (370,720)	\$ (1,391,005)

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Other comprehensive loss, net of \$-0-
deferred income taxes in 2014 and 2013

Foreign currency translation	3,884	(101,109)	9,055	(216,534)
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Total Comprehensive Loss	\$ (25,950)	\$ (737,373)	\$ (361,665)	\$ (1,607,539)
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See accompanying notes to consolidated financial statements

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LEATT CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2014

	Preferred Stock A		Common Stock		Additional Paid - In Capital	Accumulated Other Comprehensive	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount		Income (Loss)		
Balance, January 1, 2014	120,000	\$ 3,000	5,200,623	\$ 130,008	\$ 7,307,515	\$ (111,864)	\$ (309,986)	\$ 7,018,673
Compensation cost recognized in connection with stock options	-	-	-	-	2,427	-	-	2,427
Net loss	-	-	-	-	-	-	(370,720)	(370,720)
Foreign currency translation adjustment	-	-	-	-	-	9,055	-	9,055
Balance, June 30, 2014	120,000	\$ 3,000	5,200,623	\$ 130,008	\$ 7,309,942	\$ (102,809)	\$ (680,706)	\$ 6,659,435

See accompanying notes to consolidated financial statements

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash flows from operating activities		
Net loss	\$ (370,720)	\$ (1,391,005)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	147,508	191,455
Deferred income taxes	(47)	(971)
Stock-based compensation	2,427	-
Inventory reserve	165,165	-
Gain on sale of property and equipment	(3,938)	366
(Increase) decrease in:		
Accounts receivable	866,516	734,333
Inventory	(364,066)	465,887
Payments in advance	(335,152)	48,131
Prepaid expenses and other current assets	481,446	521,152
Other receivables	60,000	-
Deposits	2,205	2,873
Increase (decrease) in:		
Accounts payable and accrued expenses	(252,253)	62,247