

**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 March 31, 2010

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 for the transition period from _____ to _____

Commission file number 000-15303

Leo Motors, Inc.

(Exact name of registrant as specified in its charter)

Delaware 95-3909667

(State or other jurisdiction of incorporation or organization) (I. R. S. Employer Identification No.)

291-1, Hasangok-dong, Hanam City, Gyeonggi-do, Republic of Korea 465-250

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code +82 31 796 8805

n/a

(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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(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 of the registrant's common stock outstanding as of March 31, 2010 was 50,783,115 shares.

LEO MOTORS, INC.

INDEX TO QUARTERLY REPORT ON FORM 10-Q

PART I. FINANCIAL INFORMATION

Page No.

Item 1.	Consolidated Interim Financial Statements (Unaudited)	
	Consolidated Balance Sheets at March 31, 2010 (unaudited)	F-3
	Consolidated Statements of Operations for the three months ended March 31, 2010 (Unaudited)	F-4
	Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2010 (unaudited).....	F-5
	Consolidated Statement of Cash Flows for the three months ended March 31, 2010 (Unaudited)	F-6
	Notes to Condensed Consolidated Interim Financial Statements (unaudited)	F-7
Item 2.	Management's Discussion and Analysis.....	17
Item 3.	Quantitative and Qualitative Disclosures about Market Risk.....	21
Item 4.	Controls and Procedures	21

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings.....	22
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds.....	22
Item 3.	Defaults Upon Senior Securities.....	22
Item 4.	Submission of Matters to a Vote of Security Holders	22
Item 5.	Other Information	22
Item 6.	Exhibits.....	23
	Signatures.....	23

PART I. FINANCIAL INFORMATION.

ITEM 1. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

LEO MOTORS, INC.
(a development stage company)
CONSOLIDATED BALANCE SHEETS
March 31, 2010

	<u>March 31, 2010</u>	<u>December 31, 2010</u>
	(Unaudited)	(Audited)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 80,525	\$ 499,025
Accounts Receivable - net	8,857	244,670
Short-term loan	240,735	-
Advance payments	191,176	-
Inventory	810,198	395,001
Prepaid costs and other current assets	<u>113,402</u>	<u>151,067</u>
TOTAL CURRENT ASSETS	1,444,893	1,289,763
 Fixed assets- net of accumulated depreciation	 196,518	 157,981
Intangible assets	1,368,538	-
Investment in a subsidiary	10,850,000	-
Deposit	<u>88,407</u>	<u>107,640</u>
TOTAL OTHER ASSETS	<u>12,503,463</u>	<u>265,621</u>
TOTAL ASSETS	<u><u>13,948,356</u></u>	<u><u>1,555,384</u></u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
Commitments and Contingencies		
CURRENT LIABILITIES		
Short term borrowings	\$ 442,870	\$ 428,229
Accounts payable and accrued expenses	97,937	433,004
Accrued payroll	300,000	-
Other payables	6,777	5,847
Taxes Payable	-	-
Payments received in advance from customers	<u>912,626</u>	<u>296,167</u>
TOTAL CURRENT LIABILITIES	1,760,210	1,163,247
Accrued severance benefits	<u>62,695</u>	<u>30,030</u>
TOTAL LIABILITIES	1,822,905	1,193,277
 Minority interest	 940,145	 1,020,428
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, Authorized 100,000,000 Shares, \$0.001 par value, 50,783,115 and 40,708,115 , shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively	50,783	40,708
Additional paid-in capital	19,262,835	3,964,160
Comprehensive income (Loss)	576,588	406,476
Deficit	<u>(8,704,900)</u>	<u>(5,069,666)</u>
TOTAL STOCKHOLDERS' Deficit	<u>11,185,306</u>	<u>(658,322)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u><u>\$ 13,948,356</u></u>	<u><u>\$ 1,555,383</u></u>

The notes are an integral part of these financial statements

LEO MOTORS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

For the Three months Ended March 31, 2010 and 2008

(Unaudited)

	For the 3-Months Ended March 31,	
	<u>2010</u>	<u>2009</u>
Sales	\$ 12,463	\$ 359,881
TOTAL SALES	12,463	359,881
COST OF SALES	<u>7,340</u>	<u>208,203</u>
GROSS PROFIT	5,123	151,678
EXPENDITURES :		
Salaries and benefits	4,476,891	26,214
Consulting and service fees	142,975	34,552
Selling , general and administrative	<u>108,938</u>	<u>2,201,662</u>
TOTAL EXPENDITURES	<u>4,728,804</u>	<u>2,262,428</u>
NET LOSS FROM OPERATIONS	(4,723,681)	(2,110,750)
OTHER INCOME & (EXPENSES)		
Interest income	33	-
Interest expense	(7,080)	-
Non-operating income	2,261	15,703
Non-operating expense	<u>(54)</u>	<u>-</u>
Total Other Income & (Expenses)	<u>(4,840)</u>	<u>15,703</u>
NET LOSS BEFORE INCOME TAX & BENEFIT	(4,728,521)	(2,095,047)
Current income taxes	-	-
Loss attributable to minority interest	<u>1,093,287</u>	<u>-</u>
NET LOSS	<u>\$ (3,635,234)</u>	<u>\$ (2,095,047)</u>
Comprehensive Loss:		
Unrealized foreign currency transaction gain (loss)	<u>-</u>	<u>(202)</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ (3,635,234)</u>	<u>\$ (2,095,047)</u>
LOSS PER SHARE - BASIC & DILUTED	<u>(0.085)</u>	<u>(0.066)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>42,917,282</u>	<u>31,613,115</u>

The notes are an integral part of these financial statements

LEO MOTORS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
For the three months Ended March 31, 2010 and 2008

	Common Stock		Additional	Accumulated	Retained	Total
	Shares	Amount	Paid in Capital	Comprehensive income(Loss)	Earnings (Deficit)	Stockholders' Equity
Balance, December 31, 2009	40,363,115	\$ 40,708	\$ 3,964,160	\$ 406,476	\$ (5,069,666)	\$ (658,322)
Common stocks issued for compensation, February 8, 2010	3,075,000	3,075	4,455,675			4,458,750
Common stocks issued for acquisition of Leo BnT Co. Ltd.	7,000,000	7,000	10,843,000			10,850,000
Foreign currency translation adjustment				170,112		170,112
Net loss for the 3-months period ended March 31, 2010					(3,635,234)	(3,635,234)
Balance, March 31, 2009	<u>50,783,115</u>	<u>\$ 50,783</u>	<u>\$19,262,835</u>	<u>\$ 576,588</u>	<u>\$ (8,704,900)</u>	<u>\$ 11,185,306</u>

The notes are an integral part of these financial statements

LEO MOTORS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three months Ended March 31, 2010 and 2008

	For the 3-Months ended March 31	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (3,635,234)	\$(2,095,047)
Adjustments to reconcile net loss to net cash provided by operating activities :		
Depreciation	19,839	4,750
Compensation paid	4,458,750	2,166,667
Comprehensive loss	170,112	(216,174)
(Increase) decrease in inventory	(415,197)	30,803
(Increase) decrease in accounts receivable	235,813	(32,560)
(Increase) decrease in advance payments	(191,176)	-
(Increase) decrease in prepaid costs and other current assets	37,665	855
Increase (decrease) in accounts payables and accrued expenses	(335,067)	-
Increase (decrease) in other payable	929	-
Increase (decrease) in advance from customers	616,459	(303,750)
Increase (decrease) in taxes payable	-	35,123
Increase (decrease) in accrued payroll and severance benefits	<u>332,665</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	1,295,558	(409,333)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term loans	(240,735)	-
Acquisition of property, plant and equipment	(58,376)	-
Proceeds from related party	-	546,807
Change in rent deposit	19,233	-
Acquisition of intangible assets	<u>(1,368,538)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	(1,648,416)	546,807
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowing, net of repayment during the period	14,641	-
Debt reduction related party	-	-
Increase in minority interest	<u>(80,283)</u>	<u>-</u>
Net Cash flows from financing activities	65,642	-
Effect of exchange rate on cash	-	-
Net Increase (Decrease) in Cash	(418,500)	137,474
Reconciliation	-	(13,144)
Cash at the Beginning of the period	<u>499,025</u>	<u>32,181</u>
Cash at the End of the period	<u><u>\$ 80,525</u></u>	<u><u>\$ 156,511</u></u>
Supplemental Cash Flow Disclosures:		
Acquisition of interest in a company paid for in common stock	(10,850,000)	-
Compensation paid in common stocks	4,458,750	-
Issuance of common stock for acquisition and compensation	15,308,750	-
Cash paid during year for interest	7,080	-
Cash paid during year for taxes	-	-

The notes are an integral part of these financial statements

LEO MOTORS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2010

NOTE 1 - BACKGROUND

Company Business

Company is currently in development, assembly and sales of the specialized electric vehicle.

Background

Leo Motors, Inc, Inc. (the "Company") was originally incorporated as Classic Auto Accessories, a California Corporation on July 2, 1986. The Company then underwent several name changes from FCR Automotive Group, Inc. to Shini Precision Machinery, Inc. to Simco America Inc. and then to Leo Motors. The Company had been dormant since 1989, and effectuated a reverse merger on November 12, 2007 with Leozone Inc., a South Korean Company, which is the maker of electrical transportation devices. The merger essentially exchanges shares in Leo Motors, Inc. for shares in Leozone. As this is a reverse merger the accounting treatment of such is that of a combination of the two entities with the activity of Leozone, Inc. the surviving entity, going forward.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant account policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and the notes are the representation of the Company's management, who are responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles ("USGAAP") and have been consistently applied in the preparation of the financial statements.

Basis of Presentation and Consolidation

These financial statements and related notes are expressed in US dollars. The Company's fiscal year-end is December 31. The consolidated financial statements include the financial statements of the Company, its wholly owned subsidiaries. All inter-company transactions and balances have been eliminated upon consolidation.

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 reported amounts of assets and liabilities, disclosure 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.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable inventory and prepaid expenses, accounts payable and deferred revenues, the carrying amounts approximate fair value due to their short maturities.

Revenue Recognition

The Company follows the guidance of the Securities and Exchange Commission's Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements". In general, the Company records revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the sales price to the customer is fixed or determinable, and collectability is reasonably assured. The following policies reflect specific criteria for the various revenues streams of the Company:

The Company generates revenue from the delivery of goods and records revenues when the sales are completed, already collected or collectability is reasonably assured, there is no future obligation and there is remote chance of future claim or refund to the customers.

Revenue from periodic maintenance agreements is generally recognized ratably over the respective maintenance periods provided no significant obligations remain and collectability of the related receivable is probable.

Revenue from the performance of services is recognized upon completion of the service.

Accounts receivables of the Company are reviewed to determine if their carrying value has become impaired. The Company considers the assets to be impaired if the balances are greater than six months old. Management regularly reviews accounts receivable and will establish an allowance for potentially uncollectible amounts when appropriate. When accounts are written off, they will be charged against the allowance. Receivables are not collateralized and do not bear interest.

The Company anticipates adopting a warranty and return policy granting a one year limited warranty. The policy will warrant that the products will be free from defects in material and workmanship and meet Seller's published specifications at the time of shipment under normal use and regular service and maintenance. The Company is evaluating the accounting treatment for product returns and warranties and will provide an allowance at the time of sale.

Concentration of Credit Risk

Financial instruments which subject the Company to concentrations of credit risk include cash and cash equivalents.

The Company maintains its cash in well-known banks selected based upon management's assessment of the bank's financial stability. Balances may periodically exceed the \$250,000 federal depository insurance limit; however, the Company has not experienced any losses on deposits. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Accounts Receivables

Accounts receivables of the Company are reviewed to determine if their carrying value has become impaired.

The Company considers the assets to be impaired if the balances are greater than one-year old. Management regularly reviews accounts receivable and will establish an allowance for potentially uncollectible amounts when appropriate. When accounts are written off, they will be charged against the allowance.

Receivables are not collateralized and do not bear interest.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents and trade accounts receivable. The Company places its cash with high credit quality financial institutions in Korea. The Company has not experienced any losses in such bank accounts through March 31, 2010. At March 31, 2010, our bank deposits were \$80,278.

The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Cash Equivalents

For purposes of reporting cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalent.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets, which is generally 3 to 10 years. The cost of repairs and maintenance is charged to expense as incurred. Expenditures for property betterments and renewals are capitalized. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in other income (expense).

The Company will periodically evaluate whether events and circumstances have occurred that may warrant revision of the estimated useful lives of fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment. We use an estimate of the related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability.

Comprehensive Income

The Company follows ASC Topic 220 Comprehensive Income, formerly Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," which establishes standards for the reporting and display of comprehensive income and its components in the financial statements.

The functional currency of the Company is the Korean Won. Assets and liabilities are translated to U.S. Dollars at the period-end exchange rates (\$.000885740) and (\$.00023014) respectively and revenues and expenses are translated at weighted average exchange rates for the period, which was (.000874065) and (.000695989) respectively. Resulting translation adjustments are recorded as a component of stockholders' equity in other comprehensive income (loss).

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Company accounts for income taxes under ASC Topic 740, formerly SFAS 109, "Accounting for Income Taxes." Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. ASC Topic 740 also requires that uncertain tax positions are evaluated in a two-step process whereby (1) it is determined whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the largest amount of tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement with the related tax authority would be recognized.

Loss per Share

In accordance with ASC Topic 260 formerly SFAS No. 128, "Earnings Per Share," the basic income / (loss) per common share is computed by dividing net income / (loss) available to common stockholders by the weighted average number of common shares outstanding. Diluted income per common share is computed similar to basic income per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

Consulting and Service Fees

Consulting and Service Fees consist of accounting, legal, and professional fees and for the period, most of it was paid in common stock.

Research and Development

According to Statement of Financial Accounting Standards No 2, research and product development costs are expensed as incurred.

Stock-Based Compensation

The Company has adopted ASC Topic 718, formerly SFAS No. 123, "Accounting for Stock-Based Compensation," which establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock based compensation the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. Stock option awards are valued using the Black-Scholes option-pricing model.

Foreign Currency Translation

Transactions and balances originally denominated in U.S. dollars are presented at their original amounts. Transactions and balances in other currencies are converted into U.S. dollars in accordance with ASC Topic 830-20, formerly SFAS No. 52, "Foreign Currency Translation", and are included in determining net income or loss.

The Company's reporting currency is the U.S. dollar. The functional currency of the Company's Korean subsidiaries is the Korean Won (KRW). For foreign operations with the local currency as the functional currency, assets and liabilities are translated from the local currencies into U.S. dollars at the exchange rate prevailing at the balance sheet date and weighted average rates of exchange for the period for revenues, costs, and expenses. Net gains and losses resulting from foreign exchange transactions are included in the consolidated statements of operations. The cumulative translation adjustment and effect of exchange rate changes on cash at March 31, 2010 was \$576,588. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining accumulated comprehensive loss. As of March 31, 2010 and for the period then ended, the exchange rate for the local currency, KRW was \$ 1 USD for 1,129 and 1,144 KRW, respectively.

Recent Accounting Pronouncements

In April 2009, the FASB released ASC Topic 820, formerly FSP SFAS 157-4, Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly ("SFAS No. 157-4"). SFAS No. 157-4 supersedes SFAS No. 157-3. SFAS No. 157-4 provides guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset/liability has significantly decreased. SFAS No. 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, SFAS No. 157-4 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. SFAS No. 157-4 is effective for interim and annual periods ending after June 15, 2009 (June 30, 2009 for the Company) and shall be applied prospectively. SFAS No. 157-4 does not have a material impact on the preparation of and disclosures in the Company's financial statements.

In May 2009, the FASB issued ASC Topic 855-10-5, formerly SFAS No. 165, Subsequent Events ("SFAS No. 165"). SFAS No. 165 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires entities to disclose the date through which it has evaluated subsequent events and the basis for that date. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009. The Company adopted SFAS No. 165 on June 30, 2009 (see note 10 in the notes to the financial statements included in this Report on Form 10-K).

In June 2009, the FASB issued an amendment of ASC Topic 860, formerly SFAS No. 166, Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140 ("SFAS No. 166"). The objective of SFAS No. 166 is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. SFAS No. 166 removes the concept of a qualifying special-purpose entity from Statement 140 and removes the exception from applying FASB Interpretation No. 46, Consolidation of Variable Interest Entities, to qualifying special-purpose entities. Additionally, SFAS No. 166 defines the term participating interest to establish specific conditions for reporting a transfer of a portion of a financial asset as a sale, and also requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's

beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. SFAS No. 166 is effective for fiscal periods ending after November 15, 2009 (January 1, 2010 for the Company). The Company is currently evaluating the impacts and disclosures related to SFAS No. 166.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) ("SFAS No. 167"). SFAS No. 167 amends guidance in Interpretation 46 (R) for determining whether an entity is a variable interest entity in addition to subjecting enterprises to a number of other requirements including, among other things: (i) requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity and specifies the characteristics the primary beneficiary of a variable interest entity must have to be designated as such; (ii) requiring an enterprise to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance; (iii) requiring the ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity; (iv) the elimination of the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, and (v) adding an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that investors of the equity investment at risk, as a group, lose the power from voting or similar rights of the investment to direct the activities of the entity that have the most significant impact on the entity's economic performance. SFAS No. 167 is effective for fiscal and interim periods ending after November 15, 2009 (January 1, 2010 for the Company). The Company is currently evaluating the impacts and disclosures related to SFAS No. 167.

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162 ("SFAS No. 168"). SFAS No. 168 establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. SFAS No. 168 is effective for fiscal and interim periods ending after September 15, 2009 (September 30, 2009 for the Company). The Company is currently evaluating the impacts and disclosures related to SFAS No. 168.

In August 2009, the FASB issued Accounting Standards Update ("ASU") 2009-05, Fair Value Measurements and Disclosures — Measuring Liabilities at Fair Value (amendments to ASC Topic 820, Fair Value Measurements and Disclosures). ASU 2009-05 provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain techniques. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability. ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. ASU 2009-05 is effective for interim and annual periods beginning after August 27, 2009. The Company adopted this guidance on November 1, 2009 which did not have a material impact on its financial position, results of operations or cash flows.

In January 2010, the FASB issued ASU 2010-06, Fair Value Measurements and Disclosures — Improving Disclosures about Fair Value Measurements (amendments to ASC Topic 820, Fair Value Measurements and Disclosures). ASU 2010-06 amends the disclosure requirements related to recurring and nonrecurring measurements. The guidance requires new disclosures on the transfer of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2

(significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance is effective for interim and annual periods beginning after December 15, 2009. The adoption of ASU 2010-06 is not expected to have a material impact on the Company's financial position, results of operations or cash flow.

In February 2010, the FASB issued ASU 2010-09, Subsequent Events: Amendments to Certain Recognition and Disclosure Requirements (amendments to ASC Topic 855, Subsequent Events). ASU 2010-09 clarifies that subsequent events should be evaluated through the date the financial statements are issued. In addition, this update no longer requires a filer to disclose the date through which subsequent events have been evaluated. This guidance is effective for financial statements issued subsequent to February 24, 2010. The Company adopted this guidance on this date, which did not have a material impact on its financial position, results of operations or cash flows.

IMPACT OF NEW ACCOUNTING STANDARDS

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position, or cash flow.

NOTE 3 - EARNINGS PER SHARE

Basic loss per share are calculated by dividing net loss by the weighted average number of common shares outstanding during the period.

NOTE 4 - ACCOUNTS RECEIVABLE

The Company recognizes a receivable on sales of parts and electrical motor equipment. The March 31, 2010 balance of accounts receivable was \$8,857, net of reserve for doubtful accounts.

NOTE 5 - INVENTORY

The Company accounts for its inventory under the FIFO method and lower of cost or market method of costing. The company's inventory consists of parts for the electric transportation industry. As of March 31, 2010, the inventory consisted of:

Raw materials	\$ 374,268
Finished goods	<u>435,930</u>
TOTAL	<u>\$ 810,198</u>

NOTE 6 - FIXED ASSETS

The Company's fixed assets consist of the following:

Vehicles	\$ 78,970
Tools	32,472
Equipment, furniture , fixtures and equipment	<u>149,493</u>
	260,935
Less Accumulated Depreciation	<u>(64,417)</u>
Net	<u>\$196,518</u>

The Company depreciates its assets over useful lives of between 3 and 7 years. Depreciation expense was \$19,839 for the period.

NOTE 7 - DUE TO RELATED PARTY

The company is indebted to its officer for advances. Repayment is on demand without interest. The Company reduced this obligation by the issuance of 1,000,800 valued at \$110,088 during 2008 and cash repayment in 2009.

NOTE 8 - PAYMENTS RECEIVED IN ADVANCE

The Company during the periods received payments from potential customers, or deposits, on future orders. The Company's policy is to record these payments as a liability until the product is completed and shipped to the customer at which the Company recognizes revenue. As of March 31, 2010, the balance of payments received in advance was \$912,626.

NOTE 9-BANK LOAN

The Company is indebted to Shin Han Bank at March 31, 2010 for \$442,870, payable in May 2010, interest at 6.57 % per annum. The loan is secured by guarantee issued by 'KIBO', a Korean government agency created to guarantee loans to small-to-medium technology companies.

NOTE 10 – CAPITAL STOCK

Company is authorized to issue up to 100,000,000 common shares at \$0.001 par value. Total number of common shares issued and outstanding as of March 31, 2010 were 50,783,115 shares and 40,708,115 shares, December 31, 2009.

During the quarter ended March 31, 2010, 10,075,000 new shares were issued, 7,000,000 shares for the purchase of 50 % interest in Leo B & T Inc., valued at \$ 1.55 per share or \$ 10,850,000, 3,000,000 shares for compensation and 75,000 shares for consulting service, latter two valued at \$ 1.45 per share or \$ 4,458,750.

NOTE 11 – OPERATING RISK

(a) Concentration of credit risk

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash. The Company places its cash with financial institutions with high credit ratings.

(b) Country risk

Revenues of the Company are mainly derived from the sale in Korea. The Company hopes to expand its operations to other Countries, however, such expansion has not been commenced and there are no assurances that the Company will be able to achieve such an expansion successfully. Therefore, a downturn or stagnation in the economic environment of Korea could have a material adverse effect on the Company's financial condition.

(c) Product risk

The Company might have to compete with larger companies who have greater funds available for expansion, marketing, research and development and the ability to attract more qualified personnel. There can be no assurance that Company will remain competitive should this occur.

(d) Exchange risk

The Company cannot guarantee that the current exchange rate will remain steady, therefore there is a possibility that the Company could post the same amount of profit for two comparable periods and because of a fluctuating exchange rate actually post higher or lower profit depending on exchange rate of Korean Won were converted to U.S. dollars on that date. The exchange rate could fluctuate depending on changes in the political and economic environments without notice.

(e) Key personnel risk

The Company's future success depends on the continued services of few individuals and loss of one or several of their service would be detrimental to the Company and could have an adverse effect on business development. The Company does not currently maintain key man insurance on their life but plan to implement in near future. Future success is also dependent on the ability to identify, hire, train and retain other qualified managerial and other employees.

NOTE 12 – SEGMENT INFORMATION

The following information is presented in accordance with SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. In period ended March 31, 2010, the Company operated in a single reportable business segment, sales of specialized electric vehicle.

The Company's reportable segments are strategic business units that offer different products. The Company's reportable segments, although integral to the success of the others, offer distinctly different products and services and require different types of management focus. As such, these segments are managed separately.

Condensed information with respect to these reportable business segments for the period is as follows:

Sales from specialized electric vehicles	\$12,463
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NOTE 13 – COMMITMENT AND CONTINGENCIES

13.1 Lease Commitments

Company leases its office space and assembly facilities in HaNam City in Korea which expires on March 31, 2011 and its monthly minimum rental is \$ 6,875.

The minimum obligations under such commitments for the years ending December 31 until its expiration are:

Year 2010	\$	82,500
Year 2011	\$	86,600
Year 2012	\$	91,000

Rental expense for the period ended March 31, 2010 was \$9,178.

13.2 Litigation

The Company has no threatened, pending or unsettled litigation as of April 5, 2010, the date the financial statement is available for issuance.

NOTE 14 – SUBSEQUENT EVENTS

In May, 2010, the Company appointed M&M Corp as its exclusive Korean provider of electric scooters. Upon entering the agreement, M&M paid the Company 400,000,000 Korean Won for the order of 170 units of e-scooters. On April 2, 2010, M&M placed a definitive order for 1,170 units for 4.2 billion Korean Won (approximately \$3.73 Million US), and has advanced a down payment of 300 billion Korean Won (approximately \$2.66 million US).

NOTE 15—GOING CONCERN

As shown in the accompanying financial statements, the Company incurred a net loss of \$3,635,234 during the quarter ended March 31, 2010, and as of that date, the Company has a deficit of \$8,704,900. Those factors create an uncertainty about the Company's ability to continue as a going concern. Management of the Company has developed a plan to continue as a going concern by focusing on increasing short term revenues from sales of its e-Bikes and EV conversion services. In April, 2010 the Company received its first large scale order for its EVs, which upon fulfillment will generate the Company's first significant revenues from its main plan of operation. See Note 14 above.

The ability of the Company to continue as a going concern is dependent on attaining profitable operations and the success of its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 16 – ACQUISITION OF A BUSINESS AND PRO FORMA CONDENSED COMBINED BALANCE SHEETS AND STATEMENT OF OPERATIONS

On February 11, 2010, the Company entered into an agreement to purchase 50 % of Leo B&T Co. Ltd. from two shareholders of B&T in exchange for 7,000,000 shares of the company's common stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS: STATEMENTS ABOUT OUR FUTURE EXPECTATIONS ARE "FORWARD-LOOKING STATEMENTS" AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. WHEN USED HEREIN, THE WORDS "MAY," "WILL," "SHOULD," "ANTICIPATE," "BELIEVE," "APPEAR," "INTEND," "PLAN," "EXPECT," "ESTIMATE," "APPROXIMATE," AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY SUCH FORWARD-LOOKING STATEMENTS. THESE STATEMENTS INVOLVE RISKS AND UNCERTAINTIES INHERENT IN OUR BUSINESS, INCLUDING THOSE SET FORTH UNDER THE CAPTION "RISK FACTORS," IN THIS DISCLOSURE STATEMENT, AND ARE SUBJECT TO CHANGE AT ANY TIME. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THESE FORWARD-LOOKING STATEMENTS. THIS FORM 10-Q DOES NOT HAVE ANY STATUTORY SAFE HARBOR FOR THIS FORWARD LOOKING STATEMENT. WE UNDERTAKE NO OBLIGATION TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENT.

This Management's Discussion and Analysis should be read in conjunction with the financial statements included in this Quarterly Report on Form 10-Q (the "Financial Statements"). The financial statements have been prepared in accordance with generally accepted accounting policies in the United States ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in United States dollars.

Overview

Leo Motors, Inc. (the "Company") is currently in the process of producing and selling its electric scooter models in Korea, which began in the first quarter of this year, with a view to expanding our sales to Japan and other countries in the near future. We are also currently marketing our power train for the conversion of Internal Combustion Engine ("ICE") vehicles into Electric Vehicles. We also have several other projects in various stages of development.

Our immediate term strategy is to develop the sales of our electric scooters and EV conversion services in order to develop revenue streams and profitability. Until we succeed in these regards, our other production-ready projects have been placed on hold. Our recent success has enabled us to continue initial development of some of our projects on a case-by-case basis.

Recent Business Developments

Hilless Electric Scooter Sales

We have begun to mass produce, market, and sell our three models of electric scooters: Hilless 1,3, and 5. Initially, we produced 100 units which were sold out to the dealers who will sell our scooters in Korea, in Japan, and in the U.S. In Korea, the company appointed M&M Corp., a publicly traded company listed on KOSDAQ, a division of the Korea Exchange (KRX), as our exclusive distributor in Korea. We have already received two definitive orders from M&M and in each case have received up-front down payments for the orders. We received 400,000,000 Korean won (approximately \$300,000) from M&M as a down payment for the definitive order of 170, and we received 3 billion Korean Won (about \$2.66 million) as down payment for the definitive order of 1,170 electric scooters. The second order will be delivered by June 2010, for which we anticipate total revenues of 4.2 billion Korean Won (approximately \$3.73 million).

These scooters were also presented to government organizations such as post office and police, social organizations, bigger companies, and delivery businesses. The company is collecting orders from these national providers.

In December, 2009 we participated in the 2009 International Motorcycle Show in Long Beach, California to gauge US marketability of our scooters. We found that the power system is highly competitive with other electric scooters, but we should enhance the design and quality of non electric parts before our scooter will be ready for a US launch.

EV Conversion Kit

We tested our EV conversion kit during September, 2009 and exhibited the kits in Tokyo and Seoul, and have since sold kits and conversion services in Japan and Korea. We must successfully enter into the mass market of the electric power train in order to generate significant revenues from this project.

Leo B&T

On February 11, 2010, Leo Motors, Inc. (the “Company”) acquired 50% of Leo B&T Co. Ltd, a Korean Corporation (“Leo B&T”), from two shareholders of Leo B&T in exchange for 7,000,000 shares of the Company’s common stock. Leo B&T is an electric bus and truck Company that will convert existing Internal Combustion Engine buses and trucks into electric ones, and will make its own designs of electric buses and trucks in the future.

Through Leo B&T, we have developed a full speed micro electric bus sized with 24 seats, using one 120 kW power train. An initial prototype has been developed and successfully tested. The bus ran more than 65 mph, and demonstrated that it can run more than 60 miles per single charge. Leo B&T’s electric bus also did not experience a loss of power despite high speeds and navigation of 30-degree mountain roads. We intend to market this and other bus conversions and original EV designs to governments and will not begin production without a definitive order.

Other Projects

We have several other projects that have been placed on hold while we develop sales from our electric scooters. As we have begun to generate significant revenue from the scooters, we anticipate being able to continue some of these projects on a case by case basis.

We have developed a power storage system for solar and wind powered houses and buildings. We are waiting for additional orders from our Japanese dealer, LMJ, before continuing with this project.

We are in the initial development stages of a canopied four wheel scooter. We have studied the design and power system, and we plan to develop the prototype beginning August, 2010.

We have also developed production ready models of various models of EV, including the S 65 SUV and SKG electric car, which we currently are making available on a pre-order basis only. We do not intend to produce inventory without pre-orders. If we do not receive orders of these vehicles, we may discontinue these projects and use our existing prototypes for demonstration of our power trains.

We have started the development of a 240 kW controller and motor. The controller is developed by our own researchers, and the motor is under development by our supplier based on our design and

requirements. With development of 240 kW motor and controller, we are going to have 240kW power train which can be used in heavy duty buses and trucks.

Liquidity and Capital Resources

Our liquidity requirements arise principally from our plans to develop EV production capability, additional product development, and marketing costs. Although in the future we intend to fund our liquidity requirements through a combination of cash on hand and revenues from operations, during the period, the Company had incurred \$4,728,804 in expenses and had realized only \$12,463 in revenues. Accordingly, our ability to initiate our plan of operations and continue as a going concern is currently dependent on our ability to either generate significant new revenues or raise external capital.

Our monthly operating cost including salaries and general expense is currently approximately \$65,000, as we focus on our e-Bikes and power trains. In April 2010 we received approximately \$3 million in a down payment from our distribution agreement in Korea; accordingly, we have already secured our annual operating budget for 2010. However, in order to continue the projects we have put on hold, we will require additional revenues or financing.

Despite being able to reach this stage in our development with limited funding, the EV and general automotive industries are extremely capital intensive, and we will need substantial additional financing in order to produce and sell our EVs. Our anticipated minimum costs of implementing our current business plan are summarized as follows:

e-Bikes

<u>Step</u>	<u>Anticipated Cost</u>	<u>Anticipated Start Date</u>
Initial Design	\$ N/A	Completed
Initial Prototypes	\$ N/A	Completed
Testing	\$ N/A	Completed
Component Development	\$ N/A	Completed
Production Capability	\$ N/A	Completed
Production of Inventory	\$ 100,000	May 2010
<u>Marketing & Sales</u>	<u>\$ 100,000</u>	<u>In process</u>
Total	200,000	

Power Trains

<u>Step</u>	<u>Anticipated Cost</u>	<u>Anticipated Start Date</u>
Initial Design	N/A	Completed
Initial Prototypes	\$ 500,000	April 2010
Testing	\$ 500,000	May 2010
Production Capability	\$ 500,000	September 2010
Production of Inventory	\$ 100,000	December 2010
<u>Marketing & Sales</u>	<u>\$ 100,000</u>	<u>In process</u>
Total	1,700,000	

To date we have raised approximately \$936,200 in equity financing, \$200,000 in November 2008, \$417,000 in January 2009, and \$119,200 in May 2009.

To date we have raised approximately \$2,340,000 in debt financing. This includes the \$1,500,000 advance from Mr. Lee in 2008 and an additional \$440,000 loan from Mr. Lee in 2009. In addition, in May, 2009, the Company secured a loan from Shin Han Bank for 500,000,000 Korean Won (approximately \$400,000), with a term of one year which can be extended under certain conditions. The loan is guaranteed by KIBO Technology Fund, a non-profit Korean Government institution whose purpose is to provide credit guarantees for new technology-based enterprises, and to promote the growth of technologically strong small and medium enterprises. We have no relationship to KIBO other than the guarantee, and did not compensate KIBO for the guarantee. The loan is due within one year. If we fail to repay the loan, it will be repaid by KIBO and KIBO will seek the amounts from us; however, KIBO generally extends the payment term by up to three years provided that the Company owns the original technology and its management is stable. We will continue to explore additional debt financing opportunities.

Accordingly we have obtained sufficient financing to implement our initial business plan, but are currently seeking up to \$10,000,000 in additional financing in order to fully implement plans that have been placed on hold. In addition to the above financing, we continue to negotiate with financial institutions, venture capital firms, and individual investors among our business contacts.

Despite receipt of approximately \$3,000,000 in an advanced payment, there continues to be doubt as to our ability to continue in the short term and long term as a going concern. Our plan in the short term is to develop revenue streams from e-Scooters and power train conversions. Our long term survival will depend on the success of these initial plans operations and the generation of significant recurring revenue. If our efforts should fail or fall short of our goal, we will have to restructure our business plan in order to sustain our operations. However, in that event we may be unable to implement our business plan or continue operations.

In addition, the functional currency in our operations is the Korean Won, and we conduct business or plan to conduct business in several other currencies, including that of the US, the Philippines, and Thailand. Foreign currency exchange rates are subject to significant fluctuation which could have a material effect on our liquidity. For example, a material advance payment made in Korean Won decreased in value from December 31, 2007 to December 31, 2008 by over 25%. This represents a significant risk that assets we hold in foreign currencies will lose value due to the change in exchange rates.

Results of Operations

Revenues

Sales for the three months ended March 31, 2010 were \$12,436 compared to \$349,881 for the three months ended March 31, 2009. Costs of sales were \$7,340 in the current period and compared to \$208,203 in the same period last year. In the three months ended March 31, 2010, we experienced a gross profit of \$5,123, compared to \$151,678 in gross profit in the same period in 2009. Neither period's sales represent sales from regular business, but rather sales of samples and development services. We anticipate sales in the second quarter to be significantly higher than in the first due to the recent sales to M&M Corp.

Expenses

During the three months ended March 31, 2010, we incurred \$4,728,804 in expenses, compared to \$2,262,428 for the same period in 2009. The primary increase was due to payment of consulting service fees and development costs. We also hired R&D and sales staff as part of the implementation of our

business. The company rented another building near its existing office to operate its sales and administration division.

Expenses for the quarter consisted of the following:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Expenses:		
Salaries and Benefits	\$ 4,476,891	\$ 26,214
Service Fees	142,975	34,552
General and Administrative	<u>108,938</u>	<u>2,201,662</u>

Salaries and Benefits – consist of total cash compensation paid to our employees during the year and the cost of all benefits provided to our employees. This expense increased \$4,450,677 or 16978% from the prior period. This increase is due primarily payments made in stock to consultants and employees.

Consulting and Service Fees – consist of consist of accounting, legal, and professional fees. This expense increased \$108,423 or 314% from the prior period. This increase is due primarily to the increased needs for our consulting and service providers due to the increase in our operations. We anticipate that this expense will continue to fluctuate significantly as we continue to grow our sales, and begin to implement various other parts of our business plan.

Selling, General and Administrative – consists of travel expenses, entertainment expenses, communication expenses, utilities, taxes & dues, depreciation expenses, rent, repairs, vehicle maintenance, ordinary development expenses, shipping, education & training, printing, storage, advertising, insurance, office supplies and expense, payroll expenses, investor referral fees and other miscellaneous expenses. This expense decreased \$2,092,724 or 95% from the prior period. This decrease is due primarily to extraordinary expenditures in the same period in the prior year. We anticipate that this expense will continue to fluctuate, but will not increase significantly in 2010.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

None.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Interim Chief Financial Officer (the "Certifying Officer") maintains a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be disclosed, is accumulated and communicated to management timely. Under the supervision and with the participation of management, the Certifying Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule [13a-14(c)/15d-14(c)] under the Exchange Act) within 45 days prior to the filing date of this report. Based upon that evaluation, the Certifying Officer concluded that our disclosure controls and procedures are not effective in timely alerting them to material information relative to our company required to be disclosed in our periodic filings with the SEC.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On February 3, 2010 we issued 3,000,000 shares to members of our management team as compensation for their services. 2,000,000 shares were issued to our president, Mr. Kang. 500,000 shares each were issued to Jung Yong Lee and Young Il Kim. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On February 22, 2010 we issued 7,000,000 shares to purchase 50% of Leo B&T. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 – EXHIBITS

The following exhibits are filed as part of this quarterly report on Form 10-Q:

- 31.1 Certification of Chief Executive Officer and Interim Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer and Interim Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 24, 2010

LEO MOTORS, INC.
(the registrant)

By: \s\ Robert Kang
Robert Kang
Chief Executive Officer
and Interim Chief Financial Officer

CERTIFICATIONS

I, Robert Kang, certify that:

1. I have reviewed this Report on Form 10-Q of Leo Motors, Inc. (the "Company") for the period ending March 31, 2010;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's Board of Directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: May 24, 2010

By: \s\ Robert Kang

Robert Kang

Chief Executive Officer and Interim Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. 1350)**

In connection with the Report of Leo Motors, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert Kang, Chief Executive Officer and Interim Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 24, 2010

By: \s\ Robert Kang
Robert Kang
Chief Executive Officer
and Interim Chief Financial Officer