

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

**FORM 10-Q
Amendment No. 1**

(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, 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 June 30, 2010 was 50,783,115 shares.

LEO MOTORS, INC.

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PART I. FINANCIAL INFORMATION.

ITEM 1. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

LEO MOTORS, INC.
CONSOLIDATED BALANCE SHEETS
June 30, 2010

	As of June 30, 2010 (Unaudited)	As of December 31, 2009 (Audited-Restated)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash in banks	\$ 851,289	\$ 499,025
Accounts Receivable-net of allowance of \$ 8,394 and \$ 11,735, respectively	12,377	244,670
Inventory	2,339,254	395,001
Prepaid costs and other current assets	1,552,814	151,067
TOTAL CURRENT ASSETS	4,755,734	1,289,763
Fixed assets- net of accumulated depreciation	264,485	157,981
Deposit	165,059	107,640
Investment in net equity interest	10,850,000	-
TOTAL OTHER ASSETS	11,279,544	265,621
TOTAL ASSETS	\$ 16,035,278	\$ 1,555,384
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
Commitments and Contingencies		
CURRENT LIABILITIES		
Short term borrowings	\$ 413,121	\$ 428,229
Accounts payable and accrued expenses	649,477	433,004
Other payables	311,531	5,847
Taxes Payable	-	-
Payments received in advance from customers	2,958,108	296,167
Related party payable	-	-
TOTAL CURRENT LIABILITIES	4,332,237	1,163,247
Accrued severance benefits	26,624	30,031
TOTAL LIABILITIES	4,358,861	1,193,278
Minority interest	1,055,861	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	50,783	40,708
Additional paid-in capital	19,262,850	3,964,160
Comprehensive income (Loss)	1,394,890	406,476
Deficit	(10,087,968)	(5,069,666)
TOTAL STOCKHOLDERS' Deficit	10,620,555	(658,322)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 16,035,278	\$ 1,555,384

The notes are an integral part of these financial statements

LEO MOTORS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS For the Three and Six Months Ended June 30, 2010 and 2009 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Sales	\$ 554,159	\$ 29,128	\$ 566,622	\$ 389,009
Cost of Goods Sold	472,818	25,063	480,158	233,266
Gross Profit	81,341	4,065	86,464	155,743
OPERATING COSTS AND EXPENSES				
Salaries and Benefits	122,113	236,131	4,564,718	262,345
Service Fees	77,122	31,201	222,663	65,753
Selling, General and Administrative	331,041	680,212	761,765	2,465,207
TOTAL OPERATING COSTS AND EXPENSES	530,276	947,544	5,549,146	2,793,305
NET LOSS FROM OPERATIONS	(448,935)	(943,479)	(5,462,682)	(2,637,562)
OTHER INCOME (EXPENSE)				
Non-Operating Income	846	-	9,871	-
Non-Operating Expenses	(7,005)	(18,752)	(17,723)	(3,049)
NET INCOME (LOSS) BEFORE INCOME TAX BENEFIT	(455,094)	(962,231)	(5,470,534)	(2,640,611)
INCOME TAX				
Current Income Taxes	-	-	-	-
Deferred Income Taxes	-	-	-	-
Income Tax Benefit	-	-	-	-
Attributable to minority interest	(203,030)	-	(452,232)	-
NET INCOME (LOSS)	<u>\$(252,064)</u>	<u>\$ (962,231)</u>	<u>\$(5,018,302)</u>	<u>\$(2,640,611)</u>
NET INCOME PER SHARE	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>	<u>\$ (0.11)</u>	<u>\$ (0.08)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>50,783,115</u>	<u>36,792,282</u>	<u>46,737,286</u>	<u>34,625,615</u>
COMPREHENSIVE INCOME (LOSS)				
NET LOSS	<u>\$(252,064)</u>	<u>\$ (962,231)</u>	<u>\$(5,018,302)</u>	<u>\$(2,640,611)</u>
Currency transaction gain (loss)	<u>988,414</u>	<u>(1,231)</u>	<u>988,414</u>	<u>(1,029)</u>
COMPREHENSIVE LOSS	<u><u>\$ 736,350</u></u>	<u><u>\$ (963,462)</u></u>	<u><u>\$(4,029,888)</u></u>	<u><u>\$(2,641,640)</u></u>

The notes are an integral part of these financial statements

LEO MOTORS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
For the Six Months Ended June 30, 2010 and 2009
(Unaudited)

	Common Stock		Additional	Comprehensive	Retained	
	Shares	Amount	Paid in	income(Loss)	Earnings	Total
			Capital		(Deficit)	
Balance, January 1, 2010	40,708,115	\$ 40,708	\$ 3,964,160	\$ 406,476	\$ (5,069,666)	\$ (658,322)
Common stock issued for compensation, Feb 8, 2010	3,075,000	3,075	4,455,690			4,458,765
Common stock issued for acquisition of BnT Co. Ltd.	7,000,000	7,000	10,843,000			10,850,000
Foreign currency translation adjustment				988,414		988,414
Net loss for the year ended December 31, 2009					(5,018,302)	(5,018,302)
Balance, June 30, 2010	50,783,115	\$ 50,783	\$ 19,262,850	\$ 1,394,890	\$ (10,087,968)	\$ 10,620,555

The notes are an integral part of these financial statements

LEO MOTORS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended June 30, 2010 and 2009

(Unaudited)

	Six Months Ended	
	June 30, 2010	June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (5,018,302)	\$ (2,640,611)
Adjustments to reconcile net loss to		
net cash provided by operating activities:		
Stock for services	4,458,766	2,037,584
Depreciation	53,950	5,940
Loss on disposition of property and equipment	130	-
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable	232,293	(32,560)
Decrease (Increase) in inventories	(1,944,253)	30,400
Decrease (Increase) in deposit and prepaid	(1,401,747)	2,215
Increase (Decrease) in accounts payable and accrued liabilities	216,473	83,325
Increase (Decrease) in other payable	305,684	-
Increase (Decrease) in advance from customers	2,661,941	-
Increase (Decrease) in accrued severance benefits	(3,407)	-
Net cash provided by (used in) operating activities	(438,472)	(513,707)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in net equity interest	(10,850,000)	-
Purchase of property and equipment	-	-
Loss in investment in a closely held-company	-	-
Outlay for deposit	(57,419)	-
Net cash provided by (used in) investing activities	(10,907,419)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued to invest in net equity interest	10,850,000	-
Proceeds from short-term borrowing	(15,108)	-
Increase (Decrease) in interest payable	-	-
Increase in minority interest	35,433	-
Proceeds (Repaid) from advance from customers	-	1,626,901
Proceeds from related party/bank	-	392,083
Debt reduction - related party and payment in advance	-	(600,594)
Minority Interest Investment	-	-
Net cash provided by (used in) financing activities	10,870,325	1,418,390
Change in cash due to foreign currency translation adjustment	988,414	(372,064)
Net increase (decrease) in cash	512,848	532,619
CASH, BEGINNING OF PERIOD	499,025	32,181
CASH, END OF PERIOD	\$ 1,011,873.0	\$ 564,800.0
Supplemental Disclosures on Interest and Income Taxes Paid		
Interest paid for the period	\$ -	\$ -
Income taxes paid for the period	\$ -	\$ -

The notes are an integral part of these financial statements

LEO MOTORS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

NOTE 1 - BACKGROUND

Company Business

Leo Motors, Inc. (the "Company") is engaged in the development, assembly and sales of electric vehicles ("EVs").

Background

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 Shinil 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 June 30, 2010. At June 30, 2010, our bank deposits were \$851,289.

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 (\$.000826241) and (\$.0007584166) respectively and revenues and expenses are translated at weighted average exchange rates for the period, which was (\$.000866664) and (\$.000742274) 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 June 30, 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 June 30, 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 and 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 June 30, 2010 balance of accounts receivable was \$12,377, 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 June 30, 2010, the inventory consisted of:

Raw materials	\$ -
Work in Process	2,339,254
Finished goods	-
TOTAL	<u>\$ 810,198</u>

NOTE 6 - FIXED ASSETS

The Company's fixed assets consist of the following:

Structures	\$ 2,545
Vehicles	78,127
Tools	36,282
Equipment, furniture , fixtures and equipment	<u>246,245</u>
	363,208
Less Accumulated Depreciation	<u>(98,723)</u>
Net	<u>\$ 264,485</u>

The Company depreciates its assets over useful lives of between 3 and 7 years. Depreciation expense was \$53,950 for the six month period ended June 30, 2010.

NOTE 7 - INVESTMENT IN NET EQUITY OF LEO BNT CO., LTD

On February 11, 2010, Leo Motors, Inc. (the "Company") entered into an agreement to purchase 50% of Leo BnT Co. Ltd, a Korean Corporation ("BNT"), from two shareholders of BNT in exchange for 7,000,000 shares of the Company's common stock. The purchase price was valued at \$ 1.55 per share or \$10,850,000.

NOTE 8 - 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 9 - 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 June 30, 2010, the balance of payments received in advance was \$2,958,108.

NOTE 10 - BANK LOAN

The Company is indebted to Shin Han Bank at June 30, 2010 for \$413,121, 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 11 – 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 June 30, 2010 were 50,783,115 shares and 40,708,115 shares, December 31, 2009.

For the six months ended June 30, 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 12 – 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 13 – 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 June 30, 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	\$566,622
(single segment for the period)	

NOTE 14 – 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 June 30, 2010 was \$19,522.

13.2 Litigation

The Company has no threatened, pending or unsettled litigation as of August 19, 2010, the date the financial statement is available for issuance.

NOTE 15 – CONTRACTS

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 30 billion Korean Won (approximately \$2.66 million US).

NOTE 16—GOING CONCERN

As shown in the accompanying financial statements, the Company incurred a net loss of \$5,018,302 during the quarter ended June 30, 2010, and as of that date, the Company has a deficit of \$9,573,491. 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 15 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.

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 finalizing the design and production capability of Electric Power Train Systems ("EPTS") encompassing electric scooters, electric sedan/SUV/sports cars, and electric buses/trucks as well as several models of Electric Vehicles ("EVs"). Our EPTS can replace internal combustion engines ("ICEs"). We intend to market our EPTS to car makers or conversion service providers. During the last two years, we have been developing eight EPTS of varying power: 3kW, 5kW, 7.5kW, 15kW, 30kW, 60kW, 120kW, and 240kW systems. Each EPTS consists of motor, controller, and battery power pack with our proprietary Battery Management System ("BMS").

The Company has successfully converted existing models of small cars (internal combustion engines under 2,000cc), and also a 24 seat bus. The Company launched 60kW power train kits (for compact passenger cars and small trucks) and 120kW kits (for under 5,000cc ICE passenger cars, buses, and trucks). The Company has also developed a 240kW kit (for 10,000cc buses and trucks). The 240kW kit is under testing until October of 2010.

The company has also developed a Low Speed EV ("LSV"), a four-wheeled electric scooter, and electric bikes. This year, the company launched its electric bikes, and is now selling them to its distributors. The company also has developed Zinc Air Fuel Cell Generator to be used as range extender for EVs.

During the period we began marketing of our three models of electric scooters: Hilless 1, 3, and 5. Initially we produced 100 units, and they 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 a country distributor, named M&M, a company listed on KOSDAQ, a division of the Korea Stock Exchange (KRX). These scooters are being presented to the government organizations such as the post office and police, social organizations, bigger companies, and delivery businesses. We have received an initial order of 1,187 electric scooters from M&M for total potential revenues of 4.2 billion Korean Won (approximately \$ 3.73 million USD),

including a down payment of 3 billion Korean Won (about \$ 2.66 million USD). The company has delivered 202 units by the end of June, and will deliver 651 units during August, and 334 units by the end of October.

The specific goals of the Company over the next twelve months include:

- Obtaining mass production facilities for our power trains and BMS
- Finishing the development of the fast driving electric motor cycle named “Eleven” by November 2010
- Finalizing the development of ZAFCEG to be used in EVs by March 2011, and obtaining mass production plant to produce ZAFCEG
- Finishing the development and testing of the 240kW system by December 2010.

Recent Business Developments

First Major Order and Recurring Revenues

During the first half of this year, we have received our first major order for our EVs from M&M Corp., with an advance payment of approximately \$2.66 million US. By beginning to fulfill this order, we have begun to earn our first significant revenues from operations and have exited the Development Stage.

Development of the Zinc Air Fuel Cell Generator – A New Form of Hybrid Electric Vehicle

Our most important recent product development of the Company is the Zinc Air Fuel Cell Generator (“ZAFCEG”). With the ZAFCEG, Leo has developed a way to extract more than 20% more electricity than other companies have achieved, to the Company’s knowledge. We also developed the ZAFCE generation system to be operated from inside of the vehicle, for greater user control and convenience. Leo has applied for patents for technologies to feed zinc balls into the system automatically, to collect sludge in the filter, and to stop the electricity generation as soon as the battery is fully charged or whenever the driver decides to stop the generation of electricity from the ZAFCEG. In testing, we found that 1kg of Zinc Balls can generate 12.5kW electric energy in our ZAFCE generator, meaning that a single 3 liter Zinc Tank (21.6kg) can operate a 15kW power train for 18 hours at maximum power.

If our test results can be successfully transferred to production models of EVs, we believe that this technology has the potential to supplant existing petroleum based hybrid vehicles with a new, more environmentally friendly, and more economical form of Zinc –Fueled Hybrid Electric Vehicles. The current market price of Zinc balls is approximately \$3.40 US.

Successful Testing of the Battery Management System

Another important development in the first half of this year is our Battery Management System (“BMS”). Our new BMS has been tested to charge in up to 4 C mode (4 times the electric rating of a battery, per hour). The charging capabilities of existing BMS known to the Company were only 0.5 C (half the electric rating of a battery, per hour).

What this means is, for example, a 30kW power pack cannot charge more than 15kW per hour using existing BMS because the BMS can manage only half of the electric power rating per hour. Using Leo’s new BMS with its improved electrical charge rating, the power pack can be fully charged less than 15 minutes.

Another achievement of Leo's new invention is that the size of the BMS became 70% smaller than existing BMS known to the Company. Leo intends to transform major parts of the BMS into silicon chips to further minimize the size, weight, and heat emissions from inside of BMS.

Our plan is to try to further develop our BMS technology to a rating of up to 12 C, although until we have successfully developed this ability we cannot be certain of our success. Leo's new BMS will be tested by many battery manufacturers and EV manufacturers who may be seeking a marketing opportunity. We believe that BMS is the most crucial part in an EV's battery power pack, and is one of the most expensive parts in an EV.

Other Developments

Recently, we have developed a compact sized, full speed electric truck using a maximum 60kW power train. The new development was made in using the body and chassis of the Labo, a GM Daewoo compact truck model. GM Daewoo is a member and part of the General Motors Company operating in South Korea.

The Company has also participated in 2010 EV Korea in Seoul from July 14 to 16, 2010. Leo exhibited all of its current products including power trains, BMS, ZAFCEG, converted vehicles, and new Low Speed EV ("LSV"). The Company is also participating in the Money Show in San Francisco in August, and in EV Battery Tech USA in Detroit in September.

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 first two quarters of 2010, the Company had incurred \$5,549,146 in expenses and had realized only \$566,622 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 \$150,000, as we focus on our e-Bikes and power trains. In April 2010 we received approximately \$3 million in an advance 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.

Our long term survival will depend on the growth of our operations towards full scale manufacturing and sales of our EVs, which in turn will depend on our ability to raise sufficient financing. If our fund raising 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.

Results of Operations

Revenues

Sales for the six months ended June 30, 2010 were \$566,622 compared to \$389,009 for the six months ended June 30, 2009. Costs of sales were \$480,158 and gross profit was \$86,464 in 2010 compared to \$233,266 and \$155,743 as costs of sales and gross profit in the same period in 2009. The sales during this period were mainly generated from the electric scooters business. The order of 1,187 electric scooters was received from M&M Co., Ltd, our domestic distributor, for total revenues of 4.2 billion Korean Won (approximately \$3.73 million USD) upon fulfillment of the full order. 202 units were delivered by the end of June, and the rest of 986 units will be completed by the end of the third quarter. We believe recurring revenue will begin this year as our goal is to begin mass production and marketing of our products.

Expenses

During the six month period, we incurred \$5,549,146 in expenses, compared to \$2,793,305 in the same period in 2009. The primary increase was due to payment of Salaries and Benefits to the Board Director paid in Stock and development costs. We also hired R&D and sales staff to activate our business. The company rented another building near the existing office to operate the sales and administration functions of our operations. As the electric scooter has been launched in domestic market and the company started mass production of the scooter, our marketing expenses and indirect costs also increased significantly.

Expenses for the quarter consisted of the following:

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Expenses:		
Salaries and Benefits	\$ 4,564,718	\$ 262,345
Service Fees	222,663	65,753
Selling, General and Administrative	761,765	2,465,207
Total Operating Costs and Expenses	5,549,146	2,793,305

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.

Consulting and Service Fees – consist of consist of accounting, legal, and professional fees.

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.

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 June 30, 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

None.

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: August 23, 2010

LEO MOTORS, INC.
(the registrant)

By: _____
Robert Kang
Chief Executive Officer
and Interim Chief Financial Officer

CERTIFICATIONS

I, Robert Kang, certify that:

1. I have reviewed this Amendment No. 1 to the Report on Form 10-Q of Leo Motors, Inc. (the “Company”) for the period ending June 30, 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: August 23, 2010

By: _____

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 Amendment No. 1 to the Report of Leo Motors, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 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: August 23, 2010

By: _____
Robert Kang
Chief Executive Officer
and Interim Chief Financial Officer