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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended September 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 [x] No [ ]

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

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer (Do not check if a smaller reporting company)	[ ]	Smaller reporting company	[x]

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes [ ] No [x]

The number of shares of the registrant's common stock outstanding as of September 30, 2010 was 50,783,115 shares.

LEO MOTORS, INC.

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PART I. FINANCIAL INFORMATION.

ITEM 1. CONDENSED CONSONSOLIDATED INTERIM FINANCIAL STATEMENTS

LEO MOTORS, INC.

CONSOLIDATED BALANCE SHEETS

September 30, 2010

ASSETS	AS OF SEPTEMBER 30 2010 (UNAUDITED)	AS OF DECEMBER 31, 2009 (AUDITED-RESTATED)
CURRENT ASSETS		
Cash in banks	$ 225,382	$ 499,025
Accounts Receivable	9,090	244,670
Inventory	2,984,197	395,001
Prepaid costs and other current assets	875,169	151,067
TOTAL CURRENT ASSETS	4,093,838	1,289,763
Fixed assets- net of accumulated depreciation	216,889	157,981
Deposit	179,659	107,640
Intangible assets	10,850,000	-
TOTAL OTHER ASSETS	11,246,548	265,621
TOTAL ASSETS	$ 15,340,386	$ 1,555,384
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Commitments and Contingencies		
CURRENT LIABILITIES		
Short term borrowings	$ 919,439	$ 428,229
Accounts payable and accrued expenses	677,775	433,004
Other payables	315,325	5,847
Taxes Payable	-	-
Payments received in advance from customers	2,420,661	296,167
Related party payable	-	-
TOTAL CURRENT LIABILITIES	4,333,200	1,163,247
Accrued severance benefits	28,217	30,031
TOTAL LIABILIITIES	4,361,417	1,193,278
Minority interest	298,238	544,073

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	4,299,257
Comprehensive income (Loss)	1,624,449	368,354
Deficit	(10,257,351)	(4,890,285)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	10,680,731	(181,966)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 15,340,386	$ 1,555,385

The notes are an integral part of these financial statements

LEO MOTORS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

For the Three and Nine Months Ended September 30, 2010 and 2009

(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2010	2009	2010	2009
Sales	$ 85,034	$ 29,128	$ 651,656	$ 512,681
Cost of Goods Sold	135,053	25,063	615,211	242,518
GROSS PROFIT	(50,019)	4,065	36,445	270,163
OPERATING COSTS AND EXPENSES				
Salaries and Benefits	249,211	236,131	4,813,929	370,541
Service Fees	96,290	31,201	318,953	331,177
Selling, General and Administrative	255,492	680,212	1,017,257	220,150
TOTAL OPERATING COSTS AND EXPENSES	600,993	947,544	6,150,139	921,868
NET LOSS FROM OPERATIONS	(651,012)	(943,479)	(6,113,694)	(651,705)
OTHER INCOME (EXPENSE)				
Non-Operating Income	4,199	-	14,070	88,386
Non-Operating Expenses	(7,577)	(18,752)	(25,300)	(59,839)
NET INCOME (LOSS) BEFORE INCOME TAX BENEFIT	(654,390)	(962,231)	(6,124,924)	(623,158)
INCOME TAX				
Current Income Taxes	-	-	-	-
Deferred Income Taxes	-	-	-	-
Income Tax Benefit	-	-	-	-
Attributable to minority interest	(305,626)	-	(757,858)	55,642
NET INCOME (LOSS)	$ (348,764)	$ (962,231)	$(5,367,066)	$ (567,516)
NET INCOME PER SHARE	$ (0.01)	$ (0.03)	$ (0.11)	$ (0.015)
WEIGHTED AVERAGE NUMBER OF COMMOMN SHARES OUTSTANDING	46,737,286	34,625,615	50,783,115	38,088,923
COMPREHENSIVE INCOME (LOSS)				
NET LOSS	$ (348,764)	$ (962,231)	$(5,367,066)	$(2,640,611)
Currency transaction gain (loss)	(67,415)	(1,231)	1,256,095	(1,029)
COMPREHENSIVE LOSS	$ (416,179)	$ (963,462)	$(4,110,971)	$(2,641,640)

The notes are an integral part of these financial statements

LEO MOTORS, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

For the Nine Months Ended September 30, 2010 and 2009

(Unaudited)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID IN CAPITAL	COMPREHENSIVE INCOME(LOSS)	RETAINED EARNINGS (DEFICIT)	TOTAL
Balance, January 1, 2010	40,708,115	$ 40,708	$ 3,964,160	$ 368,354	$ (4,890,285)	$ (517,063)
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				1,256,095		1,256,095
Net loss for the nine months period ended September 30, 2010					(5,367,066)	(5,367,066)
Balance, September 30, 2010	50,783,115	$ 50,783	$19,262,850	$ 1,624,449	$(10,257,351)	$10,680,731

The notes are an integral part of these financial statements

LEO MOTORS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2010 and 2009

(Unaudited)

	NINE MONTHS ENDED SEPTEMBER 30, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (5,367,066)	$ (567,516)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Stock for services	4,123,670	-
Foreign Currency Translations	-	(167,674)
Depreciation	94,664	23,432
Loss on disposition of property and equipment	130	-
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Decrease (Increase) in accounts receivable	235,580	(18,963)
Decrease (Increase) in inventories	(2,589,196)	(38,286)
Decrease (Increase) in deposit and prepaid	(724,102)	(150,857)
Increase (Decrease) in accounts payable and accrued liabilities	244,771	96,881
Increase (Decrease) in other payable	309,478	-
Increase (Decrease) in advance from customers	2,124,494	-
Increase (Decrease) in accrued severance benefits	(1,814)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,549,391)	(822,983)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(153,702)	(286,713)
Loss in investment in a closely held-company	-	-
Outlay for deposit	(72,019)	63,104
Expenditure for intangible assets	-	(1,678,369)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(225,721)	(1,901,978)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in equity	-	2,633,179
Proceeds from short-term borrowing	491,209	420,628
Increase (Decrease) in interest payable	-	-
Increase in minority interest	-	(270,288)
Proceeds (Repaid) from advance from customers	-	-
Proceeds from related party/bank	-	(177,849)
Debt reduction - related party and payment in advance	-	-
Minority Interest Investment	(245,835)	390,017
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	245,374	2,995,687
CHANGE IN CASH DUE TO FOREIGN CURRENCY TRANSLATION ADJUSTMENT	1,256,095	-
NET INCREASE (DECREASE) IN CASH	(273,643)	270,726

CASH, BEGINNING OF PERIOD	499,025	32,181
CASH, END OF PERIOD	$ 225,381	$ 302,907
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

September 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.

Interim Financial Statements

The accompanying unaudited condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and should be read in conjunction with our audited financial statements and footnotes thereto for the year ended December 31, 2009 included in our Form 10-K filed on April 15, 2010. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. However, we believe that the disclosures are adequate to make the information presented not misleading. The financial statements reflect all adjustments (consisting primarily of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of our financial position and results of operations. The operating results for the third quarter and year to date period ended September 30, 2010 are not necessarily indicative of the results to be expected for any other interim period of any future year.

Certain reclassifications have been made to conform previously reported data to the current presentation. These reclassifications have no effect on net income or financial position as previously reported.

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 September 30, 2010. At September 30, 2010, our bank deposits were $225,382.

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 ($.0008756567) and ($.0007584166) respectively and revenues and expenses are translated at weighted average exchange rates for the period, which was ($.000858664) and ($.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 September 30, 2010 was $1,624,449. 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 September 30, 2010 and for the period then ended, the exchange rate for the local currency, KRW was $ 1 USD for 1,142 and 1,164 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 September 30, 2010 balance of accounts receivable was $9,090, 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 September 30, 2010, the inventory consisted of:

Raw materials	$ -
Work in Process	2,984,197
Finished goods	-
TOTAL	$ 2,948,197

NOTE 6 - FIXED ASSETS

The Company's fixed assets consist of the following:

Structures	$ 2,697
Vehicles	42,997
Tools	47,533
Equipment, furniture , fixtures and equipment	269,654
	362,881
Less Accumulated Depreciation	(145,992)
Net	$ 216,889

The Company depreciates it assets over useful lives of between 3 and 7 years. Depreciation expense was $94,664 for the nine month period ended September 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. The Company has authorized an independent valuation in accordance with ASC Topic 805, Business Combinations.

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 September 30, 2010, the balance of payments received in advance was $2,420,661.

NOTE 10 - BANK LOAN

The Company is indebted to Shin Han Bank at September 30, 2010 for $437,828, 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 September 30, 2010 were 50,783,115 shares and 40,708,115 shares, December 31, 2009.

For the Nine Months ended September 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 September 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 (single segment for the period)	$651,656

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 September 30, 2010 was $75,115.

13.2 Litigation

The Company has no threatened, pending or unsettled litigation as of November 10, 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 $5,367,066 during the quarter ended September 30, 2010, and as of that date, the Company has a deficit of $10,257,351. 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.

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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 testing and developing 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 Vehicle ("EV"). Our EPTS can replace internal combustion engines (ICE). We plan to market our EPTS to auto makers or conversion service providers.

Recent Business Developments

During the last two years, we have been developing eight EPTS of increasing power rating: 3kW, 5kW, 7.5kW, 15kW, 30kW, 60kW, 120kW, and 240kW systems. Each EPTS consists of a motor, a controller, and a battery power pack with a battery management system ("BMS").

The Company has successfully converted existing models of small cars (ICEs under 2,000cc), and also a 24 seat bus. The Company has launched its 60kW power train kits (for compact passenger cars and small trucks) and its 120kW kits (for ICE passenger cars, buses, and trucks under 5,000cc). The Company has developed a 240kW kit (for up to 10,000cc buses and trucks) as well. The 240kW kit was scheduled to be tested by October of 2010, but the Company has postponed the test until February of 2011 due to unexpected delays in procuring the electric lines and inverters rated for such high power.

The Company has also developed a Low Speed EV ("LSV"), a four-wheeled electric scooter, and electric bikes. During 2010, we launched electric bikes, and are now selling them to distributors. The company also has developed its Zinc Air Fuel Cell Generator to be used as a range extender for EVs.

We have begun marketing three models of electric scooters: Hilless 1, 3, and 5. The Company received its initial order of 1,187 electric scooters from M&M Co., Ltd, our domestic distributor in Korea, for a total of 4.2 billion Korean Won (approximately $ 3.73 million USD), with a down payment of 3 billion

Korean Won (about $ 2.66 million USD). The company delivered 202 units through the end of June, but has delayed its expected delivery of the next installments until December 2010 due to a delay in parts supply, and also due to our desire to make certain improvements to the vehicle's structural design. Following the delay, which was agreed to by the distributor, we anticipate making our next delivery of 651 units by the end of December. The development of our fast driving electric motor cycle was postponed until the Company finds the sufficient fund to develop it.

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

- Developing mass production facilities for power trains and BMS
- Finalizing the development of ZAFCG to be used in EV by March 2011, and developing mass production plant to produce ZAFCG by December 2011.
- Finishing the development of the 240kW system by May 2011.

We have developed a one ton load full speed electric truck using a max 60kW power train. The truck was converted from the body and chassis of a Hyundai Porter model truck, on an order from M&M, our Korean distributor. The newly developed electric Porter is under tests. After proper tests, M&M will start marketing the electric truck targeting delivery markets and driving schools.

The Company has completed its 1kW Zinc Air Fuel Cell Generator ("ZAFCG"). The 1kW ZAFCG was demonstrated to professionals and industry leaders at a seminar in Korea. As the next step, the Company is developing a 2kW system to be used for EVs.

The Company has participated in Money Show in San Francisco in August, EV Battery Tech USA in Detroit in September, and Battery Show in San Jose in October 2010. In the Shows, the Company delivered speeches about ZAFCG and BMS.

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 3rd quarter, the Company had incurred $600,993 in expenses, not including salary and consulting expense paid by stock, and had realized $85,034 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 advance 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 nine months ended September 30, 2010 were $651,565 compared to $512,681 for the nine months ended September 30, 2009. Costs of sales were $615,211 and gross profit was $36,445 in 2010 compared to $242,518 and $270,163 as costs of sales and gross profit in the same period in 2009. 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 which is our domestic distributor, for a total of 4.2 billion Korean Won (approximately $ 3.73 million USD). 352 units were delivered through the end of October, with the remaining units to begin delivery by December 2010, after a delay due to a shortage of parts and improvement of structural design. We believe recurring revenue will begin this year as our goal is to begin mass production and marketing of our products.

Expenses

During the nine month period, we incurred $6,150,139 in expenses, compared to $921,868 in the September 30 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 its existing office to operate its sales and administration division. As the electric scooter has been launched in our domestic market and the company has begun mass production for the scooter, the marketing expenses and indirect costs also increased.

Expenses for the period quarter consisted of the following:

Expenses:	**Nine Months Ended September 30, 2010**	**Nine Months Ended September 30, 2009**
Salaries and Benefits	$ 4,813,929	$ 370,541
Service Fees	318,953	331,177
Selling, General and Administrative	1,017,257	220,150
Total	6,150,139	921,868

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 September 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 – (Removed and Reserved)

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: November 15, 2010

LEO MOTORS, INC.
(the registrant)

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

Exhibit 31.1

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 September 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: November 15, 2010

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

Exhibit 32.1

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 September 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: November 15, 2010

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