

WUHAN GENERAL GROUP (CHINA), INC
Form 10-Q
November 16, 2009

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

Form 10-Q

(Mark One)

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2009

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 001-34125

WUHAN GENERAL GROUP (CHINA), INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction
of Incorporation or
Organization)

84-1092589
(I.R.S. Employer Identification No.)

Canglongdao Science Park of Wuhan East Lake Hi-Tech
Development Zone
Wuhan, Hubei, People's Republic of China
(Address of Principal Executive Offices)

430200
(Zip Code)

86-27-5970-0069
(Registrant's Telephone Number, Including Area Code)

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 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

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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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes

No

As of October 31, 2009, the registrant had a total of 25,351,950 shares of common stock outstanding.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

Wuhan General Group (China), Inc.
Consolidated Balance Sheets
At September 30, 2009 and December 31, 2008
(Stated in US Dollars)

			(Audited)	
	Note	September 30, 2009	December 31, 2008	
ASSETS				
Current Assets				
Cash	2 (e)	\$ 819,830	\$ 2,817,503	
Restricted Cash	3	7,536,300	13,180,640	
Notes Receivable	4	2,194	-	
Accounts Receivable	2 (f) ,5	47,841,353	41,486,856	
Other Receivable		1,276,277	1,719,083	
Inventory	2 (g) ,6	22,830,077	8,395,467	
Advances to Suppliers		15,885,956	20,274,473	
Advances to Employees	7	116,318	189,516	
Prepaid Expenses		798,607	92,279	
Prepaid Taxes		526,079	604,610	
Deferred Tax Asset	16	493,300	-	
Total Current Assets		98,126,291	88,760,427	
Non-Current Assets				
Real Property Available for Sale		1,103,048	1,100,376	
Property, Plant & Equipment, net	2 (h) ,8	30,142,351	22,274,551	
Land Use Rights, net	2 (j) ,9	12,188,397	12,297,429	
Construction in Progress	10	20,226,806	30,276,011	
Intangible Assets, net	2 (i) ,11	259,896	363,574	
Total Assets		\$ 162,046,789	\$ 155,072,368	
LIABILITIES & STOCKHOLDERS' EQUITY				
Liabilities				
Current Liabilities				
Bank Loans & Notes	12	31,244,022	35,171,690	
Accounts Payable		8,751,493	8,420,678	
Taxes Payable		2,410,337	1,109,548	
Other Payable		8,832,835	7,708,323	
Dividend Payable		543,363	193,804	
Accrued Liabilities	13	3,550,798	2,805,558	
Customer Deposits		5,388,333	4,614,370	
Total Current Liabilities		60,721,181	60,023,971	
Long Term Liabilities				
Bank Loans and Notes	12	2,925,002	1,458,959	

Total Liabilities	63,646,183	61,482,930
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See Accompanying Notes to the Financial Statements and Accountant's Report.

Wuhan General Group (China), Inc.
Consolidated Balance Sheets
At September 30, 2009 and December 31, 2008
(Stated in US Dollars)

	Note	September 30, 2009	(Audited) December 31, 2008
Stockholders' Equity			
Preferred Stock - \$0.0001 Par Value, 50,000,000 Shares Authorized; 6,241,453 Shares of Series A Convertible Preferred Stock Issued & Outstanding at September 30, 2009 and December 31, 2008		624	624
Additional Paid-in Capital - Preferred Stock		8,170,415	8,170,415
Additional Paid-in Capital - Warrants		3,484,011	3,687,794
Additional Paid-in Capital - Beneficial Conversion Feature		6,371,546	6,371,546
Preferred Stock - \$0.0001 Par Value 50,000,000 Shares Authorized; 6,354,078 Shares of Series B Convertible Preferred Stock Issued & Outstanding at September 30, 2009 and December 31, 2008		635	635
Additional Paid in Capital - Preferred Stock		12,637,158	12,637,158
Additional Paid in Capital - Warrants		2,274,181	2,274,181
Additional Paid in Capital - Beneficial Conversion Feature		4,023,692	4,023,692
Common Stock - \$0.0001 Par Value 100,000,000 Shares Authorized; 25,351,950 and 24,752,802 Shares Issued & Outstanding at September 30, 2009 and December 31, 2008, respectively	14	2,536	2,475
Additional Paid-in Capital		29,793,996	28,436,835
Statutory Reserve	2 (t) ,15	4,478,066	3,271,511
Retained Earnings		19,424,564	17,034,243
Accumulated Other Comprehensive Income	2 (u)	7,739,182	7,678,329
Total Stockholders' Equity		98,400,606	93,589,438
Total Liabilities & Stockholders' Equity		\$ 162,046,789	\$ 155,072,368

See Accompanying Notes to the Financial Statements and Accountant's Report.

Wuhan General Group (China), Inc.
Consolidated Statements of Income
For the three and nine months ended September 30, 2009 and 2008
(Stated in US Dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Revenue					
Sales	2 (l)	\$ 24,720,005	\$ 33,952,893	\$ 59,949,344	\$ 90,581,691
Cost of Sales	2 (m)	17,855,151	23,934,676	45,213,132	62,932,130
Gross Profit		6,864,854	10,018,217	14,736,212	27,649,561
Operating Expenses					
Selling Expenses	2 (n)	759,752	834,590	1,479,742	2,129,971
General & Administrative Expenses	2 (o)	1,463,970	2,112,731	4,395,556	6,602,031
Warranty Expense	2 (v) ,13	178,610	89,958	482,346	647,175
Total Operating Expense		2,402,332	3,037,279	6,357,644	9,379,177
Operating Income		4,462,522	6,980,938	8,378,568	18,270,384
Other Income (Expenses)					
Interest Income		288,862	288,177	494,258	636,626
Other Income (Expenses)		117,589	(1,375,291)	79,702	(1,492,718)
Interest Expense		(1,276,069)	(1,264,301)	(2,572,984)	(2,521,773)
Stock Penalty for late listing on NASDAQ	14	-	-	(1,153,439)	-
Total Other Income (Loss) & Expense		(869,618)	(2,351,415)	(3,152,463)	(3,377,865)
Earnings before Tax		3,592,904	4,629,523	5,226,105	14,892,519
Income Tax	2 (s) , 16	586,053	-	1,085,866	-
Net Income		\$ 3,006,851	\$ 4,629,523	\$ 4,140,239	\$ 14,892,519
Preferred Dividends Declared		183,276	215,829	543,363	733,289
Series A Constructive Preferred Dividend			-		
Series B Constructive Preferred Dividend			3,027,542		3,027,542
Income (Loss) Available to Common Shareholders		\$ 2,823,575	1,386,152	\$ 3,596,876	11,131,688
Earnings Per Share					
Basic	17	\$ 0.11	\$ 0.05	\$ 0.14	\$ 0.51
Diluted		\$ 0.08	\$ 0.03	\$ 0.09	\$ 0.33

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Weighted Average Shares

Outstanding

Basic	25,285,902	25,930,537	25,013,117	21,907,429
Diluted	39,135,314	47,457,524	38,324,011	