

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

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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
<b>ASSETS</b>			
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
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
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
<b>Stockholders' Equity</b>			
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
<b>Total Stockholders' Equity</b>			
		98,400,606	93,589,438
<b>Total Liabilities &amp; Stockholders' Equity</b>			
		\$ 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)

		Three months ended		Nine months ended	
	Note	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
<b>Revenue</b>					
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
<b>Operating Expenses</b>					
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
<b>Other Income (Expenses)</b>					
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
<b>Preferred Dividends</b>					
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
<b>Earnings Per Share</b>					
Basic	17	\$ 0.11	\$ 0.05	\$ 0.14	\$ 0.51
Diluted		\$ 0.08	\$ 0.03	\$ 0.09	\$ 0.33

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	45,365,361

Comprehensive Income

Net Income	\$ 3,006,851	\$ 4,629,523	\$ 4,140,239	\$ 14,892,519
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Other Comprehensive  
Income

Foreign Currency Translation Adjustment	15,984	189,698	60,853	4,255,515
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Total Comprehensive

Income	\$ 3,022,835	\$ 4,819,221	\$ 4,201,092	\$ 19,148,034
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See Accompanying Notes to the Financial Statements and Accountant's Report.



Wuhan General Group (China), Inc.  
 Consolidated Statements of Stockholders' Equity  
 For the nine months ended September 30, 2009 and the year ended December 31, 2008  
 (Stated in US Dollars)

Series A, J, C Warrants Additional Paid in Capital	Beneficial Conversion Feature Additional Paid in Capital	Series B Convertible Preferred Stock Out-standing Amount	Series B Preferred Stock Additional Paid in Capital	Series B, JJ Warrants Additional Paid in Capital	Beneficial Conversion Feature Additional Paid in Capital	Common Stock Shares Out-standing	Amount	Additional Paid in Capital	Statutory Reserve	
\$ 3,687,794	\$ 6,371,546	6,354,078	\$ 635	\$ 12,637,158	\$ 2,274,181	\$ 4,023,692	24,752,802	\$ 2,475	\$ 28,436,835	\$ 3,271,500
						529,787	53	1,153,386		
						69,361	8	(8)		
(203,783)								203,783		
										1,206,500
\$ 3,484,011	\$ 6,371,546	6,354,078	\$ 635	\$ 12,637,158	\$ 2,274,181	\$ 4,023,692	25,351,950	\$ 2,536	\$ 29,793,996	\$ 4,478,000

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

Wuhan General Group (China), Inc.  
 Consolidated Statements of Stockholders' Equity  
 For the nine months ended September 30, 2009 and the year ended December 31, 2008  
 (Stated in US Dollars)

	Series A, J, C Warrants Additional Paid in Capital	Beneficial Conversion Feature Additional Paid in Capital	Series B Convertible Preferred Stock Shares Out-standing Amount	Series B Preferred Stock Additional Paid in Capital	Series B, JJ Warrants Additional Paid in Capital	Beneficial Conversion Feature Additional Paid in Capital	Common Stock Shares Out-standing Amount	Additional Paid in Capital	Stockholders' Equity
2009	6,572,334	10,501,982	-	-	-	-	19,712,446	1,971	12,349,602
	(1,860,866)		6,369,078	637	12,667,525	2,274,181	4,032,656		
2008		(4,130,436)	(15,000)	(2)	(30,368)	(8,963)	4,061,101	406	9,466,342
	(150,287)						115,361	12	150,275
									227,603
							863,894	86	5,355,147
	(873,387)								873,387
									14,479
2008	\$ 3,687,794	\$ 6,371,546	6,354,078	\$ 635	\$ 12,637,158	\$ 2,274,181	\$ 4,023,692		2,600,000

