

WUHAN GENERAL GROUP (CHINA), INC
Form 10-Q/A
March 07, 2011

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

FORM 10-Q/A

(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 March 31, 2010

or

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number 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 <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

As of May 12, 2010, the registrant had a total of 25,351,950 shares of common stock outstanding.

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EXPLANATORY NOTE

This Amendment No. 1 (this “Amended Report”) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (the “Original Report”) of Wuhan General Group (China), Inc. (the “Company”) is being filed with the Securities and Exchange Commission (the “SEC”) to provide the Company’s amended and restated financial statements for the quarter ended March 31, 2010 (the “Restated Financial Statements”).

On March 7, 2011, the Company’s Chief Financial Officer, after consultation with the Company’s Audit Committee, concluded that the Company’s previously filed financial statements included in the Original Report could no longer be relied upon because of an error in such financial statements. The Company restated the long term loans outstanding due to Standard Chartered Bank at March 31, 2010 as short term, rather than long term as a result of the Company’s noncompliance with certain loan covenants disclosed in Note 12 Bank Loans and Notes to the Company’s Restated Financial Statements. The impact of the restatement is limited to the Company’s classification of liabilities on the Company’s Consolidated Balance Sheets and Note 12 Bank Loans and Notes. As a result of the restatement, the short term balance increased from \$22,556,695 to \$44,458,071 while the corresponding long term loans decreased from \$21,901,376 to \$0. The Company’s current liabilities increased from \$47,852,516 to \$69,753,892. The Company’s long term liabilities decreased from \$21,901,376 to \$0. The Company’s total liabilities remain unchanged.

No changes have been made to the Original Report other than the amendment and restatement of Items 1, 2, 4T and 6. This Amended Report does not include any items that were not affected by the amendment and restatement. Unless expressly stated, this Amended Report does not reflect events occurring after the filing of the Original Report, nor does it modify or update in any way the disclosures contained in the Original Report, which speak as of the date of the original filing. Accordingly, this Amended Report should be read in conjunction with the Original Report.

Unless the context requires otherwise, references to “we,” “us,” “our,” “Wuhan General” and the “Company” refer specifically to Wuhan General Group (China), Inc. and its subsidiaries.

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

Wuhan General Group (China), Inc.

Consolidated Balance Sheets
At March 31, 2010 and December 31, 2009
(Stated in US Dollars)

	Note	Restated March 31, 2010	Original March 31, 2010	Restated (Audited) December 31, 2009	Original (Audited) December 31, 2009
ASSETS					
Current Assets					
Cash	2(e)	4,295,166	4,295,166	407,394	407,394
Restricted Cash	3	7,559,758	7,559,758	7,759,971	7,759,971
Notes Receivable	4	239,561	239,561	28,520	28,520
Accounts Receivable	2(f),5	47,048,295	47,048,295	53,962,201	53,962,201
Other Receivable		2,035,843	2,035,843	4,684,372	4,684,372
Inventory	2(g),6	15,674,588	15,674,588	15,630,470	15,630,470
Advances to Suppliers		29,404,592	29,404,592	24,616,120	24,616,120
Advances to Employees	7	683,246	683,246	342,829	342,829
Prepaid Expenses		845,353	845,353	928,629	928,629
Prepaid Taxes		518,660	518,660	546,050	546,050
Deferred Tax Asset		774,095	774,095	749,031	749,031
Total Current Assets		109,079,157	109,079,157	109,655,587	109,655,587
Non-Current Assets					
Real Property Available for Sale		1,103,290	1,103,290	1,103,113	1,103,113
Property, Plant & Equipment, net	2(h),8	32,540,650	32,540,650	32,908,334	32,908,334
Land Use Rights, net	2(j),9	11,906,492	11,906,492	12,073,139	12,073,139
Construction in Progress	10	18,238,041	18,238,041	17,864,257	17,864,257
Intangible Assets, net	2(i),11	276,283	276,283	212,798	212,798
Other Assets		1,042,291	1,042,291	—	—
Total Assets		174,186,204	174,186,204	173,817,228	173,817,228
LIABILITIES & STOCKHOLDERS' EQUITY					
Liabilities					
Current Liabilities					
Bank Loans & Notes	12, 21	44,458,071	22,556,695	46,758,253	36,738,934
Accounts Payable		9,296,992	9,296,992	8,049,057	8,049,057
Taxes Payable		3,251,345	3,251,345	3,169,948	3,169,948
Other Payable		1,836,809	1,836,809	4,228,042	4,228,042
Dividend Payable		904,429	904,429	727,129	727,129
Accrued Liabilities	13	3,304,918	3,304,918	3,524,388	3,524,388
Customer Deposits		6,701,328	6,701,328	4,696,719	4,696,719
Total Current Liabilities	21	69,753,892	47,852,516	71,153,536	61,134,217

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Long Term Liabilities

Bank Loans and Notes	12, 21	—	21,901,376	—	10,019,319
Total Liabilities		69,753,892	69,753,892	71,153,536	71,153,536

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

Wuhan General Group (China), Inc.

Consolidated Balance Sheets
At March 31, 2010 and December 31, 2009
(Stated in US Dollars)

	Note	Restated March 31, 2010	Original March 31, 2010	Restated (Audited) December 31, 2009	Original (Audited) December 31, 2009
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 March 31, 2010 and December 31, 2009		624	624	624	624
Additional Paid-in Capital - Preferred Stock		8,170,415	8,170,415	8,170,415	8,170,415
Additional Paid-in Capital - Warrants		3,484,011	3,484,011	3,484,011	3,484,011
Additional Paid-in Capital - Beneficial Conversion Feature		6,371,547	6,371,547	6,371,547	6,371,547
Preferred Stock - \$0.0001 Par Value 50,000,000 Shares Authorized; 6,354,078 Shares of Series B Convertible Preferred Stock Issued & Outstanding at March 31, 2010 and December 31, 2009		635	635	635	635
Additional Paid in Capital - Preferred Stock		12,637,158	12,637,158	12,637,158	12,637,158
Additional Paid in Capital - Warrants		2,274,181	2,274,181	2,274,181	2,274,181
Additional Paid in Capital - Beneficial Conversion Feature		4,023,692	4,023,692	4,023,692	4,023,692
Common Stock - \$0.0001 Par Value 100,000,000 Shares Authorized; 25,351,950 Shares Issued & Outstanding at March 31, 2010 and December 31, 2009	14	2,536	2,536	2,536	2,536
Additional Paid-in Capital		29,793,996	29,793,996	29,793,996	29,793,996
Statutory Reserve	2(u), 15	5,454,773	5,454,773	4,563,592	4,563,592
Retained Earnings		24,328,623	24,328,623	23,477,239	23,477,239
Accumulated Other Comprehensive Income	2(v)	7,890,121	7,890,121	7,864,066	7,864,066
Total Stockholders' Equity		104,432,312	104,432,312	102,663,692	102,663,692
Total Liabilities & Stockholders' Equity		174,186,204	174,186,204	173,817,228	173,817,228

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

Wuhan General Group (China), Inc.

Statements of Income
For the three months ended March 31, 2010 and 2009
(Stated in US Dollars)

	Note		Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Sales	2	(l)	\$ 17,951,294	\$ 18,076,052
Cost of Sales	2	(m)	13,012,498	14,285,283
Gross Profit			4,938,796	3,790,769
Operating Expenses				
Selling Expenses	2	(n)	411,365	413,162
General & Administrative Expenses	2	(o)	1,109,555	1,380,608
Warranty Expense	2	(w),13	180,829	153,973
Total Operating Expense			1,701,749	1,947,743
Operating Income			3,237,047	1,843,026
Other Income (Expenses)				
Other Income			82	18,946
Interest Income			18,554	184,331
Other Expenses			(1,250)	(4,279)
Interest Expense			(1,027,783)	(633,475)
Total Other Income & Expense			(1,010,397)	(434,477)
Earnings before Tax			2,226,650	1,408,549
Income Tax	2	(t),16	(306,785)	(293,477)
Net Income			\$ 1,919,865	\$ 1,115,072
Preferred Dividends Declared			(177,300)	(178,802)
Income Available to Common Stockholders			\$ 1,742,565	\$ 936,270
Earnings Per Share				
Basic	2	(x),17	\$ 0.07	\$ 0.04
Diluted			0.05	0.03
Weighted Average Shares Outstanding				
Basic			25,351,950	24,759,746
Diluted			37,947,481	39,662,817
			Three Months Ended	Three Months Ended
Comprehensive Income				

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	March 31, 2010	March 31, 2009
Net Income	\$ 1,919,865	\$ 1,115,072
Other Comprehensive Income		
Foreign Currency Translation Adjustment	26,055	929,786
Total Comprehensive Income	\$ 1,945,920	\$ 2,044,858

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

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Wuhan General Group (China), Inc.

Consolidated Statements of Stockholders' Equity
 For the periods ended March 31, 2010 and December 31, 2009
 (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	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	Additional Paid in Capital	Statutory Reserves		
\$3,484,011	\$6,371,547	6,354,078	\$635	\$12,637,158	\$2,274,181	\$4,023,692	25,351,950	\$2,536	\$29,793,996	\$4,563,581,180
\$3,484,011	\$6,371,547	6,354,078	\$635	\$12,637,158	\$2,274,181	\$4,023,692	25,351,950	\$2,536	\$29,793,996	\$5,454,762,361

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

Wuhan General Group (China), Inc.

Consolidated Statements of Stockholders' Equity
 For the periods ended March 31, 2010 and December 31, 2009
 (Stated in US Dollars)

Series A, J, C Warrants	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	Statutory Reserves		
\$3,687,794	\$6,371,547	6,354,078	\$635	\$12,637,158	\$2,274,181	\$4,023,692	24,752,802	\$2,475	\$28,436,835	\$3,271,5
						529,787	53	1,153,386		
						69,361	8	(8)		
									203,783	
										(203,783)