

WUHAN GENERAL GROUP (CHINA), INC
Form 10-Q
August 22, 2011

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 June 30, 2011

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, 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 August 15, 2011, the registrant had a total of 32,505,000 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
As of June 30, 2011 and December 31, 2010
(Stated in US Dollars)

	Note	At June 30, 2011	At December 31, 2010
ASSETS			
Current Assets			
Cash	2(e)	\$ 55,251,887	\$ 26,856,317
Restricted Cash	3	24,076,390	30,599,958
Short Term Investment		154,703	-
Notes Receivable	4	72,710	251,066
Accounts Receivable	2(f),5	57,862,257	49,485,978
Other Receivable		27,676,744	16,269,293
Inventory	2(g),6	15,384,444	9,867,301
Advances to Suppliers		27,375,466	35,433,751
Advances to Employees	7	296,776	322,205
Prepaid Expenses		1,834,090	517
Prepaid Taxes		412,317	1,351
Deferred Tax Asset		1,219,800	1,192,532
Current assets held for sale	2(bb), 22	1,835,464	1,756,460
Total Current Assets		213,453,048	172,036,729
Non-Current Assets			
Real Property Available for Sale		-	1,140,718
Property, Plant & Equipment, net	2(h),8	30,367,724	30,617,120
Land Use Rights, net	2(j),9	1,968,066	1,945,678
Construction in Progress	10	14,978,941	12,371,309
Other Assets		7,000	-
Intangible Assets, net	2(i),11	163,381	179,837
Long-term assets held for sale	2(bb), 22	24,528,890	24,215,927
Total Assets		\$ 285,467,050	\$ 242,507,318
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Bank Loans & Notes	12	\$ 99,652,003	\$ 72,007,623
Accounts Payable		9,022,777	9,619,808
Taxes Payable		8,355,936	10,459,789
Other Payable		5,736,818	4,123,669
Related Party Payable	13	2,287,549	-
Dividend Payable		1,087,706	727,129
Accrued Liabilities	14	3,093,625	2,885,931

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Customer Deposits		13,723,483	8,005,336
Current liabilities associated with assets held for sale	2(bb), 22	718,672	726,232
Total Current Liabilities		143,678,569	108,555,517
Long Term Liabilities			
Bank Loans and Notes	12	22,122,525	21,627,999
Total Liabilities		\$ 165,801,094	\$ 130,183,516

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

Wuhan General Group (China), Inc.
Consolidated Balance Sheets
As of June 30, 2011 and December 31, 2010
(Stated in US Dollars)

	Note	At June 30, 2011	At December 31, 2010
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 June 30, 2011 and December 31, 2010	15	\$ 624	\$ 624
Additional Paid in Capital – Preferred Stock		8,170,415	8,170,415
Additional Paid in Capital – Warrants		63,171	1,554,635
Additional Paid in Capital – Beneficial Conversion Feature		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 June 30, 2011 and December 31, 2010	15	635	635
Additional Paid in Capital – Preferred Stock		12,637,158	12,637,158
Additional Paid in Capital – Warrants		-	1,244,366
Additional Paid in Capital – Beneficial Conversion Feature		4,023,692	4,023,692
Common Stock - \$0.0001 Par Value 100,000,000 Shares Authorized; 32,505,000 and 28,327,607 Shares Issued & Outstanding at June 30, 2011 and December 31, 2010, respectively	15	3,251	2,833
Additional Paid in Capital		42,090,418	35,895,190
Statutory Reserve	2(u),16	4,563,592	4,563,592
Retained Earnings		27,175,361	25,956,458
Accumulated Other Comprehensive Income	2(v)	14,566,092	11,902,657
Total Stockholders' Equity		119,665,956	112,323,802
Total Liabilities & Stockholders' Equity		\$ 285,467,050	\$ 242,507,318

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

Wuhan General Group (China), Inc.

Consolidated Statements of Income
For the three and six months ended June 30, 2011 and 2010
(Stated in US Dollars)

	Note	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Sales	2(l)	\$ 32,255,783	\$ 22,451,331	\$ 59,643,903	\$ 40,203,807
Cost of Sales	2(m)	22,741,366	17,673,889	43,549,985	30,545,757
Gross Profit		9,514,417	4,777,442	16,093,918	9,658,050
Operating Expenses					
Selling	2(n)	267,446	240,169	700,143	636,503
General & Administrative	2(p)	2,897,838	492,083	5,074,326	1,453,436
Warranty	2(w),14	21,674	195,721	195,705	376,550
Total Operating Expenses		3,186,958	927,973	5,970,174	2,466,489
Operating Income		6,327,459	3,849,469	10,123,744	7,191,561
Other Income (Expenses)					
Other Income		87,776	132,311	138,188	132,393
Interest Income		80,404	7,363	89,166	25,867
Other Expenses		(2,398)	(1,335)	(49,605)	(1,561)
Interest Expense		(2,954,482)	(3,106,994)	(4,224,378)	(4,134,777)
Expense for warrant recapitalization		-	-	(3,455,260)	-
Total Other Income (Loss) & Expenses		(2,788,700)	(2,968,655)	(7,501,889)	(3,978,078)
Earnings from Continuing Operations					
before Taxes		3,538,759	880,814	2,621,855	3,213,483
Income Taxes	2(t), 17	456,593	160,897	844,005	467,682
Income from Continuing Operations		3,082,166	719,917	1,777,850	2,745,801
Income (Loss) from Discontinued Operations, net of taxes		(90,893)	(40,818)	(198,370)	(146,837)
Net Income		\$ 2,991,273	\$ 679,099	\$ 1,579,480	\$ 2,598,964
Preferred Dividends Declared		(181,284)	(177,300)	(360,577)	(354,600)
Income Available to Common Stockholders		\$ 2,809,989	\$ 501,799	\$ 1,218,903	\$ 2,244,364
Earnings Per Share	18				
Basic – Net Income		\$ 0.09	\$ 0.02	\$ 0.04	\$ 0.09

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– Income from Continuing Operations	0.09	0.02	0.05	0.10
– Loss from Discontinued Operations	(0.00)	(0.00)	(0.01)	(0.01)
Diluted – Net Income	0.06	0.02	0.04	0.08
– Income from Continuing Operations	0.06	0.02	0.05	0.09
– Loss from Discontinued Operations	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted Average Shares Outstanding				
Basic	32,505,000	25,351,950	32,040,845	25,351,950
Diluted	45,100,531	31,799,321	38,394,923	31,799,321

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Comprehensive Income				
Net Income	\$ 2,991,273	\$ 679,099	\$ 1,579,480	\$ 2,598,964
Other Comprehensive Income				
Foreign Currency Translation Adjustment	972,071	(395,865)	2,663,435	(369,809)
Total Comprehensive Income	\$ 3,963,344	\$ 283,234	\$ 4,242,915	\$ 2,229,155

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 June 30, 2011 and December 31, 2010

(Stated in US Dollars)

Series A Convertible Preferred Stock Shares	Series A Preferred Stock Warrants Additional Paid-in Capital	Beneficial Conversion Feature Additional Paid in Capital	Series B Convertible Preferred Stock Shares	Series B Preferred Stock Additional Paid in	Series B, JJ Warrants Additional Paid in	Beneficial Conversion Feature Additional Paid in	Common Stock Shares	Additional	Statutory	Retained