

WUHAN GENERAL GROUP (CHINA), INC
Form 10-Q
August 23, 2010

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, 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

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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 13, 2010, 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 June 30, 2010 and December 31, 2009
(Stated in US Dollars)

	Note	June 30, 2010	(Audited) December 31, 2009
ASSETS			
Current Assets			
Cash	2(e)	\$ 24,575,431	\$ 407,394
Restricted Cash	3	10,415,415	7,759,971
Notes Receivable	4	172,576	28,520
Accounts Receivable	2(f),5	54,190,316	53,962,201
Other Receivable		7,065,450	4,684,372
Inventory	2(g),6	16,672,654	15,630,470
Advances to Suppliers	7	31,732,837	24,616,120
Advances to Employees	8	944,804	342,829
Prepaid Expenses		146,808	928,629
Prepaid Taxes		556,118	546,050
Deferred Tax Asset		775,222	749,031
Total Current Assets		147,247,631	109,655,587
Non-Current Assets			
Real Property Available for Sale		1,107,746	1,103,113
Property, Plant & Equipment, net	2(h),9	32,137,014	32,908,334
Land Use Rights, net	2(j),10	11,885,575	12,073,139
Construction in Progress	11	18,368,076	17,864,257
Intangible Assets, net	2(i),12	264,387	212,798
Total Assets		\$ 211,010,429	\$ 173,817,228
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Bank Loans & Notes	13	72,768,770	46,758,253
Accounts Payable		13,478,970	8,049,057
Taxes Payable		3,195,704	3,169,948
Other Payable	14	5,567,402	4,228,042
Dividend Payable		354,600	727,129
Accrued Liabilities	2(w),15	3,489,953	3,524,388
Customer Deposits		7,600,210	4,696,719
Total Current Liabilities		106,455,609	71,153,536
Total Liabilities		106,455,609	71,153,536

Wuhan General Group (China), Inc.
Consolidated Balance Sheets
At June 30, 2010 and December 31, 2009
(Stated in US Dollars)

	Note	June 30, 2010	(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 June 30, 2010 and December 31, 2009		624	624
Additional Paid-in Capital - Preferred Stock		8,170,415	8,170,415
Additional Paid-in Capital - Warrants		3,484,011	3,484,011
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, 2010 and December 31, 2009		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 Shares Issued & Outstanding at June 30, 2010 and December 31, 2009	16	2,536	2,536
Additional Paid-in Capital		29,810,569	29,793,996
Statutory Reserve	2(u),17	5,454,773	4,563,592
Retained Earnings		24,830,422	23,477,239
Accumulated Other Comprehensive Income	2(v)	7,494,257	7,864,066
Total Stockholders' Equity		104,554,820	102,663,692
Total Liabilities & Stockholders' Equity		\$ 211,010,429	\$ 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 and six months ended June 30, 2010 and 2009
 (Stated in US Dollars)

	Note	Three months ended		Six months ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenue					
Sales	2(l)	\$ 22,690,918	\$ 17,153,287	\$ 40,642,212	\$ 35,229,339
Cost of Sales	2(m)	(17,859,022)	(13,072,698)	(30,871,520)	(27,357,981)
Gross Profit		4,831,896	4,080,589	9,770,692	7,871,358
Operating Expenses					
Selling Expenses	2(n)	(256,617)	(306,828)	(667,982)	(719,990)
General & Administrative Expenses	2(o)	(586,307)	(1,550,978)	(1,695,862)	(2,931,586)
Warranty Expense	2(w),15	(195,721)	(149,763)	(376,550)	(303,736)
Total Operating Expense		(1,038,645)	(2,007,569)	(2,740,394)	(3,955,312)
Operating Income		3,793,251	2,073,020	7,030,298	3,916,046
Other Income (Expenses)					
Other Income (Expense), net		146,226	(52,554)	145,058	(37,884)
Interest Income		7,513	21,065	26,067	205,396
Interest Expense		(3,106,994)	(663,440)	(4,134,777)	(1,296,915)
Stock Penalty for late listing on NASDAQ		-	(1,153,439)	-	(1,153,439)
Total Other Income (Loss) & Expense		(2,953,255)	(1,848,368)	(3,963,652)	(2,282,842)
Earnings before Tax		839,996	224,652	3,066,646	1,633,204
Income Tax	2(t), 18	(160,897)	(206,336)	(467,682)	(499,813)
Net Income		\$ 679,099	\$ 18,316	\$ 2,598,964	\$ 1,133,391
Preferred Dividends Declared		(177,300)	(181,285)	(354,600)	(360,087)
Income (Loss) Available to Common Shareholders		\$ 501,799	\$ (162,969)	\$ 2,244,364	\$ 773,304
Earnings Per Share					
	19				
Basic		\$ 0.02	\$ (0.01)	\$ 0.09	\$ 0.03
Diluted		\$ 0.02	\$ (0.01)	\$ 0.07	\$ 0.03
Weighted Average Shares Outstanding					
Basic		25,351,950	25,233,656	25,351,950	24,995,701
Diluted		31,799,321	25,233,656	31,799,321	31,349,779
Comprehensive Income					
Net Income		\$ 679,099	\$ 18,316	\$ 2,598,964	\$ 1,133,391
Other Comprehensive Income					

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Foreign Currency Translation Adjustment	(395,865)	(884,971)	(369,809)	44,868
Total Comprehensive Income	\$ 283,234	\$ (866,655)	\$ 2,229,155	\$ 1,178,259

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, 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		
\$ 3,484,011	\$ 6,371,547	6,354,078	\$ 635	\$ 12,637,158	\$ 2,274,181	\$ 4,023,692	25,351,950	\$ 2,536	\$ 29,793,996	\$ 4,563,5
									16,573	
										891,1
\$ 3,484,011	\$ 6,371,547	6,354,078	\$ 635	\$ 12,637,158	\$ 2,274,181	\$ 4,023,692	25,351,950	\$ 2,536	\$ 29,810,569	\$ 5,454,7

Wuhan General Group (China), Inc.
 Consolidated Statements of Stockholders' Equity
 For the periods ended June 30, 2010 and December 31, 2009
 (Stated in US Dollars)

\$ 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	\$ 3,271,111
							529,787	53	1,153,386	
							69,361	8	(8)	
(203,783)									203,783	