

WUHAN GENERAL GROUP (CHINA), INC  
Form 10-Q  
May 15, 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 March 31, 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, 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 May 5, 2009, the registrant had a total of 25,600,133 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 March 31, 2009 and December 31, 2008  
(Stated in US Dollars)

	Note	March 31, 2009	(Audited) December 31, 2008
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	2(e)	\$ 955,681	\$ 2,817,503
Restricted Cash	3	6,635,474	13,180,640
Notes Receivable	4	80,344	-
Accounts Receivable	2(f),5	38,926,932	41,486,856
Other Receivable		6,363,804	1,719,083
Inventory	2(g),6	20,908,034	8,395,467
Advances to Suppliers		13,341,580	20,274,473
Advances to Employees	7	225,976	189,516
Prepaid Expenses		125,318	92,279
Prepaid Taxes		406,278	604,610
Deferred Tax Asset		58,224	-
<b>Total Current Assets</b>		<b>88,027,645</b>	<b>88,760,427</b>
<b>Non-Current Assets</b>			
Real Property Available for Sale		1,101,759	1,100,376
Property, Plant & Equipment, net	2(h),8	30,937,437	22,274,551
Land Use Rights, net	2(j),9	12,302,276	12,297,429
Construction in Progress	10	19,750,769	30,276,011
Intangible Assets, net	2(i),11	353,194	363,574
<b>Total Assets</b>		<b>\$ 152,473,080</b>	<b>\$ 155,072,368</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank Loans & Notes	12	25,107,192	35,171,690
Accounts Payable		6,957,258	8,420,678
Taxes Payable		925,112	1,109,548
Other Payable		12,860,665	7,708,323
Dividend Payable		178,802	193,804
Accrued Liabilities	13	2,994,930	2,805,558
Customer Deposits		5,072,042	4,614,370
<b>Total Current Liabilities</b>		<b>54,096,001</b>	<b>60,023,971</b>
<b>Long Term Liabilities</b>			

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Bank Loans and Notes	12	2,921,585	1,458,959
Total Liabilities		57,017,586	61,482,930

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

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

	Note	March 31, 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 March 31, 2009 and December 31, 2008		624	624
Additional Paid-in Capital - Preferred Stock		8,170,415	8,170,415
Additional Paid-in Capital - Warrants		3,634,297	3,687,794
Additional Paid-in Capital - Beneficial Conversion Feature		6,371,547	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 March 31, 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; 24,769,917 and 24,752,802 Shares Issued & Outstanding at March 31, 2009 and December 31, 2008, respectively	14	2,477	2,475
Additional Paid-in Capital		28,490,329	28,436,835
Statutory Reserve	2(t),15	4,478,066	3,271,511
Retained Earnings		16,763,958	17,034,243
Accumulated Other Comprehensive Income	2(u)	8,608,115	7,678,329
<b>Total Stockholders' Equity</b>		<b>95,455,494</b>	<b>93,589,438</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>		<b>\$ 152,473,080</b>	<b>\$ 155,072,368</b>

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, 2009 and 2008  
 (Stated in US Dollars)

	Note	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Sales	2(l)	\$ 18,076,052	\$ 25,618,901
Cost of Sales	2(m)	14,285,283	17,561,279
Gross Profit		3,790,769	8,057,622
<b>Operating Expenses</b>			
Selling Expenses	2(n)	413,162	370,639
General & Administrative Expenses	2(o)	1,380,608	2,248,542
Warranty Expense	2(v),13	153,973	30,284
Total Operating Expense		1,947,743	2,649,465
Operating Income		1,843,026	5,408,157
<b>Other Income (Expenses)</b>			
Other Income		18,946	-
Interest Income		184,331	313,959
Other Expenses		(4,279)	(764)
Interest Expense		(633,475)	(913,442)
Total Other Income (Loss) & Expense		(434,477)	(600,247)
Earnings before Tax		1,408,549	4,807,910
Income Tax	2(s),16	(293,477)	-
Net Income		\$ 1,115,072	\$ 4,807,910
Preferred Dividends Declared		178,802	280,365
Income Available to Common Stockholders		\$ 936,270	\$ 4,527,545
<b>Earnings Per Share</b>			
	17		
Basic		\$ 0.04	\$ 0.22
Diluted		\$ 0.03	\$ 0.10
<b>Weighted Average Shares Outstanding</b>			
Basic		24,759,746	20,378,815
Diluted		39,662,817	47,760,852
<b>Comprehensive Income</b>			
Net Income		\$ 1,115,072	\$ 4,807,910

<b>Other Comprehensive Income</b>			
Foreign Currency Translation Adjustment		929,786	2,533,692
<b>Total Comprehensive Income</b>	<b>\$</b>	<b>2,044,858</b>	<b>\$ 7,341,602</b>

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



Wuhan General Group (China), Inc.  
 Consolidated Statements of Stockholders' Equity  
 For the years ended March 31, 2009 and 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	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	\$ 3,271,000
(53,497)	1						2	53,494		
										1,206,000
\$ 3,634,297	\$ 6,371,547	6,354,078	\$ 635	\$ 12,637,158	\$ 2,274,181	\$ 4,023,692	24,752,802	\$ 2,477	\$ 28,490,329	\$ 4,477,000

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

Wuhan General Group (China), Inc.  
 Consolidated Statements of Stockholders' Equity  
 For the years ended March 31, 2009 and 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	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	Stat Res		
	5,990	6,572,334	10,501,982	-	-	-	-	19,712,446	1,971	12,349,602	633
	(1,860,866)		6,369,078	637	12,667,525	2,274,181	4,032,656				
	(5,575)	(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	