

WUHAN GENERAL GROUP (CHINA), INC
Form 10-Q
November 15, 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 September 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)

No.)

84-1092589
(I.R.S. Employer Identification

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 November 12, 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 September 30, 2010 and December 31, 2009
(Stated in US Dollars)

	Note	September 30, 2010	(Audited) December 31, 2009
ASSETS			
Current Assets			
Cash	2(e)	\$ 30,429,072	\$ 407,394
Restricted Cash	3	9,366,963	7,759,971
Notes Receivable	4	2,998,761	28,520
Accounts Receivable	2(f),5	50,280,382	53,962,201
Other Receivable		9,797,721	4,684,372
Inventory	2(g),6	14,683,226	15,630,470
Advances to Suppliers	7	35,233,559	24,616,120
Advances to Employees	8	555,381	342,829
Prepaid Expenses		1,207,097	928,629
Prepaid Taxes		641,095	546,050
Deferred Tax Asset		785,979	749,031
Total Current Assets		\$ 155,979,236	\$ 109,655,587
Non-Current Assets			
Real Property Available for Sale		\$ 1,126,021	\$ 1,103,113
Property, Plant & Equipment, net	2(h),9	32,089,817	32,908,334
Land Use Rights, net	2(j),10	11,880,935	12,073,139
Construction in Progress	11	26,841,342	17,864,257
Intangible Assets, net	2(i),12	255,522	212,798
Total Assets		\$ 228,172,873	\$ 173,817,228
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Bank Loans & Notes	13	\$ 61,031,860	\$ 46,758,253
Accounts Payable		13,811,339	8,049,057
Taxes Payable		4,102,621	3,169,948
Other Payable	14	5,321,248	4,228,042
Dividend Payable		531,900	727,129
Accrued Liabilities	2(w),15	3,767,049	3,524,388
Customer Deposits		9,845,382	4,696,719
Total Current Liabilities		\$ 98,411,399	\$ 71,153,536
Long Term Liabilities			
Bank Loans and Notes	13	19,856,376	-
Total Liabilities		\$ 118,267,775	\$ 71,153,536

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

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

	Note	September 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 September 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 September 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 September 30, 2010 and December 31, 2009			
	16	2,536	2,536
Additional Paid-in Capital		29,825,673	29,793,996
Statutory Reserve	2(u),17	5,454,773	4,563,592
Retained Earnings		26,484,563	23,477,239
Accumulated Other Comprehensive Income	2(v)	11,175,290	7,864,066
Total Stockholders' Equity		\$ 109,905,098	\$ 102,663,692
Total Liabilities & Stockholders' Equity		\$ 228,172,873	\$ 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 nine months ended September 30, 2010 and 2009
 (Stated in US Dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Revenue					
Sales	2(l)	\$ 28,755,999	\$ 24,720,005	\$ 69,398,212	\$ 59,949,344
Cost of Sales	2(m)	(20,670,203)	(17,855,151)	(51,541,724)	(45,213,132)
Gross Profit		8,085,796	6,864,854	17,856,488	14,736,212
Operating Expenses					
Selling Expenses	2(n)	(311,836)	(759,752)	(979,818)	(1,479,742)
General & Administrative Expenses	2(o)	(3,461,848)	(1,463,970)	(5,157,710)	(4,395,556)
Warranty Expense	2(w),15	(231,843)	(178,610)	(608,393)	(482,346)
Total Operating Expense		(4,005,527)	(2,402,332)	(6,745,921)	(6,357,644)
Operating Income		4,080,269	4,462,522	11,110,567	8,378,568
Other Income (Expenses)					
Other Income (Expense), net		31,095	117,589	176,153	79,702
Interest Income		75,307	288,862	101,374	494,258
Interest Expense		(1,811,846)	(1,276,069)	(5,946,623)	(2,572,984)
Stock Penalty for late listing on NASDAQ		-	-	-	(1,153,439)
Total Other Income (Loss) & Expense		(1,705,444)	(869,618)	(5,669,096)	(3,152,463)
Earnings before Tax		2,374,825	3,592,904	5,441,471	5,226,105
Income Tax	2(t), 18	(543,384)	(586,053)	(1,011,066)	(1,085,866)
Net Income		\$ 1,831,441	\$ 3,006,851	\$ 4,430,405	\$ 4,140,239