

WUHAN GENERAL GROUP (CHINA), INC
Form 10QSB/A
June 22, 2007

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

FORM 10-QSB/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

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 033-25350-FW

WUHAN GENERAL GROUP (CHINA), INC.
(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada
(State of 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 430200, People's Republic of China
(Address of Principal Executive Offices)

86-138-7113-6999
(Issuer's Telephone Number, Including Area Code)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date: 19,712,446 shares of Common Stock, \$.0001 par value per outstanding as of June 22, 2007.

Transitional Small Business Disclosure Format: Yes No

EXPLANATORY NOTE

This Form 10-QSB/A (this "Amendment") amends the Form 10-QSB of Wuhan General Group (China), Inc. (the "Company") for the quarter ended March 31, 2007, as originally filed with the Securities and Exchange Commission ("SEC") on June 19, 2007 (the "Original Filing"). The Statements of Income in the Original Filing incorrectly stated that diluted earnings per share for the quarter ended March 31, 2007 were \$0.09 per share. This Amendment amends the Statement of Income to correctly reflect that diluted earnings per share for the quarter ended March 31, 2007 were \$0.06 per share. Also, the Statements of Stockholders' Equity in the Original Filing incorrectly stated that total net income for the quarter ended March 31, 2007 was \$1,848,265. This Amendment amends the Statements of Stockholders' Equity to correctly reflect that total net income was \$1,850,545 for the quarter ended March 31, 2007. This Amendment also revises Note 13 to the Financial Statements to correct and clarify the discussion of the Company's share exchange transaction and private placement of preferred stock and warrants, both of which occurred in February 2007. This Amendment also corrects the description of one of the series of warrants contained in Note 17 to the Financial Statements. Finally, this Amendment corrects immaterial typographical errors.

For the convenience of the reader, this Amendment sets forth only Part I, Item 1 - Financial Statements. No other information in the Original Filing is amended hereby. Part I, Item 1 has not been updated to reflect other events occurring after the Original Filing or to modify or update those disclosures affected by subsequent events. In addition, pursuant to SEC rules, Part II, Item 6 of the Original Filing has been amended to contain currently-dated certificates from the Company's Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of the Company's Chief Executive Officer and Chief Financial Officer are attached to this Form 10-QSB/A as exhibits 31.1, 31.2, 32.1 and 32.2.

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

Wuhan General Group (China), Inc.
Consolidated Balance Sheets
At March 31, 2007, and December 31, 2006
(Stated in US Dollars)

ASSETS	Note	March 31, 2007	December 31, 2006 (audited)
Cash	2(e)	5,385,436	248,243
Restricted Cash	3	1,306,836	382,530
Accounts Receivable	2(f),4	22,901,906	12,488,083
Other Receivable		9,486,685	8,810,699
Notes Receivable	5	1,841,453	1,535,868
Inventory	2(g),6	6,249,403	4,544,662
Advance to Suppliers		6,004,598	2,746,325
Related Party Receivable	7	13,243,463	255,836
Prepaid Taxes		17,143	3,889
Total Current Assets		66,436,923	31,016,135
Property, Plant & Equipment, <i>net</i>	2(h),8	17,136,935	17,252,577
Land Use Rights, <i>net</i>	2(j),9	1,757,679	1,749,740
Construction in Progress		2,891,390	35,304
Intangible Assets, <i>net</i>	2(i),10	359,067	364,565
Total Assets		\$ 88,581,994	\$ 50,418,321
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Bank Loans & Notes	11	18,949,763	13,545,059
Accounts Payable		17,345,341	8,531,852
Accrued Liabilities		542,559	354,169
Contract Payable	12	1,148,880	1,137,623
Taxes Payable		1,416,310	1,723,544
Other Payable		5,019,397	4,594,639
Dividend Payable		174,000	-
Customer Deposits		2,397,021	1,587,306
Total Current Liabilities		46,993,271	31,474,192
Total Liabilities		46,993,271	31,474,192

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

Wuhan General Group (China), Inc.
Consolidated Balance Sheets
At March 31, 2007, and December 31, 2006
(Stated in US Dollars)

<u>Stockholders' Equity</u>	Note	March 31, 2007	December 31, 2006 (audited)
Preferred Stock - \$0.0001 Par Value 50,000,000 Shares Authorized; 10,287,554 Shares of Series A Convertible Preferred Stock Issued & Outstanding at March 31, 2007	13	1,029	-
Additional Paid in Capital - Preferred Stock		13,954,940	-
Additional Paid in Capital - Warrants	13	6,810,470	-
Common Stock - \$0.0001 Par Value 100,000,000 Shares Authorized; 19,712,446 Shares Issued & Outstanding at March 31, 2007, and December 31, 2006	13	1,971	1,971
Additional Paid in Capital		12,349,602	12,349,602
Statutory Reserve	2(q),14	622,151	622,151
Retained Earnings		6,876,830	5,200,285
Accumulated Other Comprehensive Income	2(r)	971,730	770,120
Total Stockholders' Equity		41,588,723	18,944,129
Total Liabilities & Stockholders' Equity		\$ 88,581,994	\$ 50,418,321

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, 2007 and 2006
(Stated in US Dollars)

<u>Revenue</u>	Note	March 31, 2007	March 31, 2006
Sales	2(l)	\$ 12,277,339	\$ 2,307,274
Cost of Sales		8,337,981	1,255,718
Gross Profit		3,939,358	1,051,556
<u>Operating Expenses</u>			
Selling Expenses		262,122	156,652
General & Administrative Expenses		1,461,604	358,349
Warranty Expense		184,160	-
Total Operating Expense		1,907,886	515,003
Operating Income/(Loss)		2,031,472	536,553
<u>Other Income (Expenses)</u>			
Other Income	15	-	314
Interest Income		12,749	-
Other Expenses		(965)	(409)
Interest Expense		(192,711)	(116,466)
Total Other Income (Loss) and Expense		(180,927)	(116,561)
Earnings before Tax		1,850,545	419,992
Income Tax	2(p),16	-	-
Net Income		\$ 1,850,545	\$ 419,992
Preferred Dividends Declared		174,000	-
Net Income Available to Common Stockholders		1,674,545	419,992
Basic Earnings Per Share		\$ 0.09	\$ 0.02
Basic Weighted Average Shares Outstanding		19,712,446	19,712,446
Diluted Earnings Per Share		\$ 0.06	\$ 0.02
Diluted Weighted Average Shares Outstanding		30,262,152	19,712,446

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

Wuhan General Group (China), Inc.
Statements of Stockholders' Equity
For the three months ended March 31, 2007 and 2006
(Stated in US Dollars)

	Preferred Stock		Preferred Warrants		Common Stock			Accumulated Other Comprehensive Income			Total
	Shares Outstanding	Amount	Additional Paid in Capital	Additional Paid in Capital	Shares Outstanding	Amount	Statutory Reserve	Retained Earnings	Comprehensive Income		
Balance, January 1, 2006	-	-	6,110,567	-	19,712,446	1,971	-	-	2,620,166	206,080	8,938,784
Net Income									419,992		419,992
Foreign Currency Translation Adjustment										43,574	43,574
Balance, March 31, 2006	-	-	6,110,567	-	19,712,446	1,971	-	-	3,040,158	249,654	9,402,350

	Preferred Stock		Preferred Warrants		Common Stock			Accumulated Other Comprehensive Income		
	Shares Outstanding	Amount	Additional Paid in Capital	Additional Paid in Capital	Shares Outstanding	Amount	Statutory Reserve	Retained Earnings	Comprehensive Income	
Balance, January 1, 2007	-	-	-	-	19,712,446	1,971	12,349,602	622,151	5,200,285	770,166
Issuance of Common Stock for Cash										
Issuance of Preferred Stock for Cash	10,287,554	1,029								
Increase in Additional Paid in Capital from Issuance of Preferred			13,954,940							

Stock												
Increase in Additional Paid in Capital from Issuance of Warrants				6,810,470								
Net Income										1,850,545		
Preferred Dividends Declared										(174,000)		
Foreign Currency Translation Adjustment												201,564
Balance, March 31, 2007	10,287,554	1,029	13,954,940	6,810,470	19,712,446	1,971	12,349,602	622,151	6,876,830	971,730	4	

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

Wuhan General Group (China), Inc.
Statements of Cash Flows
For the three months ended March 31, 2007 and 2006
(Stated in US Dollars)

	March 31, 2007	March 31, 2006
Cash Flow from Operating Activities		
Cash Received from Customers	\$ 1,997,609	\$ (1,598,371)
Cash Paid to Suppliers & Employees	(18,698,918)	2,743,325
Interest Received	12,749	-
Interest Paid	(192,711)	(116,466)
Income Tax Paid	-	-
Miscellaneous Receipts	-	314
Cash Sourced/(Used) in Operating Activities	(16,881,271)	1,028,802
Cash Flows from Investing Activities		
Cash Invested in Restricted Time Deposits	924,306	38,748
Investment in Note	305,949	24,827
Payments for Purchases of Plant & Equipment	245,372	723,542
Payments for Construction of Plant & Equipment	2,856,086	24,827
Payments for Purchases of Land Use Rights	18,374	-
Payments for Purchases of Intangible Assets	4,202	1,862
Cash Used/(Sourced) in Investing Activities	4,354,289	813,806
Cash Flows from Financing Activities		
Increases to Preferred Stock & Additional Paid in Capital	20,766,439	-
Increases in Additional Paid in Capital from Contribution of Capital Equipment	-	-
Proceeds from Bank Borrowings	5,289,903	-
Proceeds from Issuance of Notes	114,801	(18,620)
Dividends Paid	-	-
Cash Sourced/(Used) in Financing Activities	26,171,143	(18,620)
Net Increase/(Decrease) in Cash & Cash Equivalents for the Year	4,935,583	196,376
Effect of Currency Translation	201,610	932
Cash & Cash Equivalents at Beginning of Year	248,243	166,851
Cash & Cash Equivalents at End of Year	\$ 5,385,436	\$ 364,159

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

Wuhan General Group (China), Inc.
Reconciliation of Net Income to Cash Flow Sourced/(Used) in Operating Activities
For the three months ended March 31, 2007 and 2006
(Stated in US Dollars)

	March 31, 2007	March 31, 2006
Net Income	\$ 1,850,545	\$ 419,992
Adjustments to Reconcile Net Income to Net Cash Provided by Cash Activities:		
Amortization	20,135	0
Depreciation	372,271	177,959
Provision for Bad Debt on Note Receivable	364	