

WUHAN GENERAL GROUP (CHINA), INC
Form 10-Q
August 21, 2012

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, 2012

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	84-1092589
(State or other jurisdiction of incorporation or	(I.R.S. Employer Identification No.)

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organization)

Canglongdao Science Park of Wuhan East Lake Hi-Tech
Development Zone
Wuhan, Hubei, People's Republic of China 430200
(Address of principal executive offices) (Zip Code)

86-27-5970-0069
(Registrant's
telephone number,
including area
code)

N/A
(Former
name,
former
address
and
former
fiscal
year, if
changed
since
last
report)

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):

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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

Yes No

As of August 16, 2012, 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 Financial Statements

June 30, 2012 and December 31, 2011

(Stated in US Dollars)

1

Wuhan General Group (China), Inc.

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Board of Directors and Stockholders

Wuhan General Group (China), Inc.

Report of Registered Independent Public Accounting Firm

We have reviewed the accompanying interim consolidated Balance Sheets of Wuhan General Group (China), Inc. (the "Company") as of June 30, 2012 and December 31, 2011, and the related statements of income, stockholders' equity, and cash flows for the three months and six months ended June 30, 2012 and 2011. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with U.S. generally accepted accounting principles.

San Mateo, California WWC, P.C.
August 10, 2012 Certified Public Accountants

Wuhan General Group (China), Inc.**Consolidated Balance Sheets****As of June 30, 2012 and December 31, 2011****(Stated in US Dollars)**

	Note	At June 30, 2012	At December 31, 2011
ASSETS			
Current Assets			
Cash	2(e)	\$65,627,716	\$57,522,050
Restricted Cash	3	25,732,554	13,953,294
Notes Receivable	4	42,724	-
Accounts Receivable	2(f),5	61,366,535	56,567,722
Other Receivable		24,065,227	18,487,992
Related Party Receivable		-	7,041,613
Inventory	2(g),6	22,880,650	13,300,792
Advances to Suppliers		26,521,456	25,184,728
Advances to Employees	7	66,820	30,158
Prepaid Expenses		795,591	7,041
Prepaid Taxes		43,325	41,210
Deferred Tax Asset		2,663,465	1,238,831
Current assets held for sale	2(bb),21	5,493,464	2,223,395
Total Current Assets		235,299,527	195,598,826
Non-Current Assets			
Property, Plant & Equipment, <i>net</i>	2(h),8	29,762,437	29,591,719
Land Use Rights, <i>net</i>	2(j),9	1,966,604	1,976,326
Construction in Progress	10	15,271,052	15,031,490
Deposits		6,574,399	5,555,926
Intangible Assets, <i>net</i>	2(i),11	128,890	145,041
Long-term assets held for sale	2(bb),21	24,709,545	24,672,213
Total Assets		\$313,712,454	\$272,571,541
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Bank Loans & Notes	12	\$126,436,381	\$113,966,333
Accounts Payable		10,213,537	5,478,580
Taxes Payable		13,465,144	10,841,233
Other Payable		8,044,438	5,035,021
Related Party Payable		1,406,865	-
Dividend Payable		1,816,828	1,454,257
Accrued Liabilities	13	3,872,832	3,593,025
Customer Deposits		8,402,220	7,177,771

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Current liabilities associated with assets held for sale	2(bb), 21	19,162,224	1,401,330
Total Current Liabilities		192,820,469	148,947,550
Long Term Liabilities			
Bank Loans and Notes	12	5,854,707	6,048,989
Total Liabilities		\$198,675,176	\$154,996,539

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

Wuhan General Group (China), Inc.**Consolidated Balance Sheets****As of June 30, 2012 and December 31, 2011****(Stated in US Dollars)**

	Note	At June 30, 2012	At December 31, 2011
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, 2012 and December 31, 2011	14	\$624	\$624
Additional Paid in Capital - Preferred Stock		8,170,415	8,170,415
Additional Paid in Capital - Warrants		63,171	63,171
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, 2012 and December 31, 2011	14	635	635
Additional Paid in Capital - Preferred Stock		12,637,158	12,637,158
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, 2012 and December 31, 2011, respectively	14	3,251	3,251
Additional Paid in Capital		42,090,417	42,090,417
Statutory Reserve	2(u),15	4,563,592	4,563,592
Retained Earnings		22,620,524	21,369,395
Accumulated Other Comprehensive Income	2(v)	14,492,252	18,281,105
Total Stockholders' Equity		115,037,278	117,575,002
Total Liabilities & Stockholders' Equity		\$313,712,454	\$272,571,541

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, 2012 and 2011****(Stated in US Dollars)**

	Note	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Sales	2(l)	\$ 22,393,227	\$ 32,255,783	\$ 50,683,633	\$ 59,643,903
Cost of Sales	2(m)	18,577,326	22,741,366	40,841,044	43,549,985
Gross Profit		3,815,901	9,514,417	9,842,589	16,093,918
Operating Expenses					
Selling	2(n)	380,756	267,446	759,911	700,143
General & Administrative	2(p)	1,984,422	2,897,838	3,670,476	5,074,326
Warranty	2(w),14	(1,010)	21,674	227,209	195,705
Total Operating Expenses		2,364,168	3,186,958	4,657,596	5,970,174
Operating Income		1,451,733	6,327,459	5,184,993	10,123,744
Other Income (Expenses)					
Other Income		374,401	87,776	807,411	138,188
Interest Income		24,008	80,404	61,618	89,166
Other Expenses		(3,247)	(2,398)	(3,247)	(49,605)
Interest Expense		(1,464,711)	(2,954,482)	(3,317,845)	(4,224,378)
Expense for warrant recapitalization		-	-	-	(3,455,260)
Total Other Income (Loss) & Expenses		(1,069,549)	(2,788,700)	(2,452,063)	(7,501,889)
Earnings from Continuing Operations before Taxes		382,184	3,538,759	2,732,930	2,621,855
Income Taxes	2(t), 16	132,901	456,593	753,425	844,005
Income from Continuing Operations		249,283	3,082,166	1,979,505	1,777,850
Income (Loss) from Discontinued Operations, net of taxes		(188,688)	(90,893)	(365,806)	(198,370)
Net Income		\$ 60,595	\$ 2,991,273	\$ 1,613,699	\$ 1,579,480
Preferred Dividends Declared		(181,286)	(181,284)	(362,570)	(360,577)
Income Available to Common Stockholders		\$ (120,691)	\$ 2,809,989	\$ 1,251,129	\$ 1,218,903
Earnings Per Share	17				
Basic - Net Income		\$ (0.00)	\$ 0.09	\$ 0.04	\$ 0.04
- Income from Continuing Operations		(0.00)	0.09	0.05	0.05
- Loss from Discontinued Operations		(0.01)	(0.00)	(0.01)	(0.01)

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Diluted - Net Income	(0.00)	0.06	0.04	0.04	
- Income from Continuing Operations	0.01		0.06	0.05	0.05	
- Loss from Discontinued Operations	\$(0.00)	\$(0.00)	\$(0.01)
Weighted Average Shares Outstanding						
Basic	32,505,000		32,505,000	32,505,000	32,040,845	
Diluted	45,100,531		45,100,531	38,859,078	38,394,923	

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Comprehensive Income				
Net Income	\$ 60,595	\$ 2,991,273	\$ 1,613,699	\$ 1,579,480
Other Comprehensive Income				
Foreign Currency Translation Adjustment	(4,969,645)	972,071	(3,788,853)	2,663,435
Total Comprehensive Income	\$(4,949,050)	\$ 3,963,344	\$(2,175,154)	\$ 4,242,915

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, 2012 and December 31, 2011

(Stated in US Dollars)

Series A Convertible Preferred Stock	Series A Preferred Stock	Series A, J, C Warrants	Beneficial Conversion Feature	Series B Convertible Preferred Stock	Series B Preferred Stock	Series B, JJ Warrants	Beneficial Conversion Feature	Common Stock	Accum- -ulated
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