

WUHAN GENERAL GROUP (CHINA), INC
Form 10-Q
November 19, 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 September 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 (I.R.S. Employer Identification
of incorporation or No.)
organization)

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)

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 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.

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 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

September 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 September 30, 2012 and December 31, 2011, and the related statements of income, stockholders’ equity, and cash flows for the three months and nine months ended September 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.
November 12, 2012 Certified Public Accountants

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

	Note	At September 30, 2012	At December 31, 2011
ASSETS			
Current Assets			
Cash	2(e)	\$ 40,334,639	\$ 57,522,050
Restricted Cash	3	24,925,028	13,953,294
Notes Receivable	4	13,420	-
Accounts Receivable	2(f),5	64,149,814	56,567,722
Other Receivable		24,112,277	18,487,992
Related Party Receivable		-	7,041,613
Inventory	2(g),6	42,178,913	13,300,792
Advances to Suppliers		29,044,315	25,184,728
Advances to Employees	7	71,999	30,158
Prepaid Expenses		320,574	7,041
Prepaid Taxes		43,227	41,210
Deferred Tax Asset		2,657,451	1,238,831
Current assets held for sale	2(bb) ,21	5,614,239	2,223,395
Total Current Assets		233,465,896	195,598,826
Non-Current Assets			
Property, Plant & Equipment, <i>net</i>	2(h),8	33,674,285	29,591,719
Land Use Rights, <i>net</i>	2(j),9	1,950,293	1,976,326
Construction in Progress	10	10,957,701	15,031,490
Deposits		6,559,575	5,555,926
Intangible Assets, <i>net</i>	2(i),11	120,458	145,041
Long-term assets held for sale	2(bb) ,21	24,535,548	24,672,213
Total Assets		\$ 311,263,756	\$ 272,571,541
LIABILITIES & STOCKHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Bank Loans & Notes	12	\$ 133,013,741	\$ 113,966,333
Accounts Payable		7,909,373	5,478,580
Taxes Payable		11,956,972	10,841,233
Other Payable		12,082,461	5,035,021
Related Party Payable		775,440	-
Dividend Payable		2,000,112	1,454,257

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Accrued Liabilities	13	3,673,848	3,593,025
Customer Deposits		9,973,343	7,177,771
Current liabilities associated with assets held for sale	2(bb), 21	13,015,249	1,401,330
Total Current Liabilities		194,400,539	148,947,550
Long Term Liabilities			
Bank Loans and Notes	12	1,420,903	6,048,989
Total Liabilities		\$ 195,821,442	\$ 154,996,539

See Accompanying Notes to the Financial Statements

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

	Note	At September 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 September 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 September 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 September 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		18,939,189	21,369,395
Accumulated Other Comprehensive Income	2(v)	18,578,623	18,281,105
Total Stockholders' Equity		115,442,314	117,575,002
Total Liabilities & Stockholders' Equity		\$ 311,263,756	\$ 272,571,541

See Accompanying Notes to the Financial Statements

Wuhan General Group (China), Inc.**Consolidated Statements of Income****For the three and nine months ended September 30, 2012 and 2011****(Stated in US Dollars)**

	Note	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Sales	2(l)	\$ 17,148,980	\$ 33,239,853	\$ 67,832,613	\$ 92,883,756
Cost of Sales	2(m)	15,645,826	26,243,925	56,486,870	69,793,910
Gross Profit		1,503,154	6,995,928	11,345,743	23,089,846
Operating Expenses					
Selling	2(n)	493,227	359,784	1,253,138	1,059,927
General & Administrative	2(p)	2,071,873	6,658,126	5,742,349	11,732,453
Warranty	2(w),14	(70)	74,455	227,139	270,160
Total Operating Expenses		2,565,030	7,092,365	7,222,626	13,062,540
Operating Income		(1,061,876)	(96,437)	4,123,117	10,027,306
Other Income (Expenses)					
Other Income		175,223	14,195	982,634	151,460
Interest Income		6,637	12,528	68,255	101,694
Other Expenses		(331)	-	(3,578)	(48,682)
Interest Expense		(2,429,828)	(2,020,637)	(5,747,673)	(6,245,014)
Expense for warrant recapitalization		-	-	-	(3,455,260)
Total Other Income (Loss) & Expenses		(2,248,299)	(1,993,914)	(4,700,362)	(9,495,802)
Earnings from Continuing Operations before Taxes		(3,310,175)	(2,090,351)	(577,245)	531,504
Income Taxes	2(t), 16	(233)	291,541	753,192	1,135,546
Income (Loss) from Continuing Operations		(3,309,942)	(2,381,892)	(1,330,437)	(604,042)
Income (Loss) from Discontinued Operations, net of taxes		(188,109)	(138,604)	(553,915)	(336,974)
Net Income		\$(3,498,051)	\$(2,520,496)	\$(1,884,352)	\$(941,016)
Preferred Dividends Declared		(183,284)	(183,276)	(545,854)	(543,853)
Income Available to Common Stockholders		\$(3,681,335)	\$(2,703,772)	\$(2,430,206)	\$(1,484,869)
Earnings Per Share	17				
Basic - Net Income		\$(0.11)	\$(0.08)	\$(0.07)	\$(0.05)
- Income from Continuing Operations		(0.11)	(0.08)	(0.06)	(0.04)
- Loss from Discontinued Operations		0.01	(0.00)	(0.02)	(0.01)

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Diluted - Net Income	\$ (0.11) \$ (0.08) \$ (0.06) \$ (0.03)
- Income from Continuing Operations	(0.10) (0.07) (0.04) (0.02)
- Loss from Discontinued Operations	0.01	(0.01) (0.02) (0.01)
Weighted Average Shares Outstanding					
Basic	32,505,000	32,505,000	32,505,000	32,226,507	
Diluted	32,505,000	32,505,000	32,505,000	32,226,507	

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Comprehensive Income				
Net Income	\$ (3,498,051) \$ (2,520,496) \$ (1,884,352) \$ (941,016
Other Comprehensive Income				
Foreign Currency Translation Adjustment	4,086,371	3,187,122	297,518	5,850,558
Total Comprehensive Income	\$ 588,320	\$ 666,626	\$ (1,586,834) \$ 4,909,542

See Accompanying Notes to the Financial Statements

Wuhan General Group (China), Inc.

Consolidated Statements of Stockholders' Equity

For the periods ended September 30, 2012 and December 31, 2011

(Stated in US Dollars)

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