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Sino Clean Energy Inc  
Form 10-Q  
May 15, 2009

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: 000-51753

SINO CLEAN ENERGY INC.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation of  
origination)

75-2882833  
(I.R.S. Employer Identification Number)

Room 2205, Suite A, Zhengxin Building  
No. 5 Gaoxin 1st Road, Gao Xin District  
Xi'an, Shaanxi Province  
People's Republic of China  
(Address of principal executive offices)

N/A  
(Zip code)

(029) 8209-1099  
(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 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

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each issuer’s classes of common stock, as of the latest practicable date:  
94,514,750 issued and outstanding as of May 13, 2009.

Transitional Small Business Disclosure Form (Check one): Yes  No

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FOR QUARTER ENDED MARCH 31, 2009

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CAUTION REGARDING FORWARD-LOOKING INFORMATION

All statements contained in this Quarterly Report on Form 10-Q (“Form 10-Q”) for Sino Clean Energy Inc., other than statements of historical facts, that address future activities, events or developments are forward-looking statements, including, but not limited to, statements containing the words “believe,” “anticipate,” “expect” and words of similar import. These statements are based on certain assumptions and analyses made by us in light of our experience and our assessment of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results will conform to the expectations and predictions of management is subject to a number of risks and uncertainties that may cause actual results to differ materially.

Such risks include, among others, the following: national and local general economic and market conditions; our ability to sustain, manage or forecast our growth; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences to or effects on our business operations. As used in this Form 10-Q, unless the context requires otherwise, “we” or “us” or “Registrant” or the “Company” means Sino Clean Energy Inc. and its subsidiaries.

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

Sino Clean Energy Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets

## ASSETS

	March 31, 2009 (Unaudited)	December 31, 2008
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,957,911	\$ 3,914,306
Accounts receivable	1,774,502	899,629
Inventories	142,746	45,068
Prepaid inventories	1,996,046	1,996,584
Deposits and prepayments	964,595	1,813,214
Government grant receivable	146,287	146,314
Other receivables	16,162	16,986
Land use right - current portion	38,696	38,703
<b>Total current assets</b>	<b>11,036,945</b>	<b>8,870,804</b>
<b>Property, plant and equipment, net of accumulated depreciation and amortization of \$837,564 and \$491,247, respectively</b>	<b>9,046,219</b>	<b>9,394,416</b>
Land use right - non current portion	1,794,260	1,804,277
Goodwill	762,018	762,018
Deferred debt issuance costs, net of accumulated amortization of \$211,361 and \$114,233, respectively	177,150	274,278
<b>Total assets</b>	<b>\$ 22,816,592</b>	<b>\$ 21,105,793</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

<b>Current liabilities</b>		
Convertible notes, net	\$ 712,828	\$ 383,490
Accounts payable and accrued expenses	1,183,663	1,004,999
Taxes payable	567,100	305,903
Advances from directors	70,000	465,049
Fair value of warrants and embedded conversion feature	4,010,814	-
<b>Total current liabilities</b>	<b>6,544,405</b>	<b>2,159,441</b>
<b>Commitments and Contingencies</b>		
<b>Shareholders' Equity</b>		
Preferred stock, \$0.001 par value,		

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50,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.001 par value, 200,000,000 shares authorized, 93,348,250 and 92,181,750 issued and outstanding as of March 31, 2009 and December 31, 2008 respectively	93,349	92,182
Additional paid-in capital	11,713,199	12,696,549
Retained earnings	1,997,421	3,686,087
Statutory reserves	348,309	348,309
Accumulated other comprehensive income	2,119,909	2,123,225
Total shareholders' equity	16,272,187	18,946,352
Total liabilities and shareholders' equity	\$ 22,816,592	\$ 21,105,793

See accompanying notes to condensed consolidated financial statements.

Sino Clean Energy, Inc. and Subsidiaries  
Condensed Consolidated Statements of Income and Other Comprehensive Income  
(Unaudited)

	Three Months ended March 31,	
	2009	2008
Revenue	\$ 7,739,583	