

Puda Coal, Inc.
Form 424B3
March 18, 2009

Filed Pursuant to Rule 424(b)(3)
File No. 333-130380

PROSPECTUS SUPPLEMENT NO. 8 DATED MARCH 18, 2009
TO PROSPECTUS DATED MAY 12, 2008

PUDA COAL, INC.

29,551,660 Shares of Common Stock

This Prospectus Supplement No. 8 supplements and amends the prospectus dated May 12, 2008, as supplemented and amended by Prospectus Supplement No. 1 dated May 15, 2008, Prospectus Supplement No. 2 dated July 2, 2008, Prospectus Supplement No. 3 dated July 24, 2008, Prospectus Supplements No. 4 and No. 5 dated November 18, 2008, Prospectus Supplement No. 6 dated December 31, 2008 and Prospectus Supplement No. 7 dated March 12, 2009, which we refer to collectively as the Prospectus. This prospectus relates to the offer for sale of up to 29,551,660 shares of our common stock by certain existing holders of the securities, referred to as Selling Security Holders.

On March 18, 2009, we filed with the Securities and Exchange Commission our Current Report on Form 8-K in connection with our earnings release for the fiscal year ended December 31, 2008. A copy of such Current Report on Form 8-K is attached to and constitutes an integral part of this Prospectus Supplement No. 8.

This Prospectus Supplement No. 8 should be read in conjunction with the Prospectus, which are to be delivered with this Prospectus Supplement No. 8. This Prospectus Supplement No. 8 is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement No. 8 supersedes the information contained in the Prospectus.

In reviewing the Prospectus and this Prospectus Supplement No. 8, you should carefully consider the risks under "Risk Factors" beginning on page 6 of the Prospectus, dated May 12, 2008, as updated by the risk factors discussed in Item 1A of Part II of our subsequent Quarterly Reports on Form 10-Q.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement No. 8 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 8 is March 18, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 16, 2009

Puda Coal, Inc.
(Exact name of registrant as specified in its charter)

333-85306
(Commission File Number)

Florida (State or other jurisdiction of incorporation)	65-1129912 (I.R.S. Employer Identification No.)
---	---

426 Xuefu Street, Taiyuan, Shanxi Province,
The People's Republic of China
(Address of principal executive offices, with zip code)

011 86 351 228 1302
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02

Results of Operations and Financial Condition.

On March 16, 2009, Puda Coal, Inc. (the “Company”) issued a press release reporting certain financial and other information for the fiscal year ended December 31, 2008. A copy of the Company’s press release is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

The information in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liability of that Section, nor shall such information be deemed to be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in that filing.

Item 9.01

Financial Statements and Exhibits

(d) Exhibits

The exhibit listed in the following Exhibit Index is filed as part of this report.

Exhibit No.	Description
99.1	Press Release of Puda Coal, Inc. dated March 16, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PUDA COAL, INC.

Date: March 17, 2009

By: /s/ Liping Zhu
Liping Zhu
President and Chief Executive
Officer

Investor Relations Contact:
Crocker Coulson, President
CCG Investor Relations
+1-646-213-1915
crocker.coulson@ccgir.com
www.ccgirasia.com

Company Contact:
Laby Wu, Chief Financial Officer,
Puda Coal, Inc.
+86-10-6439-2405
labywu@gmail.com
www.pudacoalinc.com

Puda Coal Announces Fourth Quarter and Full Year 2008 Results

- 2008 revenue rose 46.6% to \$242.3 million
- 2008 net income rose 56.9% to \$17.1 million

TAIYUAN, SHANXI, China, March 16, 2009 – Puda Coal, Inc. (OTC BB: PUDC), a supplier of China's high grade metallurgical coking coal used to make coke for the purposes of steel manufacturing, today announced its fourth quarter and full year financial results ended December 31, 2008.

Fourth Quarter 2008 Highlights

- Fourth quarter revenue reached \$64.5 million, up 31.0% year-over-year
- Operating income totaled \$4.5 million, down 28.5% year-over-year
- Net income was \$3.4 million or \$0.03 per fully diluted share, down 22.3% year-over-year from \$4.3 million, or \$0.04 per fully diluted share, in the same quarter of 2007
- Sales of cleaned coal totaled 571,000 metric tons (MT), down 2.4% year-over-year
- Average selling price of cleaned coal rose 24.5% year-over-year to \$113 per MT.

Full Year 2008 Highlights

- Net revenue climbed to \$242.3 million, up 46.6% from 2007
 - Operating income rose to \$24.9 million, up 6.5% from 2007
 - Net income totaled \$17.1 million, or \$0.16 per fully diluted share, up 56.9% from \$10.9 million, or \$0.11 per fully diluted share, in 2007
 - Sales of cleaned coal reached 2.3 million metric tons, up 16.3% from 2007
 - Average selling price of cleaned coal was \$103 per MT in 2008 and \$89 per MT in 2007 (after adjusting for exchange rate differences)
 - Launched its new corporate web site, under the domain name <http://www.pudacoalinc.com>
 - Successfully Presented at the Rodman & Renshaw Annual Global Investment Conference held on November 10-12 at the New York Palace Hotel in New York City; conducted a non-deal roadshow in the U.S. the week of the conference
 - Signed letter of intent to restructure six coal mines and construct a coal gangue power plant in Shanxi Province
-

“For the full year 2008, we achieved record revenue and net income, generated strong cash flow and closed the year with a healthy balance sheet. However, profitability in the fourth quarter was adversely affected by the slowing economy,” said Mr. Zhu, CEO and President of Puda Coal. “While we can not predict the duration of the current economic downturn, we are encouraged by the steps taken by the Chinese government to stimulate the economy.”

Fourth Quarter 2008 Results

For the quarter ended December 31, 2008, total revenue was \$64.5 million, up 31.0% from \$49.2 million in the same quarter last year. This revenue growth was driven by increases in the selling price of cleaned coking coal. Sales of cleaned coal were 571,000 MT, down 2.4% from 585,000 MT in the same period last year. The average selling price was \$113, up 24.2% from \$91 (after adjusting for exchange rate differences) for the same quarter of 2007.

Gross profit for the quarter was \$6.0 million, down 23.4% from \$7.8 million for the same period of 2007. Gross margin was 9.3% in the quarter, down from 15.9% in the same period last year. The decline was attributable due to an increase in the average purchase price of raw coal, which rose from \$57.7 per ton in the fourth quarter of 2007 (after adjusting for exchange rate differences) to \$70.5 per ton in the current quarter. The increase in the average price of raw coal was partially offset by the increase in the average selling price of cleaned coal.

Operating expenses for the fourth quarter of 2008 were \$1.5 million, down 1.9% from the same period last year. Selling expenses increased 8.3% in support of the increase in net revenue, while general and administrative expenses declined 11.5%, primarily due to cost saving strategy implemented in the quarter. As a percentage of net revenue, operating expenses were 2.3% in the fourth quarter of 2008, compared to 3.1% in the same quarter last year.

Operating income was \$4.5 million, or 7.0% of revenue in the fourth quarter of 2008, down 28.5% from \$6.3 million, or 12.8% of net revenue in the fourth quarter of 2007.

Interest expense and debt financing costs totaled \$0.2 million in the fourth quarter of 2008, down from \$0.7 million a year ago. This decrease was due to lower non-cash expenses related to the amortization of the discount on the Company's convertible notes and warrants in the current quarter.

During the fourth quarters of 2008 and 2007, the Company recorded non-cash gains of \$0.05 million and \$0.9 million, respectively, for the gain in fair value of the warrants issued in the November 2005 private placement.

Income tax expense declined 40.2% to \$1.3 million in the fourth quarter of 2008 from \$2.2 million in the year ago period primarily due to a reduction in the income tax rate for the Company's operating company, Shanxi Coal, to 25% from 33%, effective January 2008.

Net income was \$3.4 million, or \$0.03 per fully diluted share, compared to \$4.3 million, or \$0.04 per fully diluted share, in the fourth quarter of 2007.

Full Year 2008 Results

Net revenue was \$242.3 million for the year ended December 31, 2008, compared to \$165.3 million for the year ended December 31, 2007, an increase of \$77.1 million, or 46.6%. The tonnage sales of cleaned coal increased approximately 329,000 MT, or 16.3%, from approximately 2,013,000 MT for the year ended December 31, 2007 to approximately 2,342,000 MT for the year ended December 31, 2008. The average selling price of cleaned coal increased \$14, or 15.7%, from \$89 (after adjusting for RMB appreciation against USD over this period) per ton for the year ended December 31, 2007 to \$103 per ton for the year ended December 31, 2008. The increase in the tonnage sales and selling price of cleaned coal were the primary reasons for the increase in net revenue.

Gross profit was \$30.3 million for the year ended December 31, 2008, compared to \$28.6 million for the year ended December 31, 2007, an increase of \$1.7 million, or 6.0%. Gross profit margin for the year ended December 31, 2008 and 2007 were 12.5% and 17.3%, respectively. The decline was attributable due to an increase in the average purchase price of raw coal, which increased \$14, or 25.9%, from approximately \$54 (after adjusting for RMB appreciation against USD over this period) per ton for the year ended December 31, 2007 to approximately \$68 per ton for the year ended December 31, 2008. The increase in the average price of raw coal was partially offset by the increase in the average selling price of cleaned coal.

Operating expenses for the year ended December 31, 2008 were \$5.4 million, up 4.0% from last year. Selling expenses were \$3.2 million for the year ended December 31, 2008, down 7.3% from \$3.0 million for the year ended December 31, 2007. General and administrative expenses were \$2.2 million for the year ended December 31, 2008, unchanged from the year ended December 31, 2007.

Operating income was \$24.9 million for the year ended December 31, 2008, compared to \$23.4 million for the year ended December 31, 2007.

Interest expense and debt financing costs totaled \$1.5 million in 2008, down from \$4.0 million a year ago. This decrease was due to lower non-cash expenses related to the amortization of the discount on the Company's convertible notes and warrants in the current quarter.

During 2008, the Company recorded a non-cash gain of \$0.4 million for the gain in fair value of the warrants issued in the November 2005 private placement. In 2007, the Company recorded a non-cash loss of \$0.3 million for the fair value loss of these same warrants.

Income taxes were \$6.4 million for the year ended December 31, 2008, compared to \$8.3 million for the year ended December 31, 2007, a decrease of \$1.9 million, or 22.6%. The primary reason for the decline was a reduction in the income tax rate for the Company's operating company, Shanxi Coal, to 25% from 33%, effective January 2008.

Net income was \$17.1 million, or \$0.16 per fully diluted share, for the year ended December 31, 2008, up 56.9% from \$10.9 million, or \$0.11 per fully diluted share, for the year ended December 31, 2007.

Financial Condition

As of December 31, 2008, Puda Coal had \$39.1 million in cash and cash equivalents and \$67.4 million in working capital and a current ratio of 5.7:1. Long-term debt, excluding current portion, was \$7.8 million. The Company repaid the \$2.0 million in principal of its convertible notes which matured on October 31, 2008. At year end, shareholders' equity stood at \$72.3 million up from \$48.6 million at the end of 2007.

The Company generated \$26.5 million in cash from operating activities for the year ended December 31, 2008, compared to cash used in operating activities of \$4.0 million in prior year. This was primarily due to net income earned in 2008 and a decrease in working capital needs resulting from decreased inventory.

Business Outlook

“In the year ahead, we will focus on satisfying the needs of our existing customers, increasing our market share and pursuing opportunities to move upstream into coal mining,” said Mr. Zhu. “We believe that the outlook for China’s steel making industry remains promising due to China’s 4 trillion yuan economic stimulus package, which will encourage the development of infrastructure projects such as railway construction, products of motor vehicle as well as real estate projects, which will drive the coking coal and coal cleaning industry.”

Puda Coal continues its efforts to enter the coal mining business to increase profitability. Recently, the Company signed a non-binding letter of intent with a local county government located in Shanxi Province to consolidate the County's six coal mines and construct a coal gangue power plant. A formal agreement is contingent upon receiving approval from the provincial government. Management is seeking to identify other appropriate targets to move forward with the strategic move to enter the coal mining segment.

Conference Call

The Company will host a conference call at 9:00 a.m. EDT on Monday, March 16, 2009 to discuss the fourth quarter and full year 2008 results. To participate in the live conference call, please dial the following number five to ten minutes prior to the scheduled conference call time: 1-800-688-0796. International callers should dial +1-617-614-4070. When prompted by the operator, mention Conference Passcode 884-975-08. If you are unable to participate in the call at this time, a replay will be available for 14 days starting on Monday, March 16, 2009 at 11:00 a.m. EDT. To access the replay, please dial 1-888-286-8010 and enter the passcode 80538595. International callers should dial +1-617-801-6888 and enter the same passcode 80538595.

About Puda Coal, Inc.

Puda Coal, through its subsidiaries, supplies premium grade coking coal to the steel making industry in China for use in making coke. The Company currently possesses 3.5 million metric tons of annual coking coal cleaning capacity. Shanxi Province provides 20 - 25% of China's coal output and supplies nearly 50% of China's coke. For more information, please visit <http://www.pudacoalinc.com/>

FORWARD-LOOKING STATEMENTS

The information contained herein includes forward-looking statements. These statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. For example, our management's expectation about China's continued economic growth and the continued growth of the demand for high-grade coking coal, our business strategies such as our plan to acquire coal mines, and our belief that our management will successfully execute such business strategies, are subject to, among other things, the risks and uncertainties relating to the market condition beyond our control. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

- FINANCIAL TABLES FOLLOW-

PUDA COAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Twelve Months ended December 31, 2008 and 2007

(In thousands of United States dollars, except for per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2008 (Unaudited)	2007 (Unaudited)	2008	2007
NET REVENUE	\$ 64,501	\$ 49,219	\$ 242,338	\$ 165,267
COST OF REVENUE	58,505	41,392	212,002	136,652
GROSS PROFIT	5,996	7,827	30,336	28,615
OPERATING EXPENSES				
Selling expenses	796	735	3,191	2,975
General and administrative expenses	682	771	2,207	2,215
TOTAL OPERATING EXPENSES	1,478	1,506	5,398	5,190
INCOME FROM OPERATIONS	4,518	6,321	24,938	23,425
INTEREST INCOME	322	25	406	83
INTEREST EXPENSE	(175)	(231)	(763)	(1,577)
DEBT FINANCING COSTS	(38)	(501)	(778)	(2,422)
DERIVATIVE UNREALIZED FAIR VALUE GAIN/(LOSS)	53	917	394	(343)
OTHER EXPENSE	-	-	(719)	-
INCOME BEFORE INCOME TAXES	4,680	6,531	23,478	19,166
INCOME TAXES	(1,316)	(2,199)	(6,417)	(8,292)
NET INCOME/(LOSS)	3,364	4,332	17,061	10,874
OTHER COMPREHENSIVE INCOME				
Foreign currency translation adjustment	(445)	1,056	3,498	2,860
COMPREHENSIVE INCOME/(LOSS)	2,919	5,388	20,559	13,734

Edgar Filing: Puda Coal, Inc. - Form 424B3

NET INCOME/(LOSS)	3,364	4,332	17,061	10,874
LESS: DIVIDENDS				
Option holder preference dividend	-	-	-	-
Common dividend	-	-	(116)	-
UNDISTRIBUTED EARNINGS	3,364	4,332	16,945	10,874
BASIC EARNINGS/(LOSS) PER SHARE				
- Option holder preference	-	-	-	-
- Other common holders	\$ 0.03	\$ 0.04	\$ 0.16	\$ 0.11
	\$ 0.03	\$ 0.04	\$ 0.16	\$ 0.11
DILUTED EARNINGS/(LOSS) PER SHARE				
- Option holder preference	-	-	-	-
- Other common holders	\$ 0.03	\$ 0.04	\$ 0.16	\$ 0.11
	0.03	0.04	0.16	0.11
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING -BASIC				
	107,335,759	100,117,465	106,288,598	98,404,914
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING -DILUTED				
	107,649,807	113,390,962	106,602,646	100,591,136

PUDA COAL, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2008 and 2007
(In thousands of United States dollars)

	December 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 39,108	\$ 16,381
Restricted cash	-	233
Accounts receivable, net	14,645	8,137
Other receivables		
- Related parties	-	4
- Third parties	7	6
Advances to suppliers		
- Related parties	879	685
- Third parties	5,635	1,363
Inventories	21,589	35,953
Total current assets	81,863	62,762
PROPERTY, PLANT AND EQUIPMENT, NET	13,370	15,018
INTANGIBLE ASSETS, NET	3,399	3,484
TOTAL ASSETS	\$ 98,632	\$ 81,264
CURRENT LIABILITIES		
Current portion of long-term debt		
- Related party	\$ 1,300	\$ 1,300
Accounts payable		
- Related parties	-	182
- Third parties	4,272	2,140
Other payables		
- Related parties	1,030	1,851
- Third parties	2,714	2,916
Accrued expenses	1,991	1,350
Income taxes payable	1,319	2,223
VAT payable	1,726	1,379
Distribution payable	117	1,096
Convertible notes	-	1,841
Derivative conversion feature	-	1,100
Penalty payable	-	1,725
Total current liabilities	14,469	19,103
LONG-TERM LIABILITIES		
Long-term debt		
- Related party	7,800	9,100
Derivative warrants	4,086	4,480
Total long-term liabilities	11,886	13,580

PUDA COAL, INC.
 CONSOLIDATED BALANCE SHEETS (Continued)
 December 31, 2008 and 2007
 (In thousands of United States dollars)

December 31, 2008 December 31, 2007

COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY			
Preferred stock, authorized 5,000,000 shares, par value \$0.01, issued and outstanding None	-		-
Common stock, authorized 150,000,000 shares, par value \$0.001, issued and outstanding 107,335,759 (2007: 105,252,176)	107		105
Paid-in capital	31,555		28,304
Statutory surplus reserve fund	1,366		1,366
Retained earnings	31,752		14,807
Accumulated other comprehensive income	7,497		3,999
Total stockholders' equity	72,277		48,581
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 98,632	\$	81,264

PUDA COAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2008, 2007 and 2006

(In thousands of United States dollars)

	Years ended December 31,		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 17,061	\$ 10,874	\$ 1,354
Adjustments to reconcile net income to net cash provided by operating activities			
Amortization of land-use rights	85	78	78
Depreciation	1,650	1,252	953
Provision for doubtful debts	17	1	10
Amortization of debt issue costs	-	6	838
Amortization of discount on convertible notes and warrants	399	895	8,627
Derivative unrealized fair value (gain)/loss	(394)	343	(1,237)
Discount on converted shares and exercised warrants	-	663	2,898
Stock compensation expense	74	46	-
Issue of common stock for services	-	-	21
Issue of common stock for penalty	379	-	1,000
Changes in operating assets and liabilities:			
Increase in accounts receivable	(5,844)	(444)	(2,972)
Decrease in other receivables	4	41	4
(Increase)/decrease in advances to suppliers	(4,243)	(799)	1,819
Decrease/(increase) in inventories	16,600	(18,518)	(8,104)
(Decrease)/increase in accounts payable	1,754	(596)	1,426
Increase in accrued expenses	526	289	588
(Decrease)/increase in other payables	(991)	660	1,432
(Decrease)/increase in income tax payable	(1,042)	(415)	1,088
Increase in VAT payable	245	90	887
Increase in penalty payable	-	1,521	204
Decrease in restricted cash	233	-	382
Net cash provided by/(used in) operating activities	26,513	(4,013)	11,296
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(2)	(6,111)	-
Payment for the purchase of equity interest in Shanxi Coal	(893)	(1,799)	-
Net cash used in investing activities	(895)	(7,910)	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Exercise of warrants	-	3,600	1,860
Repayment of long-term debt	(1,300)	(1,300)	(1,300)
Repayment of convertible notes	(2,015)	-	-
Distribution paid to owners of a subsidiary	(1,172)	-	-

Edgar Filing: Puda Coal, Inc. - Form 424B3

Net cash (used in)/provided by financing activities	(4,487)	2,300	560
Effect of exchange rate changes on cash	1,596	1,061	1,020
Net increase/(decrease) in cash and cash equivalents	22,727	(8,562)	12,876
Cash and cash equivalents at beginning of year	16,381	24,943	12,067
Cash and cash equivalents at end of year	\$ 39,108	\$ 16,381	\$ 24,943

###