

OFS Capital Corp
Form N-2/A
December 16, 2014

**As filed with the Securities and Exchange Commission
on December 16, 2014**

Securities Act File No. 333-200376

**U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-2

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933
Pre-Effective Amendment No. 1
Post-Effective Amendment No.**

OFS CAPITAL CORPORATION

(Exact name of Registrant as specified in charter)

**10 S. Wacker Drive, Suite 2500
Chicago, IL 60606**

(Address of Principal Executive Offices)

Registrant's telephone number, including Area Code:
(847) 734-2000
Bilal Rashid
10 S. Wacker Drive, Suite 2500
Chicago, IL 60606

(Name and address of agent for service)

COPIES TO:
Cynthia M. Krus
Lisa A. Morgan
Sutherland Asbill & Brennan LLP
700 Sixth Street, NW, Suite 700
Washington, DC 20001
(202) 383-0100

Approximate date of proposed public offering: From time to time after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.

It is proposed that this filing will become effective (check appropriate box):

when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Common Stock, \$0.01 par value per share ⁽²⁾⁽³⁾		
Preferred Stock, \$0.01 par value per share ⁽²⁾		
Warrants ⁽²⁾		
Subscription Rights ⁽³⁾		
Debt Securities ⁽⁴⁾		

Total⁽⁵⁾ \$ 200,000,000 ⁽⁶⁾ \$ 23,240 ⁽⁷⁾

(1) Estimated pursuant to Rule 457(o) under the Securities Act of 1933 solely for the purpose of determining the registration fee. The proposed maximum offering price per security will be determined, from time to time, by the Registrant in connection with the sale by the Registrant of the securities registered under this Registration Statement.

(2) Subject to Note 6 below, there is being registered hereunder an indeterminate number of shares of common stock or preferred stock, or subscription rights to purchase shares of common stock as may be sold, from time to time.

(3) Includes such indeterminate number of shares of common stock as may be issued upon, from time to time, conversion or exchange of other securities registered hereunder, to the extent any such securities are, by their terms, convertible or exchangeable for common stock.

(4) Subject to Note 6 below, there is being registered hereunder an indeterminate number of debt securities as may be sold, from time to time. If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate price to investors not to exceed \$200.0 million.

(5) Subject to Note 6 below, there is being registered hereunder an indeterminate number of warrants as may be sold, from time to time.

(6) In no event shall the aggregate offering price of all securities issued from time to time pursuant to the registration statement exceed \$200.0 million.

(7) Prior to the initial filing of this registration statement, \$150.0 million of securities remained registered and unsold (the *Unsold Securities*) pursuant to registration statement No. 333-196704 (the *Prior Registration Statement*), which was initially filed by the Registrant on June 12, 2014. The Registrant previously paid \$19,320 in connection with the *Prior Registration Statement* to register the *Unsold Securities*. In connection with the registration of an additional \$50.0 million of securities (the *Additional Securities*), the prior filing fee of \$19,320 was offset against the \$23,240 filing fee associated with the total maximum aggregate offering price of \$200.0 million of securities (the *Maximum Aggregate Offering Price*) to be registered under this registration statement pursuant to Rule 457(p). As a result, the additional \$3,920 was previously paid in connection with this *Registration Statement*. If the Registrant sells any of the *Unsold Securities* pursuant to the *Prior Registration Statement* after the date of the initial filing, and prior to the date of effectiveness, of this registration statement, the Registrant will file a pre-effective amendment to this registration statement which will reduce the number of such unsold securities included on this *Registration Statement*.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The purpose of this Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 is to file exhibits to the Registration Statement as set forth in Item 25(2) of Part C, and to incorporate by reference the preliminary prospectus filed with the Registration Statement on Form N-2 filed on November 19, 2014 (SEC File No. 333-200375). Accordingly, this Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 consists only of a facing page to the registration statement, the aforementioned preliminary prospectus incorporated by reference herein, this explanatory note and Part C of the Registration Statement on Form N-2, including all exhibits identified as being filed herewith or incorporated by reference herein. This Pre-Effective Amendment No. 1 does not modify any other part of the Registration Statement on Form N-2 included or incorporated by reference into the aforementioned Registration Statement on Form N-2. As a result, the remainder of the contents of the Registration Statement on Form N-2 previously filed are hereby incorporated by reference herein.

PART C OTHER INFORMATION

ITEM 25. FINANCIAL STATEMENTS AND EXHIBITS

1. Financial Statements

The following financial statements of OFS Capital Corporation (the Registrant or the Company) are included in Part A Information Required to be in the Prospectus of the Registration Statement.

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OFS Capital Corporation and Subsidiaries

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2. Exhibits

(2) Exhibits

(a)(1) Amended and Restated Certificate of Formation of OFS Capital, LLC⁽⁴⁾

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- (a)(2) Form of Certificate of Incorporation of OFS Capital Corporation⁽⁴⁾
- (a)(3) Certificate of Correction to Certificate of Incorporation of OFS Capital Corporation⁽⁹⁾
- (b)(1) Amended and Restated Limited Liability Company Agreement of OFS Capital, LLC⁽⁴⁾
- (b)(2) Form of Bylaws of OFS Capital Corporation⁽⁴⁾
- (c) Not applicable

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- (d) Form of Stock Certificate of OFS Capital Corporation⁽⁴⁾
- (d)(1) Form of Base Indenture⁽¹⁵⁾
- (d)(2) Statement of Eligibility of Trustee on Form T-1⁽¹⁾
- (d)(3) Form of Warrant Agreement⁽²⁾
- (d)(4) Form of Subscription Agent Agreement⁽²⁾
- (d)(5) Form of Subscription Certificate⁽²⁾
- (d)(6) Form of Certificate of Designation⁽²⁾
- (e) Form of Dividend Reinvestment Plan⁽⁴⁾
- (f) Not applicable
- (g) Form of Investment Advisory and Management Agreement between OFS Capital Corporation and OFS Capital Management, LLC⁽⁸⁾
- (h)(1) Form of Equity Underwriting Agreement⁽¹⁾
- (h)(2) Form of Debt Underwriting Agreement⁽²⁾
- (i) Not applicable
- (j) Form of Custody Agreement⁽⁴⁾
- (k)(1) Form of Administration Agreement between OFS Capital Corporation and OFS Capital Services, LLC⁽⁴⁾
- (k)(2) Form of License Agreement between the OFS Capital Corporation and Orchard First Source Asset Management, LLC⁽⁴⁾
- (k)(3) Loan and Security Agreement among MCF Capital Management LLC, OFS Capital WM, LLC, each of the Class A Lenders from time to time party thereto, each of the Class B lenders from time to time party thereto, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated as of September 28, 2010⁽³⁾
- (k)(4) Pledge Agreement made by OFS Capital, LLC, OFS Capital WM, LLC and OFS Funding, LLC in favor of Wells Fargo Delaware Trust Company, N.A., as Trustee, for the benefit of the Secured Parties, dated as of September 28, 2010⁽³⁾
- (k)(5) Account Control Agreement among OFS Capital WM, LLC, Wells Fargo Delaware Trust Company, N.A., Wells Fargo Securities, LLC and Wells Fargo Bank, National Association, dated as of September 28, 2010⁽³⁾
- (k)(6) Participation Agreement dated as of September 28, 2010, between OFS Funding, LLC and OFS Capital, LLC⁽³⁾
- (k)(7) Loan Sale Agreement between OFS Capital, LLC, and OFS Capital WM, LLC, dated as of September 28, 2010⁽³⁾
- (k)(8) First Amendment to Loan Sale Agreement among OFS Capital WM, LLC and OFS Capital, LLC, dated February 23, 2011⁽⁴⁾
- (k)(9) Amended and Restated Consent Procedures Letter among OFS Capital, LLC, OFS Capital WM, LLC, Madison Capital Funding LLC, and MCF Capital Management LLC, dated February 23, 2011 (Loan and Security Agreement Exhibit I⁽⁴⁾)
- (k)(10) Form of Indemnification Agreement between OFS Capital Corporation and each of its directors and executive officers⁽⁴⁾
- (k)(11) Form of Registration Rights Agreement between OFS Capital Corporation and Orchard First Source Asset Management, LLC⁽⁶⁾
- (k)(12) Second Amended and Restated Consent Procedures Letter among OFS Capital, LLC, OFS Capital WM, LLC, Madison Capital Funding LLC, and MCF Capital Management LLC, dated March 30, 2012⁽⁵⁾
- (k)(13) Amendment to Second Amended and Restated Consent Procedures Letter among OFS Capital, LLC, OFS Capital WM, LLC, Madison Capital Funding LLC, and MCF Capital Management LLC, dated September 28, 2012⁽⁷⁾

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(k)(14) First Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, Madison Capital Funding LLC, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated November 27, 2010⁽⁷⁾

(k)(15) Second Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, Madison Capital Funding LLC, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated January 26, 2011⁽⁷⁾

(k)(16) Third Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, Madison Capital Funding LLC, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated September 28, 2012⁽⁷⁾

(k)(17) Fourth Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, Madison Capital Funding LLC, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated January 22, 2013⁽¹⁰⁾

(k)(18) Fifth Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, and Wells Fargo Securities, LLC, dated April 3, 2013⁽¹¹⁾

(k)(19) Sixth Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated November 22, 2013⁽¹²⁾

(k)(20) Seventh Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated January 17, 2014⁽¹⁴⁾

(k)(21) Eighth Amendment to Loan and Security Agreement among OFS Capital WM, LLC, MCF Capital Management LLC, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, and Wells Fargo Delaware Trust Company, N.A., dated July 24, 2014⁽¹⁴⁾

(l) Opinion and Consent of Sutherland Asbill & Brennan LLP⁽¹⁴⁾

(m) Not applicable

(n)(1) Consent of McGladrey LLP⁽¹⁵⁾

(n)(2) Report of McGladrey LLP⁽¹⁵⁾

(o) Not applicable

(p) Not applicable

(q) Not applicable

(r) Joint Code of Ethics of OFS Capital Corporation and OFS Advisor⁽¹³⁾

(s)(1) Form of Prospectus Supplement For Common Stock Offerings⁽²⁾

(s)(2) Form of Prospectus Supplement For Preferred Stock Offerings⁽²⁾

(s)(3) Form of Prospectus Supplement For Debt Offerings⁽²⁾

(s)(4) Form of Prospectus Supplement For Rights Offerings⁽²⁾

(s)(5) Form of Prospectus Supplement For Warrant Offerings⁽²⁾

(1) To be filed by amendment.

(2) Filed herewith.

(3) Filed previously in connection with the Company's registration statement on Form N-2 Pre-Effective Amendment No. 2 (File No. 333-166363) filed on October 5, 2010.

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- (4) Filed previously in connection with the Company's registration statement on Form N-2 Pre-Effective Amendment No. 3 (File No. 333-166363) filed on March 18, 2011.
- (5) Filed previously in connection with the Company's registration statement on Form N-2 Pre-Effective Amendment No. 6 (File No. 333-166363) filed on May 3, 2012.

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- (6) Filed previously in connection with the Company's registration statement on Form N-2 Pre-Effective Amendment No. 7 (File No. 333-166363) filed on July 24, 2012.
- (7) Filed previously in connection with the Company's registration statement on Form N-2 Pre-Effective Amendment No. 8 (File No. 333-166363) filed on October 19, 2012.
- (8) Filed previously in connection with the Company's registration statement on Form N-2 Pre-Effective Amendment No. 9 (File No. 333-166363) filed on October 24, 2012.
- (9) Filed previously in connection with the Company's annual report on Form 10-K filed on March 26, 2013.
- (10) Filed previously as part of the Current Report on Form 8-K of the Company, filed on January 23, 2013.
- (11) Filed previously in connection with the Company's annual report on Form 10-K filed on March 17, 2014.
- (12) Filed previously as part of the Current Report on Form 8-K of the Company, filed on November 26, 2013.
- (13) Filed previously in connection with the Company's registration statement on Form N-2 (File No. 333-196704) filed on June 12, 2014.
- (14) Filed previously in connection with Pre-Effective Amendment No. 1 to the Company's registration statement on Form N-2 (333-196704) filed on July 24, 2014.
- (15) Filed previously in connection with the Company's registration statement on Form N-2 (333-200376) filed on November 19, 2014.

ITEM 26. MARKETING ARRANGEMENTS

The information contained under the heading "Plan of Distribution" on this Registration Statement is incorporated herein by reference and any information concerning any underwriters for a particular offering will be contained in the prospectus supplement related to that offering.

ITEM 27. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

SEC registration fee	\$ 23,240
FINRA filing fee	30,500
NASDAQ Global Select Market listing fee	*
Printing and postage	*
Legal fees and expenses	*
Accounting fees and expenses	*
Miscellaneous	*
Total	\$ *

* To be provided by pre-effective amendment.

Note: All listed amounts are estimates, except for the SEC registration fee and FINRA filing fee.

Item 28. Persons Controlled by or Under Common Control

The following entities are wholly-owned subsidiaries of the Company:

- OFS Capital WM, LLC, a Delaware limited liability company.
- OFS Funding, LLC, a Delaware limited liability company.
- OFS SBIC I GP, LLC, a Delaware limited liability company.
- OFS SBIC I, LP, a Delaware limited liability company.

ITEM 29. NUMBER OF HOLDERS OF SECURITIES

The following table sets forth the number of record holders of the Registrant's common stock at September 30, 2014.

Title of Class	Number of Record Holders
Common Stock, par value \$0.01 per share	2

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ITEM 30. INDEMNIFICATION

The information contained under the heading Description of Our Capital Stock is incorporated herein by reference.

As permitted by Section 102 of the General Corporation Law of the State of Delaware, or the DGCL, the Registrant has adopted provisions in its certificate of incorporation, as amended, that limit or eliminate the personal liability of its directors for a breach of their fiduciary duty of care as a director. The duty of care generally requires that, when acting on behalf of the corporation, directors exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director will not be personally liable to the Registrant or its shareholders for monetary damages or breach of fiduciary duty as a director, except for liability for: any breach of the director's duty of loyalty to the Registrant or its shareholders; any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law; any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or any transaction from which the director derived an improper personal benefit. These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission.

The Registrant's certificate of incorporation and bylaws provides that all directors, officers, employees and agents of the registrant shall be entitled to be indemnified by us to the fullest extent permitted by the DGCL, subject to the requirements of the 1940 Act. Under Section 145 of the DGCL, the Registrant is permitted to offer indemnification to its directors, officers, employees and agents.

Section 145(a) of the DGCL provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because the person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise. Such indemnity may be against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and if, with respect to any criminal action or proceeding, the person did not have reasonable cause to believe the person's conduct was unlawful.

Section 145(b) of the DGCL provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise, against any expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145(g) of the DGCL provides, in general, that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise, against any

liability asserted against the person in any such capacity, or arising out of the person's status as such, regardless of whether the corporation would have the power to indemnify the person against such liability under the provisions of the law. The Registrant carries liability insurance for the benefit of its directors and officers (other than with respect to claims resulting from the willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office) on a claims-made basis.

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The investment management agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, the Advisor and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Registrant for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of the Advisor's services under the investment management agreement or otherwise as an investment adviser of the Registrant.

The Administration Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, the Administrator and its officers, manager, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from the Registrant for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of the Administrator's services under the Administration Agreement or otherwise as administrator for the Registrant.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person in the successful defense of an action suit or proceeding) is asserted by a director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Registrant has agreed to indemnify the underwriters against specified liabilities for actions taken in their capacities as such, including liabilities under the Securities Act.

ITEM 31. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

A description of any other business, profession, vocation or employment of a substantial nature in which OFS Advisor, and each managing director, director or executive officer of OFS Advisor, is or has been during the past two fiscal years, engaged in for his or her own account or in the capacity of director, officer, employee, partner or trustee, is set forth in Part A of this Registration Statement in the sections entitled Management. Additional information regarding the OFS Advisor and its officers and directors is set forth in its Form ADV, as filed with the SEC (File No. 801-71366), and is incorporated herein by reference.

ITEM 32. LOCATION OF ACCOUNTS AND RECORDS

All accounts, books and other documents required to be maintained by Section 31(a) of the 1940 Act, and the rules thereunder are maintained at the offices of:

- (1) OFS Capital Corporation, 10 S. Wacker Drive, Suite 2500, Chicago, IL, 60606;
- (2) the transfer agent, American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, NY 11219;
- (3) the custodian, U.S. Bank National Association, One Federal Street, 3rd Floor, Boston, MA 02110; and
- (4) OFS Capital Management, LLC, 10 S. Wacker Drive, Suite 2500, Chicago, IL, 60606.

ITEM 33. MANAGEMENT SERVICES

Not applicable.

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ITEM 34. UNDERTAKINGS

NET INCOME

2,046,671 (80,779) 2,034,960 (86,422)

OTHER COMPREHENSIVE INCOME

Foreign currency translation adjustment

(161,873) (5,666) (68,177) 121,100

COMPREHENSIVE INCOME

\$1,884,798 \$(86,445) \$1,966,783 \$34,678

BASIC EARNINGS PER SHARE

\$.02 \$- \$.04 \$-

DILUTED EARNINGS PER SHARE

\$.02 \$- \$.04 \$-

WEIGHTED AVERAGE

SHARES OUTSTANDING

BASIC

101,963,397 - 53,455,948 -

DILUTED

101,963,397 - 53,455,948 -

The accompanying notes are an integral part of these consolidated financial statements.

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CHINA JIANYE FUEL, INC

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	December 31,	
	2007	2006
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 2,034,960	\$ (86,422)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Bad debt expense	20,096	-
Depreciation and amortization	64,382	52,452
Deferred depreciation expense	(12,544)	(24,801)
Changes in current assets and current liabilities:		
Accounts receivable	(4,019,202)	-
Advances to suppliers	1,840,340	-
Inventory	(321,494)	(6,382)
Inter company and related party	107,212	35,599
Other current assets	(8,200)	-
Accounts payable and accrued expenses	(66,193)	49,346
Due to shareholders	37,578	11,900
VAT tax payable	330,821	(11,622)
Total Adjustments	(2,027,204)	106,492
Net Cash Provided by Operating Activities	7,756	20,070
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,467)	(20,240)
Net Cash Used by Investing Activities	(2,467)	(20,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital contributions	-	2,530,000
Net Cash Provided by Financing Activities	-	2,530,000
EFFECT OF FOREIGN CURRENCY TRANSLATION ON CASH	162	34,016
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,451	2,563,846
CASH AND CASH EQUIVALENTS – BEGINNING	561	728
CASH AND CASH EQUIVALENTS – ENDING	\$ 6,012	\$ 2,564,574

The accompanying notes are an integral part of these consolidated financial statements.

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CHINA JIANYE FUEL, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

(UNAUDITED)

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

China Jianye Fuel Inc. (“the Company”) is a manufacturer and distributor of alternative fuel for automobile use. The Company was incorporated as Standard Commerce, Inc. (“Standard Commerce”) in December 1994 in Nevada. On November 13, 2007, Standard Commerce acquired the outstanding capital stock of American Jianye Ethanol Company, Inc., a Delaware corporation (“American Jianye”) and changed its name to China Jianye Fuel Inc. For accounting purposes, the acquisition was treated as a recapitalization of American Jianye. American Jianye is a holding company that owns 100% of Zhao Dong Jianye Fuel Co., Ltd. (“Zhao Dong Jianye Fuel”), a corporation organized under the laws of The People’s Republic of China. Zhao Dong Jianye Fuel is engaged in the business of manufacturing and marketing ethanol and methanol for use as automobile fuel in The People’s Republic of China.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principals (GAAP) applicable to interim financial information and with the requirements of Form 10-QSB and Item 310 of Regulation S-B of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. Interim results are not necessarily indicative of results for a full year. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position and the results of operations and cash flows for the interim periods have been included.

BASIS OF PRESENTATION

The accompanying unaudited financial statements include the accounts of China Jianye and its subsidiary, after elimination of all material inter-company accounts, transactions, and profits. Results of operations for the three and six months ended December 31, 2006 were presented here for comparative purposes only.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No.157, “Fair Value Measurements” (SFAS 157), which provides guidance for how companies should measure fair value when required to use a fair value measurement for recognition or disclosure purposes under generally accepted accounting principles (GAAP). SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact, if any, that the adoption of SFAS 157 will have on its financial statements.

NOTE 3 – ADVANCES TO SUPPLIERS

As a common business practice in China, the Company is required to make advance payments to certain suppliers for construction. Such advances are interest-free and unsecured.

ITEM 34. UNDERTAKINGS

NOTE 4 – INVENTORY

Inventory at December 31, 2007 consisted of the following:

Raw materials	\$	455,173
Packaging supplies		9,070
Finished goods		33,551
Total	\$	497,794

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CHINA JIANYE FUEL, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2007 consisted of the following:

Buildings	\$ 1,439,771
Machinery and equipment	1,631,751
Subtotal	3,071,522
Less:	
Accumulated depreciation	365,293
Total	\$ 2,706,229

Depreciation expense for the six months ended December 31, 2007 and 2006 amounted to \$63,332 and \$51,458, respectively

NOTE 6– INTANGIBLE ASSETS

Net intangible assets at December 31, 2007 consisted of the following:

Rights to use land	\$	68,962
Less: accumulated amortization		9,698
Total	\$	59,264

Amortization expense for the six months ended December 31, 2007 and 2006 amounted to \$1,050 and \$994, respectively.

NOTE 7 – DEFERRED PRODUCTION COSTS

The deferred production cost represents depreciation taken on factory building and manufacturing equipment. In accordance with SFAS 7 “Accounting and Reporting by Development Stage Enterprises”, the production cost is capitalized and will be amortized over a period not greater than 5 years once normal operations commence. Net deferred production costs at December 31, 2007 were as follows:

Deferred production costs	\$	280,103
Less: accumulated amortization		14,005
Total	\$	266,098

Amortization expense for the six months ended December 31, 2007 and 2006 amounted to \$12,544 and \$0-, respectively

ITEM 34. UNDERTAKINGS

NOTE 8 – RELATED PARTY TRANSACTIONS

The Company and its affiliated entities constantly borrow money from each other. The balance due to these entities at December 31, 2007 was \$254,162.

NOTE 9 – DUE TO SHAREHOLDERS

Loans from shareholders are short-term in nature, payable on demand, unsecured and non-interest bearing.

NOTE 10 – EMPLOYEE WELFARE PLAN

The Company has established an employee welfare plan in accordance with Chinese law and regulations. The Company makes annual contributions of 14% of all employees' salaries to the employee welfare plan.

CHINA JIANYE FUEL, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

NOTE 11 – RISK FACTORS

The Company had one major vendor who provided approximately 95% of the Company's raw materials for the six months ended December 30, 2007. Total purchase from this vendor was \$1,806,627 for the six months ended December 30, 2007.

One major customer accounted for approximately 99% of the net revenue for the six months ended December 31, 2007. Total sales to this customer were \$3,425,385 for the six months ended December 31, 2007.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC as well as by the general state of the PRC's economy. The Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to credit risk consist principally of cash on deposit with a financial institution of \$6,012.

NOTE 13 - SUBSEQUENT EVENTS

None.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Reverse Merger

During the two years preceding November 13, 2007 Standard Commerce, Inc. was a shell corporation, with no significant assets and no business operations. On November 13, 2007 Standard Commerce acquired Zhao Dong Jianye Fuel Co., Ltd. ("Zhao Dong Jianye Fuel"), a corporation organized under the laws of The People's Republic of China. In exchange for Zhao Dong Jianye Fuel, Standard Commerce issued 189,901,500 shares of its common stock, representing 97.46% of the outstanding shares of Standard Commerce. Subsequently, Standard Commerce, Inc. changed its name to "China Jianye Fuel, Inc."

Zhao Dong Jianye Fuel was founded in April 2004 under the laws of the People's Republic of China with registered capital of RMB 9 million Yuan (US\$1.1 million). The Company is located at 47 Huagong Road, Zhaodong City, Heilongjiang Province, in northeastern China. Zhao Dong Ye Fuel engages in the development, manufacture, and distribution of alcohol based automobile fuel. The Company's products are designed to function as a lower-cost, more environmentally friendly alternative to conventional gasoline-based auto fuel

Zhao Dong Jianye Fuel was among the first China-based fuel manufacturers to bring to market alcohol-based automobile fuel. Alcohol fuel is an attractive alternative to gasoline for several reasons, including its environmental benefits. Alcohol-based fuel burns with higher efficiency and significantly lower toxic waste emissions than any lead-free gasoline that meets China's national GB17930-1999 fuel quality standards. With its average total toxic waste emission level being only 1% of the maximum toxic emission level mandated by the Chinese industry regulators, the quality of alcohol fuel is on par with or exceeds the international fuel quality standards for Type IV lead-free gasoline. In addition, due to the lower costs of the raw materials used in the manufacture process, the average integrated cost of such fuels is only about 4,000-4,150 Renminbi ("RMB") (\$540-560) per ton, lower than the prevailing wholesale price of #93 lead-free gasoline in China by as much as 1,000 RMB (\$135) per ton.

Zhao Dong Jianye Fuel has, since its formation, been engaged in developing its products and its refinery. The Company now has a facility capable of producing 300,000 tons of fuel annually, and has developed the core staff needed for full production operations. The Company is currently capable of producing alcohol-based fuels comparable to lead-free gasoline with octane ratings ranging from #90 to #98. The Company's products include both ethanol-based fuels (E10, E30, E50, E60, E70, E80 and E85), and methanol-based fuels (M10, M30, M50, M60, M70, M80 and M85), although the primary focus of its business plan is on methanol-based fuels due to their environmental and economic advantages. Recently the Company has also been engaged in research and development of methanol/ethanol blended fuels, including ME80 and ME85.

Results of Operations

Zhao Dong Jianye Fuel commenced operations in 2004. Its activities, however, have been essentially developmental. Its research and development efforts have led to the development of a series of fuel products and the award of several patents. With funds provided by its Chairman, Jianye Wang, it has developed a state-of-the-art refinery for the production of methanol-based fuels. And it has organized a staff of engineers, managers and sales professionals that will be able to support its full-scale entry into the fuel market.

The Company's revenue-producing activities had been incidental to the company's research and development activities. Prior to September 30, 2007, Zhao Dong Jianye Fuel sold modest amounts of fuel to a variety of customers, primarily to (a) develop the channels through which it will market when it commences full scale production and (b) introduce new products to those markets for testing and publicity. In the fiscal year ended June 30, 2006 these incidental marketing efforts generated \$541,103 in revenue. In the most recent fiscal year, which ended on June 30, 2007, Zhao Dong Jianye Fuel suspended most of its revenue-producing activities in order to focus on internal organization activities. As a result, during the six months ended December 31, 2006, no revenue was generated. Likewise, during the three months ended September 30, 2007, no revenue was generated.

During the quarter ended December 31, 2007, however, Zhao Dong Jianye Fuel recorded its first significant revenue \$3,449,434. This occurred because Zhao Dong Jianye Fuel completed a sale and delivery of fuel additives to Zhanjiang Runtong Trading Corp., a transaction that produced 98% of the revenue for that quarter. Zhanjiang Runtong Trading Corp. is an unrelated third party, and the transaction was the result of arms length negotiation. The transaction, however, is not characteristic of the Company's business plan, which contemplates the sale of fuel, with fuel additive transactions as only an occasional ancillary revenue stream.

The recent sale of additives to Zhanjiang Runtong Trading Corp. was profitable, leading to gross margin of 62% for the quarter. In no prior period, however, did the Company generate any significant amount of gross profit – in the 2007 fiscal year, it generated negative gross profit. The primary reason for the lack of gross profit is the inefficiency of the small batch processing of fuel that the company is currently engaged in for testing purposes. Both the primary raw materials and our final products are highly evaporative liquids, whose properties are substantially affected by the atmospheric conditions. In order to minimize storage loss, we must make frequent purchases of raw materials in relatively small quantities. These have led to relatively high unit costs for raw materials. At the same time, we must deliver our products promptly after production or they are affected by evaporation. This necessitates shipping methods that are relatively high cost when applied to small quantities of fuel. Both of these factors made our preliminary operations inefficient and unprofitable during the past two fiscal years.

When we commence full scale production, we expect our gross profit margin to be significantly higher than that which is customary for refiners of petroleum-based fuels. This should occur because the market price of the raw materials for methanol-based fuels (i.e. methanol and petroleum distillate) are substantially lower than the market price for gasoline. At current market prices, we believe that we will be able to produce methanol-based fuel for \$27 to \$40 per ton less than the prevailing cost of refining gasoline with comparable octane levels. The price advantage can only be achieved, however, when we produce our fuels in quantities that make efficient use of our refinery and ship it in quantities that enable us to obtain wholesale shipping charges. Those conditions will be achieved only after we obtain the funds necessary to bring our operations up to the full production level.

Our selling, general and administrative expenses remained relatively modest in the six months ended December 31, 2007, primarily because almost all of our revenue came from one customer. When we commence full-scale production, these expenses will increase significantly, primarily due to (a) increased staff required for production and marketing, (b) increased selling expense required to develop and expanded market for our products, and (c) increased depreciation expense. Currently, we only depreciate the portion of our facility that has been put into active use. The

denominator for our depreciation calculation will increase when our entire facility is engaged in production.

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During the last two fiscal years, as we organized our business, our net loss remained modest, despite our lack of gross profit. In fiscal 2007 we realized a net loss of \$58,111. Our net loss for fiscal 2006 was \$91,261. For the six month period ended December 31, 2007 we recorded net income of \$2,034,960 as a result of the sale to Zhanjiang Runtong Trading Corp. During the same period, however, we realized on \$7,756 in net cash from operations, as Zhanjiang Runtong Trading Corp. has not paid any significant portion of the purchase price for the additives it purchased. The primary factor enabling us to reach our current condition without incurring large losses and to carry on operations with minimal cash flow was the willingness of our shareholders to serve our company for minimal compensation.

Our business operates primarily in Chinese Renminbi (“RMB”), but we report our results in our SEC filings in U.S. Dollars. The conversion of our accounts from RMB to Dollars results in translation adjustments. While our net income is added to the retained earnings on our balance sheet; the translation adjustments are added to a line item on our balance sheet labeled “accumulated other comprehensive income,” since it is more reflective of changes in the relative values of U.S. and Chinese currencies than of the success of our business. During the six months ended December 31, 2007, the effect of converting our financial results to Dollars was to reduce our accumulated other comprehensive income by \$161,873.

Liquidity and Capital Resources

Our operations to date have been funded primarily by capital contributions and short-term loans from our Chairman, Jianye Wang, which have been adequate to bring us to the point where we are prepared to commence full scale production. At December 31, 2007 the balance due from Zhao Dong Jianye Fuel to Mr. Wang and his affiliates was \$254,162.

Our working capital at December 31, 2007 totaled \$4,799,941. Included in our working capital, however, was \$4,104,180 in accounts receivable, most of which is owed by Zhanjiang Runtong Trading Corp. We are not certain of the payment date for that receivable. Also included in working capital was an advance payment to Qinguangdao Far East Petroleum Refinery Co., Ltd. in the amount of \$853,306. The recipient of this advance payment will be our primary source of petroleum distillate, and we made this payment in accord with Chinese custom, to enable the refinery to expand its production capacity in anticipation of doing a large amount of business with us. We have, therefore, only a small amount of liquid assets.

In order to commence full scale operations, we will need approximately \$4,000,000 to purchase raw materials and fund our initial receivables. On our December 31, 2007 balance sheet, we have property and equipment with a book value of \$2,706,229 on which there is no lien. We expect that some amount of the funds that we require can be obtained by pledging those assets to secure a loan. The remainder, however, will be obtained from the sale of equity. To date we have no commitment from any source for either debt or equity financing.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition or results of operations.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Jianye Wang, our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2007. Pursuant to Rule 13a-15(e) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, "disclosure controls and procedures" means controls and other procedures that are designed to insure that information required to be disclosed by the Company in the reports that it files with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time limits specified in the Commission's rules. "Disclosure controls and procedures" include, without limitation, controls and procedures designed to insure that information the Company is required to disclose in the reports it files with the Commission is accumulated and communicated to our Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure. Based on his evaluation, Jianye Wang concluded that the Company's system of disclosure controls and procedures was effective as of December 31, 2007 for the purposes described in this paragraph.

Changes in Internal Controls. There was no change in internal controls over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934) identified in connection with the evaluation described in the preceding paragraph that occurred during the Company's second fiscal quarter that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 6. Exhibits

- 31 Rule 13a-14(a) Certification
- 32 Rule 13a-14(b) Certification

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 thereunto duly authorized.

Date: March 13, 2008

and Chief Financial Officer

CHINA JIANYE FUEL, INC.
By: /s/ Jianye Wang
Jianye Wang, Chief Executive Officer

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