China Jianye Fuel, Inc.
Form 10-K
September 29, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: June 30, 2009

OR

o 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: 000-52496

CHINA JIANYE FUEL, INC.
(Exact name of registrant as specified in its charter)

Delaware	20-8296010
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

100 Wall Street, 15th Floor, New York, NY, 10005
(Address of principal executive office and zip code)

212-232-0120
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

As of December 31, 2008, the aggregate market value of the shares of the Registrant’s common stock held by non-affiliates (based upon the closing price of such shares as reported on the Pink Sheets) was approximately $58,288,231. Shares of the Registrant’s common stock held by each executive officer and director and by each person who owns 10 percent or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates of the Registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of September 22, 2009 there were 30,176,938 shares of the Registrant’s common stock outstanding.

CHINA JIANYE FUEL, INC.

FORM 10-K
For the Fiscal Year Ended June 30, 2009

PART IV

Forward-Looking Statements

Statements contained in this annual report include “forward-looking statements” within the meaning of such term in Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause actual financial or operating results, performances or achievements expressed or implied by such forward-looking statements not to occur or be realized. Forward-looking statements made in this Report generally are based on our best estimates of future results, performances or achievements, predicated upon current conditions and the most recent results of the companies involved and their respective industries. Forward-looking statements may be identified by the use of forward-looking terminology such as “may,” “will,” “could,” “should,” “project,” “expect,” “believe,” “estimate,” “anticipate,” “intend,” “conti “opportunity” or similar terms, variations of those terms or the negative of those terms or other variations of those terms or comparable words or expressions. Potential risks and uncertainties include, among other things, such factors as:

- our heavy reliance on limited number of consumers;
- strong competition in our industry;
- increases in our raw material costs; and
- an inability to fund our capital requirements.

Additional disclosures regarding factors that could cause our results and performance to differ from results or performance anticipated by this annual report are discussed in Item 1A. “Risk Factors.” Readers are urged to carefully review and consider the various disclosures made by us in this annual report and our other filings with the SEC. These reports attempt to advise interested parties of the risks and factors that may affect our business, financial condition and results of operations and prospects. The forward-looking statements made in this annual report speak only as of the date hereof and we disclaim any obligation to provide updates, revisions or amendments to any forward-looking statements to reflect changes in our expectations or future events.

Table of Contents

PART I

ITEM 1. BUSINESS

Overview

China Jianye Fuel, Inc., through its wholly-owned subsidiary, American Jianye Ethanol Company, Inc., owns 100% of the registered capital of Zhao Dong Jianye Fuel Co., Ltd. ("Zhao Dong Jianye Fuel"), a corporation organized in 2004 under the laws of The People's Republic of China. Zhao Dong Jianye Fuel is engaged in the business of developing, manufacturing and distributing alcohol-based automobile fuel products in the Peoples Republic of China.

American Jianye Ethanol Company, Inc. was organized under the laws of the State of Delaware in March 2007. It never initiated any business activity. In November 2007 American Jianye acquired 100% of the net assets of Zhao Dong Jianye Fuel in exchange for debt and equity in American Jianye. Those shares represent the only asset of American Jianye.

Zhao Dong Jianye Fuel Co., Ltd. was founded in April 2004 under the laws of the People's Republic of China with registered capital of RMB 9 million Yuan (US$1.3 million). The offices and manufacturing facility operated by Zhao Dong Jianye Fuel are located at 47 Huagong Road, Zhaodong City, Heilongjiang Province, in northeastern China. Zhao Dong Jianye 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") ($590-610) per ton, lower than the prevailing wholesale price of #93 lead-free gasoline in China by as much as 1,000 RMB ($147) 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. In the Spring of 2008, the Company began to ship commercial quantities of fuel to customers, although it continues to operate at only a small fraction of its capacity due to a need for working capital to fund the launch of full-scale 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.

The Market for Alcohol-based Fuel

Alcohol fuel is an attractive alternative to gasoline for several reasons, including its environmental benefits. Alcohol-based fuels burn 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.

Table of Contents

China encourages the use of alcohol fuel as the substitute for gasoline due to the economic and environmental reasons, which provides a strong impetus for the development of alcohol fuel industry in the country. It is estimated that by 2010 the annual production capacity of domestic alcohol-based automobile fuel in China will reach 2 million tons. Meanwhile, worldwide demand for alcohol fuel is also gradually increasing, due to the limited supply and high cost of gasoline, and for environmental reasons. The increased demand has caused an increase in both the price and the profit margin for alcohol-based fuel.

Research and Development: Our Products

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.

Through June 30, 2009 we have invested approximately $455,603.16 in research and development. In addition, our Chairman, Jianye Wang, controls Heilongjiang Jianye Fuel Co., Ltd. That company has licensed to Zhao Dong Jianye Fuel a portfolio of patents, including technologies to manufacture:

- M80-M90 alcohol-based automobile fuels (No. 2006100105225);
- E80-E90 Alcohol-based automobile fuel (No. 200610010523X);
- an ethanol-based clean automobile fuel (No. 2004100480448);
- an ethyl/methyl alcohol based fuels manufacturing method (No. 2006100105244);
- an M80-M90/E80-E90 alcohol-based automobile fuel catalyst manufacturing method (No. 2006100105102);
- an ethanol/methanol degeneration method (No. 20061009907X); and
- a manufacturing method of high-efficiency alcohol-gasoline blended fuel catalyst (No. 2006100099050).

The licenses are indefinite and royalty-free.

As a forerunner in the alcohol-based fuels industry, the Company itself has set the leading enterprise standards in China, and has been actively engaged in the development of national as well as provincial industry standards. During 2008 China's National Standardization Committee formulated the first set of national standards for alcohol-based fuels. These will standardize the manufacturing practice and quality control of alcohol-based automobile fuel. Because of the Company's involvement in the development of the standards, we are in full compliance with the new standards.

The efficacy of the Company's M85 and E85 fuels in conventional automobiles was tested positively in April 2007 by the Heilongjiang Provincial Control & Test Institute. The efficacy of its ME60, M30, M50, M85 and E85 fuels in conventional automobiles was tested with positive results in January 2007 by the Heilongjiang Automobile Products Quality Control Center. The Company has also been granted High-tech Product and Environmentally Friendly Product certifications by the Heilongjiang Provincial Government and the Zhao Dong Municipal Government.

3

Table of Contents

Operations to Date

Until this year, our sales had consisted of samples of our alcohol-based fuels, and occasional resale of fuel additives. In the Spring of 2008, however, Zhao Dong Jianye Fuel commenced shipments of alcohol-based fuels in commercial quantities.

Most of our sales are large bulk shipments that we manufacture to order. Currently our backlog of firm orders amounts to only $15,000, since we fabricate the products as soon as orders arrive. At this time last year, we had no backlog. At the same time, however, we have two significant production contracts:

- Agreement for the sale of #97 ethanol fuel to Zhuhai Zhonghuan Oil Limited. This agreement contemplates the sale by us of 15,000 tons of fuel per month for a price of $1,110 per ton.

- Agreement for sale of M30 fuel to Shanxi Province Hanzhong Xilan Liquified Petroleum Limited. This agreement contemplates the sale by us of 200 to 300 tons per month at prices between $1,050 and $1,110 per ton.

These contracts do not qualify as backlog, because neither customer has a binding purchase obligation – the customers have the option to place monthly orders accompanied by payment of a deposit. Nevertheless, the contracts are indicative of the kind of production agreements that we are pursuing and gradually obtaining.

Facilities

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's refinery is located on Tiewei Street, Tiedong District of Zhao Dong City, with a total usable area of 84737.32 m2 (912,105 square feet). Zhao Dong Jianye Fuel holds 30-year use rights on the land that will expire in 2035. The Company's production facilities cover a total area of 16,000 m2 (172,223 square feet), including 12,000 m2 (129,167 square feet) of actually used area. The physical plant uses clean fuel blending and manufacturing equipment independently developed by the Company itself. The plant has ready access to utilities, including water and electricity, as well as a dedicated railroad siding. The Company has obtained from the government all of the operational safety permits and environmental compliance certificates necessary to engage in production. Our annual expense for compliance with Chinese environmental regulations is $350.

The Company has developed a patented method for blending the raw materials in its manufacture process. This processing technique enables production of Methanol automobile fuel under normal atmospheric conditions and temperatures, as well as at temperatures as low as -30 (-22 degrees Fahrenheit). The Company's refining process produces no significant amount of hazardous waste or pollution. These qualities, which are superior to those of lead-free gasoline fuel, have been certified by a team of experts organized by the Heilongjiang Province Science & Technology Department.

The key to the efficacy of the Company's fuels is the unique combination of catalysts with methanol to raise the oxygen content and increase the octane rating of the fuels. Prior to September 2006, the Company used methyl tertiary-butyl ether (MTBE) as the primary catalyst in its alcohol fuels, following the then-standard international manufacturing practice. As information became available regarding the risk to the environment of MTBE run-off, the Company had ceased using MTBE as an oxygenate, switching to different, environmental friendly and non-toxic high-carbon derivatives to fulfill the same functions.

To date, the Company has developed six different types of catalysts, which are added into different types of alcohol–based fuels. These catalysts have proven to enhance fuel octane rating and engine power, inhibit the premature oxidation of the fuel, help remove sediment in the carburetor, and prevent the erosion of the engine cylinder surface. Whereas conventional alcohol-based automobile fuels can be used only in specially designed automobile engines, due to problems of corrosion and engine wear, the Company's fuels can be readily used in ordinary motor vehicle engines, either independently or in combination with gasoline of comparable octane rating. The Company manufactures all six types of catalysts in its factory in Zhao Dong City, Heilongjiang Province.

Table of Contents

Marketing

Currently Zhao Dong Jianye Fuel's sales network have five sales companies in the major cities five provinces, including Harbin, Dalian, Shenyang, Qinhuangdao, and Beijing. Each of these five sales companies has 6 full-time sales persons. The Beijing-based sales company coordinates the Company's overall sales efforts.

The Company plans to sell its fuel products primarily through three channels:

1. Direct to private gas stations;
2. Direct to state-owned refined fuel storage and retail facilities;
3. Distribution through CNPC and PetroChina's nationwide network.

We expect the largest channel for distribution will be through the regional branches of CNPC and PetroChina, which have indicated a willingness to distribute our fuels to their affiliated gas stations.

Employees

The Company consists of six operational departments: technologies, sales, supply, planning, finance and the general office. There are currently 64 full-time employees, including 12 in management and administrative work, and 16 in R&D. 42% of the Company's employees have at least a junior college degree or higher. The average age of the employees is 43.

ITEM 1A. RISK FACTORS

RISKS RELATED TO OUR BUSINESS

You should carefully consider the risks described below before buying our common stock. If any of the risks described below actually occurs, that event could cause the trading price of our common stock to decline, and you could lose all or part of your investment.

Because we have not yet commenced our full scale production operations, unexpected factors may hamper our efforts to implement our business plan.

Our business plan contemplates that we will become a fully-integrated refiner and marketer of methanol-based fuel oil. To date, however, we have produced and marketed our fuels only in limited quantities. If the necessary funding can be obtained, we will commence operations on a much larger scale. The complexity of this undertaking means that we are likely to face many challenges, some of which are not yet foreseeable. Problems may occur with our raw material acquisition, with the roll-out of efficient manufacturing processes, and with our ability to deliver fuel efficiently. If we are not able to minimize the costs and delays that result, our business plan may fall short of its goals, and we will be unable to achieve profitability.

The capital investments that we plan may result in dilution of the equity of our present shareholders.

Our business plan contemplates that we will invest approximately $4 million in the start-up of our full-scale operations. We intend to raise a large portion of the necessary funds by selling equity in our company. At present we have no commitment from any source for those funds. We cannot determine, therefore, the terms on which we will be able to raise the necessary funds. It is possible that we will be required to dilute the value of our current shareholders' equity in order to obtain the funds. If, however, we are unable to raise the necessary funds, our growth will be limited, as will our ability to compete effectively.

The market for methanol-based fuel is not developed in China.

One of the greater challenges that we will face in the implementation of our business plan will be the development of widespread acceptance of methanol as automobile fuel. Because our products perform as an alternative to conventional gasoline-based fuel, we will be challenged by the inertial effect of the association of gasoline with automobiles. Until we commence widespread marketing activities, we will not know the extent to which we will be able to persuade distributors and, ultimately, consumers, to trust our fuels in their automobiles. If we are unable to effect a change in the public concept of automobile fuel, our business plan may fail.

Table of Contents

Zhao Dong Jianye Fuel’s profitability will be dependent on market prices for methanol, ethanol and gasoline.

Zhao Dong Jianye Fuel’s profitability and financial condition will be significantly affected by the selling price for methanol-based fuel. That price, in turn, will depend on the market prices for competitive products, specifically gasoline and ethanol. Uncontrolled market forces ultimately drive the price and supply of each of these fuels. Factors that affect these market prices include the level of consumer product demand, governmental regulations and taxes, the level of foreign imports of oil and natural gas, and the overall economic environment. Significant declines in world wide prices for oil could have a material adverse effect on our success in introducing methanol-based fuels.

Zhao Dong Jianye Fuel creates products that may have harmful effects on the environment if not stored and handled properly prior to use, which could result in significant liability and compliance expense.

The distribution of methanol-based fuel involves the controlled use of materials that are hazardous to the environment. Zhao Dong Jianye Fuel cannot eliminate the risk of accidental contamination or discharge and any resulting problems that occur. Government regulations govern the use, manufacture, storage, handling and disposal of these materials. Zhao Dong Jianye Fuel may be named a defendant in any suit that arises from the improper handling, storage or disposal of these products. Zhao Dong Jianye Fuel could also be subject to civil damages in the event of an improper or unauthorized release of, or exposure of individuals to, hazardous materials. Compliance with environmental laws and regulations may be expensive, and current or future environmental regulations may impair Zhao Dong Jianye Fuel’ research, development and production efforts.

An increase in raw material prices could increase Zhao Dong Jianye Fuel’s costs and decrease its profits.

Changes in the cost of raw materials could significantly affect Zhao Dong Jianye Fuel’s business.Although the cost of methanol has traditionally been relatively stable, increased use of methanol for fuel would create increased demand and could introduce volatility into the market for methanol. Our other two primary raw materials, gasoline distillate and ethanol, already trade in volatile markets. The market price for gasoline distillate is a function of the market price of oil, which has been highly volatile in recent years. The market price of ethanol depends primarily on the availability of feedstocks, which again has become volatile in recent years due to the heightened demand caused by the widespread acceptance of ethanol as a fuel supplement. Increased prices in any of these markets could decrease Zhao Dong Jianye Fuel’s profitability. Zhao Dong Jianye Fuel does not expect to enter into hedging contracts with respect to raw material prices, but will rely on its Chairman’s network of industry relationships to obtain the best available prices.

Reliance on third party suppliers for raw materials may affect Zhao Dong Jianye Fuel’s production and profitability.

To date, Zhao Dong Jianye Fuel has no binding commitments for the supply of raw materials, although it has established a favourable relationship with its primary distillate supplier by making a large advance payment. Even as it develops supply arrangements, Zhao Dong Jianye Fuel’s suppliers could terminate the contracts and sell to other buyers, or enter into the methanol-based fuel production business in direct competition with Zhao Dong Jianye Fuel. If Zhao Dong Jianye Fuel’s suppliers do not perform their obligations as agreed, Zhao Dong Jianye Fuel will not be able to maintain its refinery operations at an efficient level, and may itself default in satisfying deliver orders, all of which would adversely affect Zhao Dong Jianye Fuel’ profitability.

Increased government regulation of our production and/or marketing operations could diminish our profits.

The fuel production and supply business is highly regulated. Government authorities are concerned with effect of fuel distribution on the national and local economy. To achieve optimal availability of fuel, governments regulate many key elements of both production and distribution of fuel. Increased government regulation may affect our business in ways that cannot be predicted at this time, potentially involving price regulation, distribution regulation, and regulation of manufacturing processes. Any such regulation or a combination could have an adverse effect on our profitability.

Table of Contents

In addition, the day-to-day operations of our business will require frequent interaction with representatives of the Chinese government institutions. The national, provincial and local governments in the People's Republic of China are highly bureaucratized. The effort to obtain the registrations, licenses and permits necessary to carry out our business activities can be daunting. Significant delays can result from the need to obtain governmental approval of our activities. These delays can have an adverse effect on the profitability of our operations. In addition, compliance with regulatory requirements applicable to fuel manufacturing and distribution may increase the cost of our operations, which would adversely affect our profitability.

Our business and growth will suffer if we are unable to hire and retain key personnel that are in high demand.

Our future success depends on our ability to attract and retain highly skilled engineers, chemists, industrial technicians, production supervisors, and marketing personnel. In general, qualified individuals are in high demand in China, and there are insufficient experienced personnel to fill the demand. In a specialized scientific field, such as ours, the demand for qualified individuals is even greater. If we are unable to successfully attract or retain the personnel we need to succeed, we will be unable to implement our business plan.

We may have difficulty establishing adequate management and financial controls in China.

The People's Republic of China has only recently begun to adopt the management and financial reporting concepts and practices that investors in the United States are familiar with. We may have difficulty in hiring and retaining employees in China who have the experience necessary to implement the kind of management and financial controls that are expected of a United States public company. If we cannot establish such controls, we may experience difficulty in collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet U.S. standards.

Capital outflow policies in China may hamper our ability to pay dividends to shareholders in the United States.

The People's Republic of China has adopted currency and capital transfer regulations. These regulations require that we comply with complex regulations for the movement of capital. Although Chinese governmental policies were introduced in 1996 to allow the convertibility of RMB into foreign currency for current account items, conversion of RMB into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of the State Administration of Foreign Exchange. We may be unable to obtain all of the required conversion approvals for our operations, and Chinese regulatory authorities may impose greater restrictions on the convertibility of the RMB in the future. Because most of our future revenues will be in RMB, any inability to obtain the requisite approvals or any future restrictions on currency exchanges will limit our ability to pay dividends to our shareholders.

Currency fluctuations may adversely affect our operating results.

Zhao Dong Jianye Fuel generates revenues and incurs expenses and liabilities in Renminbi, the currency of the People's Republic of China. However, as a subsidiary of China Jianye Fuel, it will report its financial results in the United States in U.S. Dollars. As a result, our financial results will be subject to the effects of exchange rate fluctuations between these currencies. From time to time, the government of China may take action to stimulate the Chinese economy that will have the effect of reducing the value of Renminbi. In addition, international currency markets may cause significant adjustments to occur in the value of the Renminbi. Any such events that result in a devaluation of the Renminbi versus the U.S. Dollar will have an adverse effect on our reported results. We have not entered into agreements or purchased instruments to hedge our exchange rate risks.

We have limited business insurance coverage.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products, and do not, to our knowledge, offer business liability insurance. As a result, we do not have any business liability insurance coverage for our operations. Moreover, while business disruption insurance is available, we have determined that the risks of disruption and cost of the insurance are such that we do not require it at this time. Any business disruption, litigation or natural disaster might result in substantial costs and diversion of resources.

Table of Contents

China Jianye Fuel is not likely to hold annual shareholder meetings in the next few years.

Management does not expect to hold annual meetings of shareholders in the next few years, due to the expense involved. The current members of the Board of Directors were appointed to that position by the previous directors. If other directors are added to the Board in the future, it is likely that the current directors will appoint them. As a result, the shareholders of China Jianye Fuel will have no effective means of exercising control over the operations of China Jianye Fuel.

ITEM 2. PROPERTIES

The Company's refinery is located on Tiewei Street, Tiedong District of Zhao Dong City, with a total usable area of 84737.32 m2 (912,105 square feet). Zhao Dong Jianye Fuel holds 30-year use rights on the land that will expire in 2035. The Company's production facilities cover a total area of 16,000 m2 (172,223 square feet), including 12,000 m2 (129,167 square feet) of actually used area.

China Jianye Fuel maintains a mail-drop at the offices of American Union Securities, Inc. in New York City. We do not compensate American Union Securities for this concession.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse affect on our business, financial condition or operating results.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our security holders during the fourth quarter of 2008.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market for Our Common Stock

Our common stock is quoted under the symbol CJYF.PK. The Company's common stock was previously traded on the OTC Bulletin Board since December 28, 2006. Our common stock has been delisted from the OTC Bulletin Board, due to our failure to satisfy our SEC filing requirements in a timely fashion. Until we are eligible to re-apply for listing on the OTC Bulletin Board, our common stock will be quoted on the "Pink Sheets."

The following table sets forth, for the periods indicated, the high and low closing prices of our common stock. These prices reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

8

Table of Contents

	Closing Prices (1) High	Low
Year Ended June 30, 2009		
1st Quarter	$ 4.00	$ 4.00
2nd Quarter	$ 4.00	$ 4.00
3rd Quarter	$ 4.00	$ 4.00
4th Quarter	$ 0.45	$ 0.10
Year Ended June 30, 2008		
1st Quarter	$ 3.12	$ 0.39
2nd Quarter	$ 6.57	$ 1.04
3rd Quarter	$ 6.00	$ 1.25
4th Quarter	$ 4.00	$ 4.00

(1) The above table sets forth the range of high and low closing prices per share of our common stock as reported by OTC Bulletin Board and the Pink Sheets, as applicable, for the periods indicated.

Approximate Number of Holders of Our Common Stock

On September 22, 2009, there were approximately 28 stockholders of record of our common stock.

Dividend Policy

China Jianye Fuel has not declared or paid cash dividends or made distributions in the past, and we do not anticipate that we will pay cash dividends or make distributions in the foreseeable future. We currently intend to retain and reinvest future earnings, if any, to finance our operations.

Recent Sales of Unregistered Securities.

None.

Repurchase of Equity Securities.

The Company did not repurchase any of its equity securities that were registered under Section 12 of the Securities Act during the 4th quarter of fiscal 2008.

Securities Authorized for Issuance Under Equity Compensation Plans

We currently do not have any equity compensation plans.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

Zhao Dong Jianye Fuel commenced operations in 2004. Until the Spring of 2008, however, its activities were 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 and ethanol-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.

Table of Contents

Until the year ended June 30, 2008, 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 this incidental marketing effort generated $541,103 in revenue. In the year ended on June 30, 2007, however, Zhao Dong Jianye Fuel suspended most of its revenue-producing activities in order to focus on internal organization activities. As a result, only 61,555 in revenue was generated during the 2007 fiscal year.

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. In the quarter ended March 31, 2008 we realized our first significant revenue from the sale of fuel, as we sold 4,200 tons of methanol-based fuel to CIPC Heilongjiang HuBei, a fuel distributor, for $3,249,795. These two sales represented approximately 97% of our revenues for the year ended June 30, 2008. Zhanjiang Runtong Trading Corp. and CIPC Heilongjiang HuBei are unrelated third parties, and the transactions were the result of arms length negotiation. In the 4th quarter of the year ended June 30, 2008, however, our sales totaled only $212,335, primarily consisting of incidental sales of sample batches.

We expect to develop more consistent revenue streams in the current fiscal year. In July, 2008, Zhao Dong Jianye Fuel entered into a contract with Zhuhai Zhonghuan Oil Ltd., which contemplates that the customer will purchase 15,000 tons of ethanol-based automobile fuel per month. Then, in September, 2008, Zhao Dong Jianye Fuel entered into contract with Shanxi Province Hanzhong Xilan Liquefied Petroleum Limited to provide the company 200 to 300 tons of M30 fuel each month. Neither of these contracts represents a binding purchase commitment – the customer's commit to one month of purchases at a time. But they suggest that we are beginning to achieve a consistent stream of revenue.

Our gross profit margin during the year ended June 30, 2008 was 36%. This figure is not meaningful, however, since almost half of our sales consisted of resale of fuel additives 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 (7.8% of sales) in the fiscal 2008, primarily because almost all of our revenue came from a few customers. 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.

During the two fiscal years that ended on June 30, 2007, 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. In fiscal 2008 we recorded net income of $1,487,782 as a result of the sale of methanol based fuel and fuel additives. During the same period, however, our operations reduced our cash position by $383,384, due to the fact that neither of our major customers has 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 negative cash flow was the willingness of our shareholders to serve our company for minimal compensation and the fact that our creditors are tolerating an increase in our accounts payable.

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 year ended June 30, 2008, the effect of converting our financial results to Dollars was to add $36,114 to our accumulated other comprehensive income.

Table of Contents

Results of Operations

The following tables set forth key components of results of our operations for the periods indicated, both in dollars and as a percentage of sales revenues and key components of our revenues for the periods indicated in dollars.

	Year Ended June 30, 2009			Year Ended June 30, 2008			Year Ended June 30, 2007		
		As a percentage of revenues			As a percentage of revenues			As a percentage of revenues	
Revenues	1,081,013	100.00	%	6,971,508	100.00	%	61,555	100.00	%
Cost of Sales	967,647	89.51	%	4,391,202	62.98	%	61,605	100.08	%
Gross Profit	113,366	10.49	%	2,526,306	36.23	%	(50)	-0-	
Operating Expenses									
Other selling, general and administrative expenses	503,879	46.61	%	541,308	7.76	%	63,276	102.79	%
Income (loss) from operations	(390,513)	(36.12	%)	1,984,998	28.47	%	(63,326)	(102.87	%)
Other Income (Expenses)	87	-0-		(69)	-0-		5,215	8.47	
Income (loss) before income taxes	(390,426)	(36.11	%)	1,984,929	28.47	%	(58,111)	(94.40	%)
Income taxes	-	-		497,147	7.13	%	-	-	
Net income (loss)	(390,426)	(36.11	%)	1,487,782	21.34	%	(58,111)	(94.40	%)
Other comprehensive income									
Foreign currency translation adjustments	36,114	3.34	%	421,991	6.05	%	253,332	411.55	%
Comprehensive income (loss)	(354,312)	(32.77	%)	1,909,773	27.39	%	195,221	317.14	

Comparison of Years ended June 30, 2009 and June 30, 2008.

Revenues. Revenues decreased approximately $5,890,496, or 85% to approximately $1,081,013 for the year ended June 30, 2009 from approximately $6,971,508 for the same period in 2008. This decrease was mainly due to the worldwide financial storm which caused price fluctuation and a Chinese government policy change which influenced sales.

11

Table of Contents

Cost of Sales. Our cost of sales decreased approximately $3,423,555, or 78% to approximately $967,647 for the year ended June 30, 2009 from approximately $4,391,202 for the same period in 2008. This decrease was mainly due to decrease in sales revenue. As a percentage of revenues, the cost of sales increased to 89.51% during the year ended June 30, 2009 from 62.98% for the same period of 2008. Such increase of percentage was due to decreases in sales revenue and a decrease in the capacity utilizing ratio.

Gross Profit. Our gross profit decreased approximately $2,412,940, or 96% to approximately $113,366 for the year ended June 30, 2009 from approximately $2,526,306 for the same period in 2008. This decrease was mainly due to a decrease in sale revenue. As a percentage of revenues, the gross profit decreased to 10.49% during the year ended June 30, 2009 from 36.23% for the same period of 2008. Such decrease of percentage was due to a decrease in sales revenue and a unit cost increase.

Other Selling, General and Administrative Expenses. Other selling, general and administrative expenses decreased approximately $37,429, or 6.91% to approximately $503,879 for the year ended June 30, 2009 from approximately 541,308 for the same period in 2008. This decrease was mainly due to the decrease in revenue. As a percentage of revenues, other selling, general and administrative expenses increased to 46.61% during the year ended June 30, 2009 from 7.76% for the same period of 2008. Such increase of percentage was due to a decrease in revenue.

Income (loss) from operations. Income from operations decreased approximately $2,375,511 or 119.67% to approximately $390,426 for the year ended June 30, 2009 from approximately $1,984,929 for the same period in 2008. This decrease was mainly due to decrease in revenue and an increase in unit cost. As a percentage of revenues, income from operations decreased to 36.11% during the year ended June 30, 2009 from 28.47% for the same period of 2008. Such decrease of percentage was due to a decrease in revenues.

Other Income (expenses). Income from operations increased approximately $18, or 2.60% to approximately $87 for the year ended June 30, 2009 from approximately $69 for the same period in 2008. This increase was mainly due to a traffic regulation fine.

Income Before Income Taxes and Minority Interest. Income before income taxes and minority interest decreased approximately $2,375,355, or 119.66% to approximately $1,984,929 for the year ended June 30, 2009 from approximately $390,426 for the same period in 2008. This decrease was mainly due to a decrease in revenues, an increase in unit cost, and decrease in operating profits. As a percentage of revenues, income before income taxes and minority interest decreased to 36.11% during the year ended June 30, 2009 from 28.47% for the same period of 2008. Such increase/decrease of percentage was due to a decrease in revenues, an increase in unit cost, and a decrease in operating profits.

Income Taxes. Income taxes decreased approximately $497,147, or 100.00% to approximately $-0- the year ended June 30, 2009 from approximately $497,147 for the same period in 2008. This decrease was mainly due to lack of profits. As a percentage of revenues, income taxes decreased to -0- during the year ended June 30, 2009 from 7.13% for the same period of 2008. Such decrease of percentage was due to lack of profits.

Net Income. Net income decreased approximately $1,878,211 or 126.24% to approximately $390,426 for the year ended June 30, 2009 from approximately $1,487,782 for the same period in 2008. This decrease was mainly due to 2009 revenue coming from additives which being lower volume and higher margin ratio to more than 60%, and 2008 revenue come from finished products which being higher volume and lower margin ratio to 10%. As a percentage of revenues, net income increased to 36.11% during the year ended June 30, 2009 from 21.34% for the same period of 2008. Such increase of percentage was due to 2009 revenue coming from additives which being lower volume and higher margin ratio to more than 60%, and 2008 revenue coming from finished products which being higher volume and lower margin ratio to 10%.

Comparison of Years ended June 30, 2008 and June 30, 2007.

Revenues. Revenues increased approximately $6,909,953, or 11225% to approximately $6,971,508 for the year ended June 30, 2008 from approximately $61,555 for the same period in 2007.

12

Table of Contents

Cost of Sales. Our cost of sales increased approximately $4,329,597 or 7027% to approximately $4,391,202 for the year ended June 30, 2008 from approximately $61,605 for the same period in 2007. As a percentage of revenues, the cost of sales decreased to 62.98% during the year ended June 30, 2008 from 100.08% for the same period of 2007.

Gross Profit. Our gross profit increased approximately $2,526,356 or 50527% to approximately $2,526,306 for the year ended June 30, 2008 from approximately $50 for the same period in 2007. As a percentage of revenues, the gross profit increased to 36.23% during the year ended June 30, 2008 from -0-% for the same period of 2007.

Other Selling, General and Administrative Expenses. Other selling, general and administrative expenses increased approximately $478,032, or 755% to approximately $541,308 for the year ended June 30, 2008 from approximately $63,276 for the same period in 2007. As a percentage of revenues, other selling, general and administrative expenses decreased to 7.76% during the year ended June 30, 2008 from 102.79% for the same period of 2007.

Income (loss) from operations. Income from operations increased approximately $2,048,324 or 3234% to approximately $1,984,998 for the year ended June 30, 2008 from approximately $63,326 for the same period in 2007. As a percentage of revenues, income from operations decreased to 28.47% during the year ended June 30, 2008 from 102.87% for the same period of 2007.

Other Income (expenses). Income from operations decreased approximately $5,284, or 101.32% to approximately $69 for the year ended June 30, 2008 from approximately $5,215 for the same period in 2007. As a percentage of revenues, income from operations decreased to -0- during the year ended June 30, 2008 from 8.47% for the same period of 2007.

Income Before Income Taxes and Minority Interest. Income before income taxes and minority interest increased approximately $2,043,040, or 3515% to approximately $1,984,929for the year ended June 30, 2008 from approximately $58,111 for the same period in 2007. As a percentage of revenues, income before income taxes and minority interest increased to 28.47% during the year ended June 30, 2008 from 94.40% for the same period of 2007.

Income Taxes. Income taxes increased approximately $497,147, or 100.00 % to approximately $497,147 for the year ended June 30, 2008 from approximately -0- for the same period in 2007. As a percentage of revenues, income taxes increased to 7.13% during the year ended June 30, 2008 from -0- for the same period of 2007.

Net Income. Net income increased approximately $1,545,893, or 2660% to approximately $1,487,782 for the year ended June 30, 2008 from approximately $58,111 for the same period in 2007. As a percentage of revenues, net income decreased to 21.34% during the year ended June 30, 2008 from 94.40% for the same period of 2007.

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.

Our working capital at June 30, 2008 totaled $4,917,716. Included in our working capital, however, was $5,793,568 in accounts receivable, almost all of which are owed by the two customers who were the source of 97% of our 2008 revenue. We are not certain when those receivables will be paid. Also included in working capital was an advance payment to Qinhuangdao Far East Petroleum Refinery Co., Ltd. in the amount of $1,031,406. 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 June 30, 2008 balance sheet, we have property and equipment with a book value of $2,833,086 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.

Table of Contents

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.

Critical Accounting Policies and Estimates

In preparing our financial statements we are required to formulate working policies regarding valuation of our assets and liabilities and to develop estimates of those values. In our preparation of the financial statements for fiscal year 2009, there were two estimates made which were (a) subject to a high degree of uncertainty and (b) material to our results. These estimates were:

- Our decision, described in Note 2 to the Consolidated Financial Statements, to record a provision of only $31,227.04 for uncollectible accounts, against total related accounts receivable of $624540.78. This decision was based on our relationship with the debtors and our knowledge of their capacity to repay the debts.

- Our decision, described in Note 2 to the Consolidated Financial Statements, to record no provision for obsolete inventories. This decision was based on fact that our inventory at June 30, 2009 amounted to less than two months' sales and was primarily usable raw materials.

We have made no material changes to our critical accounting policies in connection with the preparation of financial statements for fiscal year 2009.

Impact of Accounting Pronouncements

There were no recent accounting pronouncements that have had a material effect on the Company's financial position or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL DATA

Consolidated Financial Statements

The full text of our audited consolidated financial statements as of June 30, 2009, and 2008 begins on page F-1 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A(T). CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures.

The term “disclosure controls and procedures” (defined in SEC Rule 13a-15(e)) refers to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized and reported within required time periods. The Company’s management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this annual report (the “Evaluation Date”). Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, such controls and procedures were effective.

Table of Contents

Changes in internal controls.

The term “internal control over financial reporting” (defined in SEC Rule 13a-15(f)) refers to the process of a company that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company’s management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated any changes in the Company’s internal control over financial reporting that occurred during the fourth quarter of the year covered by this annual report, and they have concluded that there was no change to the Company’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. We have assessed the effectiveness of those internal controls as of December 31, 2007, using the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for our assessment.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

A material weakness in internal controls is a deficiency in internal control, or combination of control deficiencies, that adversely affects the Company’s ability to initiate, authorize, record, process, or report external financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a material misstatement of the Company’s annual or interim financial statements that is more than inconsequential will not be prevented or detected. In the course of making our assessment of the effectiveness of internal controls over financial reporting, we identified two material weaknesses in our internal control over financial reporting. These material weaknesses consisted of:

a. Lack of expertise in U.S accounting principles among the personnel in our Chinese headquarters. Our books are maintained and our financial statements are prepared by the personnel employed at our executive offices in Heilongjiang Province in the People’s Republic of China. Few of our employees have experience or familiarity with U.S accounting principles. The lack of personnel in our Heilongjiang office who are trained in U.S. accounting principles is a weakness because it could lead to improper classification of items and other failures to make the entries and adjustments necessary to comply with U.S. GAAP.

b. Lack of independent control over related party transactions. Jianye Wang is the sole director and Chief Executive Officer of China Jianye Fuel and of its subsidiary, Zhao Dong Jianye Fuel. From time to time Mr. Wang has made loans and capital contributions to finance the operations of Zhao Dong Jianye Fuel. The absence of other directors to review these transactions is a weakness because it could lead to improper classification of such related party transactions.

Management is currently reviewing its staffing and their training in order to remedy the weaknesses identified in this assessment. To date, we are not aware of significant accounting problems resulting from these weaknesses; so we have to weigh the cost of improvement against the benefit of strengthened controls. However, because of the above conditions, management's assessment is that the Company's internal controls over financial reporting were not effective as of June 30, 2009.

Table of Contents

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION.

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Directors and Executive Officers

The following individuals are the members of China Jianye Fuel's Board of Directors and its executive officers.

Name	Age	Position with the Company
Jianye Wang	57	Chairman, Chief Executive Officer, Chief Financial Officer and Director since 2007

All directors hold office until the next annual meeting of our shareholders and until their successors have been elected and qualify. Officers serve at the pleasure of the Board of Directors.

Jianye Wang founded Zhao Dong Jianye Fuel Co., Ltd. in the People's Republic of China in 2004, and has served as its Chairman and majority shareholder since that time. For the twenty years prior to founding Zhao Dong Jianye Fuel Co., Ltd., Mr. Wang was engaged in a variety of entrepreneurial activities involving real estate or the civil engineering services industry. Mr. Wang presently serves on the boards of the China National Methanol/Ethanol Fuel and Clean Fuel Automobile Professional Committee, the Heilongjiang Petroleum Association, and the Petroleum Business Committee of the China Federation of Industry and Commerce. Mr. Wang was awarded a certificate in civil engineering by the Harbin Architectural and Civil Engineering Institute.

Nominating, Compensation and Audit Committees

The Board of Directors does not have an audit committee, a compensation committee or a nominating committee, due to the small size of the Board. The Board will also not have an "audit committee financial expert" within the definition given by the Regulations of the Securities and Exchange Commission.

Section 16(A) Beneficial Ownership Reporting Compliance

Under U.S. securities laws, directors, certain executive officers and persons holding more than 10% of our common stock must report their initial ownership of the common stock, and any changes in that ownership, to the SEC. The

SEC has designated specific due dates for these reports. Based solely on our review of copies of such reports filed with the SEC by and written representations of our directors and executive offers, we believe that our directors and executive offers filed the required reports on time in 2009 fiscal year.

Table of Contents

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers has been convicted in a criminal proceeding, excluding traffic violations or similar misdemeanors, or has been a party to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws (except where not subsequently dismissed without sanction or settlement), or from engaging in any type of business practice, or a finding of any violation of federal or state securities laws. To the best of our knowledge, no petition under the federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of any of our directors or officers, or any partnership in which any of our directors or officers was a general partner at or within two years before the time of such filing, or any corporation or business association of which any of our directors or officers was an executive officer at or within two years before the time of such filing. Except as set forth in our discussion below in “Certain Relationships and Related Transactions, and Director Independence,” none of our directors, director nominees or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

Code of Ethics

The Board of Directors has not adopted a code of ethics applicable to the Company’s executive officers. The Board believes that the small number of individuals involved in the Company’s management makes such a code unnecessary.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth all compensation awarded to, earned by, or paid by China Jianye Fuel, Inc. and its subsidiaries to Jianye Wang, its Chief Executive Officer, during the three years since Zhao Dong Jianye Fuel commenced operations. There were no executive officers whose total salary and bonus for the fiscal year ended June 30, 2009 exceeded $100,000.

	Fiscal Year	Salary	Bonus	Stock Awards	Option Awards	Other Compensation
Jianye Wang	2009	$30,500	--	--	--	$ 0
	2008	$ 30,770	--	--	--	$ 0
	2007	$ 40,000	--	--	--	$ 20,000

Equity Awards

The following tables set forth certain information regarding the stock options acquired by the executive officer named in the table above during the year ended June 30, 2009 and those options held by him on June 30, 2009.

Option Grants in the Last Fiscal Year

Potential realizable value at annual appreciation for option term

	Number of securities underlying option granted	Percent of total options granted to employees in fiscal year	Exercise Price ($/share)	Expiration Date		
					5%	10%
Jianye Wang	--	--	--	--	--	--

The following tables set forth certain information regarding the stock grants received by the executive officer named in the table above during the year ended June 30, 2009 and held by him unvested at June 30, 2009.

Table of Contents

Unvested Stock Awards in the Last Fiscal Year

	Number of Shares That Have Not Vested	Market Value of Shares That Have Not Vested
Jianye Wang	0	--

Remuneration of Directors

None of the members of the Board of Directors receives remuneration for service on the Board.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information known to us with respect to the beneficial ownership of our common stock as of the date of this prospectus by the following:

· each shareholder known by us to own beneficially more than 5% of our common stock;

· Jianye Wang, our Chief Executive Officer

· each of our directors; and

· all directors and executive officers as a group.

Except as otherwise indicated, we believe that the beneficial owners of the common stock listed below have sole voting power and investment power with respect to their shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission.

Name and Address of Benficial Owner (1)	Amount and Nature of Benficial Owership (2)	Percentage of Class
Jianye Wang	15,288,231	50.66%
All officers and directors as a group (1 person)	15,288,231	50.66%
Meili Xu	2,997,692	9.93%
Haipeng Wang	2,697,923	8.94%
Shubo Yu	1,798,615	5.96%

(1) Except as otherwise noted, each shareholder’s address is c/o Zhao Dong Jianye Fuel Co., Ltd., 47 Huagong Road, Zhao Dong City, Heilongjiang Province, P.R. China.
(2) Except as otherwise noted, all shares are owned of record and beneficially.

Equity Compensation Plan Information

The information set forth in the table below regarding equity compensation plans (which include individual compensation arrangements) was determined as of June 30, 2009.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	0	--	0
Equity compensation plans not approved by security holders	0	--	500,000
Total	0	--	500,000

Table of Contents

Changes in Control

There are no arrangements known to us, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS.

Transactions with Related Persons

Our Chairman, Jianye Wang, has a majority equity interest in Heilongjiang Jianye Fuel Co., Ltd. Approximately 70% of the revenue realized by Zhao Dong Jianye Fuel during the 2007 fiscal year resulted from sales to Heilongjiang Jianye Fuel Co., Ltd. The parties had this arrangement because at that time Zhao Dong Jianye Fuel has not yet received the government authorization necessary for issuing certain invoices. For that reason, the sales were processed through Heilongjiang Jianye Fuel Co., which had the requisite government authorization.

Jianye Wang has loaned money to Zhao Dong Jianye Fuel from time to time to provide it working capital. At June 30, 2008 all amounts due from Zhao Dong Jianye Fuel to Jianye Wang had been repaid. In the future, however, until Zhao Dong Jianye Fuel obtains adequate financing, Mr. Wang may continue to provide it working capital loans, when needed. The loans are due on demand and do not bear interest.

Other than the aforesaid relationship, Jianye Wang has not engaged in any transaction with China Jianye Fuel, American Jianye or Zhao Dong Jianye Fuel during the past two fiscal years or the current fiscal year that had a transaction value in excess of $60,000

Promoters and Certain Control Persons

We did not have any promoters at any time during the past five fiscal years.

Director Independence

None of the members of the Board of Directors is independent, as “independent” is defined in the rules of the NASDAQ Stock Market.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Patrizio & Zhao, LLC served as our independent accountants for the fiscal year ended June 30, 2009.

During the fiscal years ended June 30, 2009 and June 30, 2008, fees for services provided by Patrizio & Zhao, LLC were as follows:

	2009	2008
Audit fees(1)	$ 65,000	$ 65,000
Audit-related fees	-	-
Tax fees(2)	-	-
All other fees	-	-

Total	65,000	65,000

(1) Consists of fees billed for the audit of our annual financial statements, review of financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.

(2) "Tax Fees" consisted of fees billed for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning.

Table of Contents

Pre-Approval Policies and Procedures

Under the Sarbanes-Oxley Act of 2002, all audit and non-audit services performed by our auditors must be approved in advance by our Board to assure that such services do not impair the auditors' independence from us. In accordance with its policies and procedures, our Board pre-approved the audit service performed by Patrizio & Zhao, LLC for our consolidated financial statements as of and for the year ended June 30, 2009.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES.

Exhibit No.	Description
3.1	Articles of Incorporation – filed as an exhibit to the Registration Statement on Form 10-SB (File No. 000-52496) filed on March 12, 2007.
3.2	Certificate of Amendment of Articles of Incorporation effective on January 17, 2008 – filed as an exhibit to the Current Report on Form 8-K filed on January 18, 2008.
3.3	By-laws– filed as an exhibit to the Registration Statement on Form 10-SB (File No. 000-52496) filed on March 12, 2007.
10.1	2008 Equity Incentive Plan – filed as an exhibit to the S-8 Registration Statement (File No. 333-148895) filed on January 28, 2008.
10.2	Merger Agreement dated as of November 12, 2007 by and among Standard Commerce, Inc., Jianye Acquisition Corp., and American Jianye Ethanol Company, Inc., filed as an exhibit to Form 8-K/A filed on June 20, 2008.
21	Subsidiaries of the registrant.*
31.1	Certification of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certifications of Principal Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

Exhibits (including those incorporated by reference).

* Filed herewith.
** Represents management contract or compensatory plan or arrangement.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA JIANYE FUEL INC.

By: /s/ Jianye Wang
Jianye Wang
Chief Executive Officer

Date: September 29, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company in the capacities and on the dates indicated.

Each person whose signature appears below hereby authorizes Jiada Hu as attorneys-in-fact to sign on his behalf, individually, and in each capacity stated below, and to file all amendments and/or supplements to this annual report on Form 10-K.

Signature	Capacity	Date
/s/ Jianye Wang Jianye Wang	Chairman, Chief Executive Officer, Chief Financial Officer and Director	September 29, 2009

Table of Contents

CHINA JIANYE FUEL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Table of Contents

Table of Contents

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
China Jianye Fuel, Inc.

We have audited the accompanying consolidated balance sheets of China Jianye Fuel, Inc. and subsidiaries (the “Company”) as of June 30, 2009 and 2008, and the related consolidated statements of operations and comprehensive income (loss), stockholders’ equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Jianye Fuel, Inc. and subsidiaries as of June 30, 2009 and 2008, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Patrizio & Zhao, LLC

Parsippany, New Jersey
September 15, 2009

Table of Contents

Consolidated Balance Sheets

	June 30, 2009	June 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	$55,202	$129,635
Accounts receivable, net of allowance for doubtful accounts of $31,227 and $29,113 at June 30, 2009 and 2008, respectively	6,214,181	5,793,568
Inventory	1,023,372	662,571
Advances to suppliers	1,011,926	1,031,406
Prepaid expenses	-	203,793
Other current assets	287,373	147,481
Total current assets	8,592,054	7,968,454
Property and equipment, net	2,548,503	2,833,086
Intangibles, net	47,783	55,040
Total assets	$11,188,340	$10,856,580
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$1,659,783	$1,215,896
VAT tax payable	443,356	434,580
Income tax payable	528,957	526,791
Due to related parties	1,068,112	852,614
Other current liabilities	36,602	20,857
Total current liabilities	3,736,810	3,050,738
Total liabilities	3,736,810	3,050,738
Stockholders' equity:		
Common Stock, $0.001 par value, 200,000,000 shares Authorized, 29,976,923 shares issued and outstanding at June 30, 2009 and 2008	29,977	29,977
Additional paid-in capital	5,695,058	5,695,058
Retained Earnings	952,690	1,343,116
Accumulated other comprehensive income	773,805	737,691
Total stockholders' equity	7,451,530	7,805,842
Total liabilities and stockholders' equity	$11,188,340	$10,856,580

Table of Contents

Consolidated Statements of Operations and Comprehensive Income (loss)

	For the Years Ended June 30,	
	2009	2008
Sales	$1,081,013	$6,917,508
Cost of sales	967,647	4,391,202
Gross profit	113,366	2,526,306
Operating expenses		
Selling, general and administrative	503,879	541,308
Income (loss) from operations	(390,513)	1,984,998
Other income (expenses)	87	(69)
Income (loss) before provision for income tax	(390,426)	1,984,929
Provision for income tax	-	497,147
Net income (loss)	(390,426)	1,487,782
Other comprehensive income		
Foreign currency translation adjustment	36,114	421,991
Comprehensive income (loss)	$(354,312)	$1,909,773
Basic earnings (loss) per share	$(0.01)	$0.05
Diluted earnings (loss) per share	$(0.01)	$0.05
Weighted average number of common shares outstanding:		
Basic	29,976,923	29,976,923
Diluted	29,976,923	29,976,923

Table of Contents

Consolidated Statements of Stockholders' Equity

	Common Stock Number	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated other Comprehensive Income	Total Stockholders' Equity
Balance at June 30, 2007	4,948,500	$4,949	$6,264,464	$(144,666)	$ 315,700	$ 6,440,447
Common stock issued in recapitalization of American Jianye	25,028,423	25,028	(25,028)	-	-	-
Effect of business combination	-	-	(544,378)	-	-	(544,378)
Net income	-	-	-	1,487,782	-	1,487,782
Other comprehensive income	-	-	-	-	421,991	421,991
Balance at June 30, 2008	29,976,923	$29,977	$5,695,058	$1,343,116	$ 737,691	$ 7,805,842
Net loss	-	-	-	(390,426)	-	(390,426)
Other comprehensive income	-	-	-	-	36,114	36,114
Balance at June 30, 2009	29,976,923	$29,977	$5,695,058	$952,690	$ 773,805	$ 7,451,530

Table of Contents

Consolidated Statements of Cash Flows

	For the Years Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net Income (Loss)	$(390,426)	$1,487,782
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	345,864	229,526
Provision for bad debts	1,994	27,475
Write down of fixed assets due to business combination	-	(544,378)
Deferred production costs	-	254,314
Changes in current assets and current liabilities:		
Accounts receivable	(398,782)	(5,495,030)
Inventory	(358,076)	(456,712)
Advances to suppliers	23,721	1,780,433
Prepaid expense	204,631	(192,325)
Other current assets	(139,286)	(137,829)
Accounts payable and accrued expenses	461,391	1,130,557
VAT tax payable	6,990	429,954
Income tax payable	-	497,147
Other current liabilities	15,659	750,456
Total adjustments	164,106	(1,726,412)
Net cash used in operating activities	(226,320)	(238,630)
Cash flows from investing activities:		
Acquisition of property and equipment	(38,146)	(54,752)
Net cash used in investing activities	(38,146)	(54,752)
Cash flows from financing activities:		
Proceeds from shareholder loans	-	16,017
Effect of business combination	-	544,378
Due to related parties	189,501	(144,754)
Net cash provided by financing activities	189,501	415,641
Effect of foreign currency translation on cash	532	6,815
Net increase (decrease) in cash and cash equivalents	(74,433)	129,074
Cash and cash equivalents at beginning of year	129,635	561
Cash and cash equivalents at end of year	$55,202	$129,635

Table of Contents

CHINA JIANYE FUEL, INC.

Notes to Consolidated Financial Statements
June 30, 2009 and 2008

Note 1 – Organization and Description of Business

China Jianye Fuel Inc. 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”), a corporation organized under the laws of the People’s Republic of China. The accompanying consolidated financial statements include the financial statements of China Jianye Fuel Inc. and its subsidiaries (the “Company”). The Company’s primary business is to manufacture and distribute ethanol and methanol as alternative fuel for automobile use.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United Stated of America. The consolidated financial statements include the accounts of China Jianye Fuel Inc. and its wholly-owned subsidiaries. All inter-company transactions and balances have been eliminated in consolidation.

Use Of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation reserves for accounts receivable, inventory and income taxes. Actual results could differ from those estimates.

Cash and Cash Equivalents

In accordance with Statement of Financial Accounting Standards No. 95, "Statement of Cash Flows," the Company considers all highly liquid instruments with original maturities of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at the end of the period. Based on its assessment of the credit history with customers having outstanding balances and current relationships with them, management makes conclusions whether any realization of losses on balances outstanding at the end of the period will be deemed uncollectible based on the age of the receivables. The Company reserves 0.5% of accounts receivable balances that have been outstanding less than one year, 50% of accounts receivable balances that have been outstanding between one year and two years, and 100% of receivable balances that have been outstanding more than two years. The allowance for doubtful accounts at June 30, 2009 and 2008 was $31,227 and $29,113, respectively.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the weighted-average cost method. Provisions are made for excess, slow moving and obsolete inventory as well as inventory whose carrying value is in excess of net realizable value. Management continually evaluates the recoverability based on assumptions about customer demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory reserves or write-downs may be required that could negatively impact our gross margin and operating results. The Company did not record any provision for slow-moving and obsolete inventory as of June 30, 2009 and 2008.

Table of Contents

CHINA JIANYE FUEL, INC.

Notes to Consolidated Financial Statements
June 30, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated based on the straight-line method over the estimated useful lives of the assets as follows:

Vehicles	5 years
Furniture, machinery and equipment	5 to 10 years
Buildings and improvements	15 years

The carrying value of long lived assets is evaluated whenever changes in circumstances indicate the carrying amount of such assets may not be recoverable. If necessary, the Company recognizes an impairment loss for the difference between the carrying amount of the assets and their estimated fair value. Fair value is based upon current and anticipated future undiscounted cash flows. Expenditures for maintenance and repairs are charged to operations as incurred; additions, renewals and betterments are capitalized. Based upon its most recent analysis, the Company believes that no impairment of property and equipment was needed for the years ended June 30, 2009 and 2008.

Long-Lived Assets

The Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Per SFAS 144, the Company is required to periodically evaluate the carrying value of long-lived assets and to record an impairment loss when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company concluded that as of June 30, 2009 and 2008 there were no significant impairments of its long-lived assets.

Intangible Assets

Intangible assets consist of “Rights to use land” for 32 years and therefore amortized over 32 years based on straight-line method.

Revenue Recognition

The Company derives its revenues primarily from distribution of fuel for automobile use. In accordance with the provisions of Staff Accounting Bulletin No. 103, revenue is recognized when merchandise is shipped, title and risk of loss is passed to the customer and collectibility is reasonably assured.

Advertising Costs

The Company expenses the cost of advertising as incurred. Advertising costs for the years ended June 30, 2009 and 2008 were insignificant.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

CHINA JIANYE FUEL, INC.

Notes to Consolidated Financial Statements
June 30, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. No differences were noted between the book and tax bases of the Company's assets and liabilities, respectively. Therefore, there were no deferred tax assets or liabilities for the years ended June 30, 2009 and 2008.

The Company is subject to PRC Enterprise Income Tax on net income at a rate of 25% for the fiscal year ended June 30, 2009. The Company is not subject to any income taxes in the United States.

Value Added Tax

The Company is subject to value added tax ("VAT") for manufacturing products. The applicable VAT tax rate is 17% for products sold in the PRC. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of goods sold (output VAT) less VAT paid on purchases (input VAT). Normally, output VAT is recorded as a payable, but when the Company has more purchases than sales, input VAT is recorded as an asset.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, investment securities, accounts receivable, accounts payable, accrued expenses and other obligations, approximate their fair value due to the short-term maturities of the related instruments.

Foreign Currency Translation and Transactions

The financial position and results of operations of the Company is determined using local currency (Chinese Yuan) as the functional currency. Assets and liabilities are translated at the prevailing exchange rate in effect at each year end. Contributed capital accounts are translated using the historical rate of exchange when capital is contributed. Income statement accounts are translated at the average rate of exchange during the year. Currency translation adjustments arising from the use of different exchange rates are included in accumulated other comprehensive income in shareholders' equity. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of operations.

Comprehensive Income

The Company has adopted SFAS No. 130, Reporting Comprehensive Income, which establishes rules for the reporting and display of comprehensive income, its components and accumulated balances. SFAS No. 130 defines comprehensive income to include all changes in equity, including adjustments to minimum pension liabilities, accumulated foreign currency translation, and unrealized gains or losses on available-for-sale marketable securities, except those resulting from investments by owners and distributions to owners.

Recent Accounting Pronouncements

In April 2009, FASB Staff Position (FSP) No. FSP 107-1 and APB 28-1 was issued to amend SFAS No. 107, Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments for interim reporting periods as well as for annual financial statements. This FSP also amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. FSP 107-1 and APB 28-1 are effective for interim reporting periods ending after June 15, 2009. Adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

Table of Contents

CHINA JIANYE FUEL, INC.

Notes to Consolidated Financial Statements
June 30, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In April 2009, FSP 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly, was issued to provide additional guidance for estimating fair value in accordance with SFAS No. 157, Fair Value Measurements, when the volume and level of activity for the asset or liability have significantly decreased.

This FSP also provides guidance on identifying circumstances which indicate that a transaction is not orderly. FSP 157-4 is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. Adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In October 2008, the FASB issued FSP 157-3, Determining Fair Value of a Financial Asset in a Market That Is Not Active (“FSP 157-3”). FSP 157-3 clarifies the application of Statement of Financial Accounting Standards No. 157, Fair Value Measurements, in an inactive market. It demonstrates how the fair value of a financial asset is determined when the market for that financial asset is inactive. FSP 157-3 was effective upon issuance, including prior periods for which financial statements had not been issued. The Company’s implementation of this standard did not impact its consolidated results of operations or financial condition.

In September 2008, the FASB issued FSP FAS 133-1 and FIN 45-4, Disclosures about Credit Derivatives and Certain Guarantees, an Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161 (“FSP FAS 133-1 and FIN 45-4”). FSP FAS133-1 and FIN 45-4 amends Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (“SFAS 133”), to require disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. FSP FAS 133-1 and FIN 45-4 also amend FASB Interpretation No. 45, Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others (“FIN 45”), to require additional disclosure about the current status of the payment or performance risk of a guarantee. The provisions of the FSP that amend SFAS 133 and FIN 45 are effective for reporting periods ending after November 15, 2008. FSP FAS 133-1 and FIN 45-4 also clarifies the effective date in Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (“SFAS 161”). Disclosures required by SFAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company’s adoption of FSP FAS 133-1 and FIN 45-4 on January 1, 2009, will not impact its consolidated results of operations or financial condition.

Earnings (Loss) Per Share

In accordance with SFAS No. 128, “Computation of Earnings Per Share” (“SFAS No. 128”) and EITF No. 03-6, “Participating Securities and the Two-Class Method under FASB Statement No. 128” (“EITF No. 03-6”), basic earnings per share is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing net income attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the year. Ordinary equivalent shares consist of the ordinary shares issuable upon the conversion of the convertible preferred shares (using the if-converted method) and ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method).

Table of Contents

CHINA JIANYE FUEL, INC.

Notes to Consolidated Financial Statements
June 30, 2009 and 2008

Note 3 – Inventory

Inventory at June 30, 2009 and 2008 consists of the following:

	June 30,2009	June 30,2008
Raw materials	$ 723,231	$ 594,495
Packaging supplies	28,975	32,058
Finished goods	271,166	36,018
Total	$ 1,023,372	$ 662,571

Note 4 – Advances to Suppliers

As a common business practice in China, the Company is required to make advance payments to certain suppliers for raw material procurement and equipment. Such advances are interest-free and unsecured. The advances to suppliers for the years ended June 30, 2009 and 2008 was $1,011,926 and $1,031,406, respectively.

Note 5– Property and Equipment

Property and equipment at June 30, 2009 and 2008 consists of the following:

	June 30,2009	June 30,2008
Property and equipment	$ 3,442,490	$ 3,386,419
Less: accumulated depreciation	893,987	553,333
Total	$ 2,548,503	$ 2,833,086

Depreciation expense for the years ended June 30, 2009 and 2008 was $338,379 and $220,868, respectively.

Note 6– Intangible Assets

Intangible assets at June 30, 2009 and 2008 consist of the following:

	June 30,2009	June 30,2008
Rights to use land	$ 73,690	$ 73,387
Less: accumulated amortization	25,907	18,347
Total	$ 47,783	$ 55,040

Amortization expense for the years ended June 30, 2009 and 2008 was $7,485 and $8,658, respectively.

Note 8 – Due To Related Parties

The Company and its affiliated entities regularly borrow money from each other, which is unsecured and non-interest bearing. The balance due to these entities for the years ended June 30, 2009 and 2008 was $1,068,112 and $852,614, respectively.

Table of Contents

CHINA JIANYE FUEL, INC.

Notes to Consolidated Financial Statements
June 30, 2009 and 2008

Note 9 – Income Taxes

China Jianye being incorporated in the State of Nevada is not subject to any income tax according to the rules and regulations of the State of Nevada.

American Jianye being incorporated in the State of Delaware is not subject to any income tax according to the rules and regulations of the State of Delawre.

Before January 1, 2008, the operating subsidiary Zhao Dong in the PRC was generally subject to PRC enterprise income tax at 33%. On March 16, 2007, the PRC government promulgated a new tax law, China's Unified Corporate Income Tax Law ("New CIT Law"), which took effect on January 1, 2008. Under the New CIT Law, foreign-owned enterprises as well as domestic companies are subject to a unified tax rate of 25%. Accordingly, Zhao Dong in the PRC has been subject to the PRC corporate income tax at a rate of 25% on their taxable income arising in the PRC commencing from January 1, 2008.

In July 2006, the FASB issued FASB Interpretation No.48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company does not recognize any benefits in the financial statements for the fiscal year ended June 30, 2009.

Note 10– Stockholders' Equity and Related Financing Agreements

On November 13, 2007 Standard Commerce acquired the outstanding capital stock of American Jianye. American Jianye is a holding company that owns all of the registered capital of Zhao Dong, a corporation organized under the laws of The People's Republic of China. Zhao Dong is engaged in the business of manufacturing and marketing ethanol and methanol for use as automobile fuel in The People's Republic of China. The majority shareholder of American Jianye is Jianye Wang, who is the sole director and chief executive officer of Standard Commerce.

In exchange for the capital stock of American Jianye, Standard Commerce issued to the shareholders of American Jianye 189,901,500 shares of its common stock, representing 97.46% of the outstanding shares of Standard Commerce. At the same time, Jianye Wang purchased 3,000,000 shares of Standard Commerce common stock from Huaqin Zhou, Ying Wang and Huakang Zhou for a price of $550,000.

Note 11 – Earnings (Loss) Per Share

The Company presents earnings per share on a basic and diluted basis. Basic earnings per share have been computed by dividing net earnings by the weighted average number of common shares outstanding. Diluted earnings per share have been computed by dividing net earnings plus convertible preferred dividends and interest expense (after-tax) on convertible debt by the weighted average number of common shares outstanding including the dilutive effect of equity securities. The weighted average number of common shares calculated for diluted EPS excludes the potential common stock that would be exercised under the options and warrants granted to officers because the inclusion of the potential shares from these options and warrants would cause an anti-dilutive effect by increasing the net earnings per share.

Table of Contents

CHINA JIANYE FUEL, INC.

Notes to Consolidated Financial Statements
June 30, 2009 and 2008

Note 11 – Earnings (Loss) Per Share (continued)

	June 30, 2009	June 30, 2008
Net income (loss)	$ (399,156)	$ 1,487,782
Weighted average common shares	29,976,923	29,976,923
Effect of diluted securities:	-	-
Weighted average common shares	29,976,923	29,976,923
Basic earnings (loss) per share	$ (0.01)	$ 0.05
Diluted earnings (loss) per share	$ (0.01)	$ 0.05

Note 12 – Employee Welfare Plan

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

Note 13 – Risk Factors

For the fiscal year ended June 30, 2009, the Company had one vendor that provided approximately 69% of the Company’s raw materials. Total purchases from this vendors amounted to $726,246. For the fiscal year ended June 30, 2008, the Company had three vendors that provided approximately 60% of the Company’s raw materials. Total purchases from these vendors amounted to $2,613,231.

For the fiscal year ended June 30, 2009, one customer accounted for approximately 68% of the Company’s net sales. Total sales made to this customer amounted to $737,751. For the fiscal year ended June 30, 2008, two customers accounted for approximately 97% of the Company’s net sales. Total sales made to these two customers amounted to $6,679,730.

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 14 - Concentrations Of Credit Risk

Financial instruments which potentially subject the Company to credit risk consist principally of cash on deposit with financial institutions. Management believes that the financial institutions that hold the Company’s cash and cash equivalents are financially sound and minimal credit risk exists with respect to these investments.

Note 15 - Subsequent Events

None.