Ally Financial Inc.
Form 424B3
October 18, 2010

Pricing Supplement Dated October 18, 2010	Rule 424 (b) (3)
(To Prospectus Dated May 24, 2010)	File No. 333-156775

Ally Financial Inc.

Demand Notes - Floating Rate

Annual Yield: 2.25%

Effective Dates:	10-18-2010	through	10-24-2010

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Unit

Quantity

Price

Amount

Quantity

Price

Amount

MT

$/MT

$’000

MT

$/MT

$’000

Revenue
615,420 120.16 73,948 684,728 107.45 73,572
Cost of goods sold

- coal
615,420 63.39 39,012 684,728 53.23 36,448
- others
615,420 13.92 8,564 684,728 11.69 8,001 77.31 47,576 64.92 44,449
Gross profit
42.85 26,372 42.53 29,123
Gross margin
35.7% 35.7% 39.6% 39.6%

Selling Expenses. Selling expenses totaled $3,673,993 for the nine-month period ended September 30, 2011, as compared to $3,203,245 for the nine-month period ended September 30, 2010, representing an increase of $470,748 or 15%. This increase is mainly attributable to increased transportation costs as a result of the growth of our business in the first half of 2011.

The transportation costs of shipping CWSF to our customers of $3,575,422 and $3,511,414 for the nine month period ended September 30, 2011 and 2010 respectively, are included in selling expenses on the condensed consolidated statements of income and other comprehensive income. The transportation cost represented 4.8% and 4.8% of the Company’s revenue for the nine months ended September 30, 2011 and 2010, respectively.

General and Administrative Expenses. General and administrative expenses totaled $4,773,222 for the nine-month period ended September 30, 2011, as compared to $1,925,072 for the nine-month period ended September 30, 2010, representing an increase of $2,848,150 or 148%. This increase was primarily caused by bad debt expense of $1,072,124, our expansion in operations and increased legal and professional fees. Audit, legal consulting, and other legal and professional fees totaling $1,510,000 accounted for 53% of the total increase of general and administrative expenses. The increase in those costs resulted from increased public company reporting costs, acquisition due diligence expenses and advisory services on legal and financial reporting.

The general expenses associated with the development of our new plant in southern China also contributed to the significant increase in general and administrative expenses including travelling expenses, entertainment, marketing expenses and office supplies.

Other Income. Other income totaled $14,083,235 for the nine-month period ended September 30, 2011, mainly as comprised of a gain in change of fair value of the derivative liabilities of $10,304,357 and a gain on extinguishment of derivative liability of $3,590,721, as compared to other income of $15,658,614 for the nine-month period ended September, 2010 mainly as comprised of a gain on extinguishment of derivative liability of $28,404,181 and finance cost of $10,459,201.

Provision for income taxes. For the nine month period ended September 30, 2011 and 2010, our provision for income taxes was $3,942,106 and $4,640,556, respectively. The decrease in income taxes reflects the decrease in taxable income from our operations in China. For the nine months ended September 30, 2011 and 2010, our effective tax rate was 12% and 12%, respectively, of income before provision for income taxes. In 2011 and 2010, our effective tax rate reduced by 16% and 13%, respectively, due to change in derivative liability related to financings and derivatives that are classified as permanent differences. Additionally, in 2011 and 2010, our effective tax rate was reduced by 2% and 3%, respectively, for certain tax holidays that we enjoy in the PRC.

Net Income. We had net income of $28,066,201 for the nine-month period ended September 30, 2011, as compared to net income of $35,012,727 for the same period in 2010. The decrease in net income is primarily attributable to the gain on extinguishment of derivative liability of $28,404,181 in the first half of 2010.

Reconciliation of net income to adjusted earnings

The following table provides a reconciliation of net income to adjusted earnings:

	Three months ended September 30,		Nine months ended September 30,	
	2011 (unaudited)	2010 (unaudited)	2011 (unaudited)	2010 (unaudited)
Net income	3,268,669	5,611,347	28,066,201	35,012,727
Non-GAAP adjustments				
Amortization of discount on convertible notes	-	-	-	8,593,453
Value of shares issued for bonus interest				1,864,701
Gain on extinguishment of derivative liability	(3,107,884)	-	(3,590,721)	(28,404,181)
Change in fair value of derivative liabilities	2,686,654	970,813	(10,304,357)	2,348,479
Non-GAAP Adjusted Earnings (Unaudited) $	$2,847,439	$6,582,160	$14,171,123	$19,415,179

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This table excludes from Net Income certain items related to the change in fair value of derivatives during the period as well as the extinguishment of a portion of the derivative upon conversion of the notes and exercise of warrants, and amortization of the valuation discount recorded as interest expense relating to convertible notes and the fair value of shares issued for bonus interest. We believe that these non-GAAP financial measures are useful to investors because they exclude non-cash charges that our management excludes when it internally evaluates the performance of our business and makes operating decisions, including internal budgeting, and performance measurement, because these measures provide a consistent method of comparison to historical periods. Moreover, management believes these non-GAAP measures reflect the essential operating activities of Sino Clean Energy. Accordingly, management excludes these items when making operational decisions. We believes that providing the non-GAAP measures that management uses to its investors is useful to investors for a number of reasons. The non-GAAP measures provide a consistent basis for investors to understand our financial performance in comparison to historical periods. In addition, it allows investors to evaluate out performance using the same methodology and information as that used by our management. Non-GAAP measures are subject to inherent limitations because they do not include all of the expenses included under GAAP and because they involve the exercise of judgment of which charges are excluded from the non-GAAP financial measure. However, our management compensates for these limitations by providing the relevant disclosure of the items excluded.

Liquidity and Capital Resources

For the nine-month period ended September 30, 2011, cash provided by operating activities was $2,534,003, as compared to $21,277,585 that we generated from operating activities for the nine-month period ended September 30, 2010. This decrease in cash generated by operating activities is primarily due to (i) the decrease in net income of $6,946,526; (ii) amortization of discount on convertible notes of $8,601,975 in 2010; (iii) change in fair value of derivative liabilities of $10,304,357; (iv) gain on extinguishment of derivative liabilitiey of $3,590,721; (v) the increase in accounts receivables of $9,478,656, prepaid inventory of $4,569,666, inventories of $930,043 and tax payable of $1,414,540; and (vi) the decrease in accounts payable and accrued expenses of $1,324,280.

For the nine-month period ended September 30, 2011, cash provided by investing activities was $2,630,158, of which $10,172,674 was repayment from related party and $(7,542,516) was used for purchase of plant and equipment and payment of deposits on long term assets. For the nine-month period ended September 30, 2010, the net cash used in investing activities was $(4,861,342) which was for purchase of plant and equipment and payment of deposits on long term assets.

For the nine-month period ended September 30, 2011, we used $(207,843) from financing activities, which was primarily payment on common stock repurchase $(799,423) which is partially off-set by the cash received from exercise of warrants of $594,216. For the nine-month period ended September 30, 2010, the net cash used in investing activities was $(227,701) which was primarily prepayment and deposits related to deferred offering costs and was partially off-set by the cash received from exercise of warrants of $263,256 and proceed of mortgage payable of $163,135.

As of September 30, 2011, we had cash and cash equivalents of $59,410,230, of which $58,925,232 was held in accounts at financial institutions located in the PRC. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China.

We receive all of our revenue in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies by complying with certain procedural requirements. However, approval from the SAFE or its local counterparts is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, and we may not be able to pay dividends in foreign currencies to our shareholders.

As of September 30, 2011, our total current assets were $88,385,445 and our total current liabilities were $5,387,295 which resulted in a net working capital of $82,998,150.

In November, December 2010 and January 2011, we entered into agreements with five coal mines (Tongchuan Mining Department Yu Hua Coal Mine, Tongchuan Yaozhou District Zhaojin Town Xinyuan Coal Mine, Coal Sales Sub-Co of Tie Fa Coal Industry (Group) Company Limited, Fushun Teng Da Wash Coal Company Limited and Shen Mu Zheng Chang Coal Limited) to purchase approximately 1,100,000 tons of washed clean coal for approximately $122,880,000 (RMB 802,300,000) to be delivered in 2011. The purchase price for coal from Yu Hua Coal Mine and Xinyuan Coal Mine increased by approximately 5% beginning on June 1, 2011. Yu Hua and Xin Yuan represent 36.3% and 15.8% of the total purchase price respectively. During the nine months ended September 30, 2011, 431,170 tons of wash clean coal purchased under the agreements referenced above in the amount of approximately $43,891,364 (RMB 298,106,991) were purchased. The balance of the purchase commitments of $78,988,636 (RMB 504,193,009) will be due on delivery of the coal during 2011. It is noted that part of this purchase commitments, if still outstanding as of December 31, 2011, will be paid and become part of our prepaid inventory. As coal price is on a rising trend, management believes that we can resell any unused coal commitments if needed. We also plan to build up our coal inventory at Tongchuan facility as the coal supply in the Tongchuan vicinity becomes tight and coal prices rise significantly as a result of suspension of operations of local coal mines.

On July 20, 2011 the Company entered into a purchase agreement with Tongchuan Hua Neng Commerce and Trading Co. Ltd. for the purchase of 60,000 tons of wash clean coal at $106 (RMB670) per ton, starting in Oct. 2011 with a minimum delivery of 10,000 tons per month. The total contract price is $6,350,000(RMB 40,200,000) of which $4,763,000 (RMB 30,150,000 was paid on August 15 2011, and the balance due after completion of the contract.

Our contract for the 750,000 metric ton production line in our Guangdong facility, which was originally scheduled to be completed in August 2011, amounted to $10.4 million. In April 2011, we paid $3.2 million of this amount, and the balance of $7.2 million is expected to be paid when the machinery is delivered and installed in December 2011 in accordance with certain amendments to the original contract.

In July 2011, the Company entered into 3 construction contracts with Tongchuan New District Gui Qin Construction Co. Ltd. for the construction of main office building, road formation and coal storage facility, at our Tongchuan facility. The 3 contracts total $3,791,000 (RMB 24,000,000. Construction commenced in July 2011 and is expected to be completed in February 2012 at a total cost of $3,791,000. As of September 30, 2011, the Company had paid a deposit of $2,995,723 on this project

On July 11, 2011, the Company entered into an Equity Acquisition Agreement (the "Agreement") to purchase 100% of the outstanding equity interest in Crown Energy Limited ("Crown Energy"). Crown Energy owns 60% of the equity interest in Nanhai Clean Energy Fuel Co., Ltd., a company primarily engaged in the production and sale of clean energy coal-water slurry fuel. Pursuant to the terms of the Agreement, the Company will engage a valuation expert chosen by the parties to appraise the value of Crown Energy's assets. The parties will then determine the purchase price of the equity interest and determine the payment terms, with all such terms to be memorialized in a supplemental agreement. The Agreement also provides that the current management of Crown Energy and its board of directors will be reappointed after the consummation of the acquisition. The Company engaged Shaanxi Rongde Law Firm to conduct a comprehensive investigation and evaluation of Nanhai Clean Energy Fuel Co., Ltd's assets, ownership structure, liabilities, and credit worthiness. This investigation and evaluation is still under progress. The acquisition is expected to be completed in 2012.

On May 9, 2011, the Board of Directors authorized the repurchase of up to $20 million of the Company's common stock. As of September 30, 2011, 321,100 shares for $799,423, has been repurchased.

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The Company's Board of Directors declared June 13, 2011 as the record date for holders of shares of common stock of the company to receive a special dividend in the form of a contingent value right, or CVR. This CVR entitles each holder of CVRs to receive a portion of the proceeds, if any, we may receive from a favorable judgment or settlement relating to the complaint filed by us on May 9, 2011 in the Supreme Court of the State of New York against Geoinvesting LLC, Alfred Little and other unidentified persons acting with, for or through them. Shareholders of our common stock as of June 13, 2011 will receive one CVR for each share of common stock outstanding as of such date. Each holder will be entitled to receive such holder's pro rata share of 90% of the proceeds of the lawsuit, if any, that may be received by the company, less certain legal and other expenses that will be deducted from such proceeds. Each holder entitled to receive CVRs will be evidenced in a register to be maintained by our transfer agent. The actual distribution date of the proceeds is unknown at this time, and will be based upon whether we are successful in obtaining a judgment in our favor, or a settlement, in connection with the lawsuit. If such judgment or settlement is achieved, then a distribution date will be declared at such time. The CVRs will expire upon the entry of a final, non-appealable judgment or settlement in the underlying lawsuit. We believe that we have sufficient cash flow to meet our obligations on a timely basis in the foreseeable future.

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, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our investors.

Inflation

In an effort to fight against inflation, the central government has tightened the cash supply and as a result, some small business enterprises have encountered difficulties in getting bank loans for working capital. In the Tongchuan area, one more customer experienced difficulties in obtaining bank loans to continue business with our subsidiary, Suo'ang New Energy for the three months ended September 2011. The total reduction in revenue from the loss of business with the five customers for the three months ended September 30, 2011 was approximately $576,425, based on a reduction of approximately 56,807 metric tons compared with the same period of 2010. However the latest CPI released showed China's inflation rate has moderated to 5.5% from 6.5% early this year.
It is widely expected the government will adopt a more flexible easing policy towards bank lending, and indirectly Small and Medium enterprises will find it easier to secure bank loans for working capital purposes.

The central government's tightening policies have been taking effect. In October 2011, the CPI in China went down to 5% from 6.5% in summer months. The stock markets appear to be making bottom. The employment and earnings are still strong. The market's liquidity may ease now that inflation pressure appear to be under control. The government may ease policies that restrict bank lending in the short term as Premier Wen said government may fine-tune lending policy guidelines.

Business Development

Acquisition of Crown Energy (Foshan Nanhai Clean Energy)

The Company has engaged Shaanxi Rongde Law Firm ("Rongde") to conduct a comprehensive investigation and evaluation of Foshan Nan Hai's assets, ownership structure, liabilities, and credit worthiness. This investigation and evaluation is still under progress.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4 CONTROLS AND PROCEDURES.

We maintain “disclosure controls and procedures,” as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and in reaching a reasonable level of assurance our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation as required by Rule 13a-15(d) under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2011.

Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2011 our controls and procedures were not effective because of the material weaknesses described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the registrant’s annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the Company’s internal control over financial reporting during the period covered by this report, our management concluded that our internal controls over financial reporting were subject to the following material weaknesses:

1. Although we have hired additional accounting and operations personnel, we are still in the process of developing proper financial reporting procedures and policies for (i) accounting for complex and non-routine transactions, (ii) closing our financial statements at the end of a period, and (iii) disclosure requirements and processes for SEC reporting.

2. As a small company, we do not have sufficient personnel to set up adequate review functions at each reporting level . However, with the engagement of a specialist team in October, 2011, we expect we will rectify this as at December 31, 2011.

As noted below we have taken positive measures to address and remedy the above weaknesses identified which would be implemented by the end of December 2011.

Changes in Internal Controls Over Financial Reporting

During the quarter ended June 30, 2011, we failed to obtain prior approval from our board of directors for a loan that was made outside the course of ordinary business. We intend to work with our specialist team (see below) to implement additional internal controls guidelines to establish procedures for obtaining proper board approval for all transactions made outside the course of ordinary business .Other than as described above, there were no changes in our internal controls over financial reporting identified in connection with the evaluation that occurred during the quarter ended September 30, 2011 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting. The Company has hired Ernest & Young (China) Advisory Limited to consult on SOX 404 compliance and plans to improve its internal control over financial reporting process by consulting with Ernst &Young and apply proper measures on risk management.

The role and responsibilities of Ernest & Young (China) Advisory Limited was to perform a systematic and professional assessment of the adequacy of the Company's internal controls based on the COSO internal control framework. Areas of improvements were identified from the assessment and recommendations were given by Ernst & Young (China) Advisory Limited to improve and strengthen the internal controls of the Company. To be more expedient and effective, as of October 24, 2011 a specialist team has been engaged to implement and at a later stage test the recommendations given by Ernst & Young (China) Advisory Limited. This team is assisting the Audit Committee and the management with the timely setting of an effective internal control system, SOX compliance, and improving the SEC financial reporting process for the Company. The team would also assist with the establishment of proper and adequate company procedures for approvals for non-ordinary business transactions. The steps the team planned to execute include re-performing risk assessment, updating scope definition of internal control evaluation, validating the entity level and transaction level internal control documentation, performing additional testing procedures, refining the recommendations given by the previous consultant, assisting the management in implementing the recommendations, performing year end testing, and supporting the management with the overall evaluation of the company's internal control effectiveness as of the end of the financial year.

PART II

OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

On May 6, 2011, a shareholder class action complaint was filed against us and certain of our present and former officers and directors for alleged violations of federal securities laws. The plaintiff seeks damages in an unspecified amount for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The plaintiff claims that our SEC filings during the period between April 6, 2009, and May 5, 2011, contain materially false and misleading statements regarding our revenues and operations. The action is pending in the United States District Court for the Central District of California and is titled, Plaintiff Gary Redwen v. Sino Clean Energy, Inc., Baowen Ren, Wen Fu, Albert Ching-Hwa Pu, Hon Wan Chan, Wenjie Zhang, Zhixin Jing, and Peng Zhou, Case No. CV11-03936.

On May 9, 2011, we filed a complaint in the Supreme Court of the State of New York against Geoinvesting LLC, an individual calling himself "Alfred Little", and unidentified persons acting with, for, or through them. The suit seeks, among other relief, \$55 million in compensatory damages and \$10 million in punitive damages resulting from the defendants' fraud, defamation, and tortious interference with our business relationships.The complaint has been served on Geoinvesting LLC and the individual calling himself "Alfred Little," both of which have moved to dismiss the complaint, primarily on jurisdictional grounds.

ITEM 1.A RISK FACTORS

This information has been omitted based on our status as a smaller reporting company.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Pursuant to our approved Company stock purchase program, we and our affiliates made the following repurchases of our equity securities during the second quarter of 2011.

	(a) Total Number of Shares	(b) Average Price Paid per Share ($)	(c) Total Number of Shares	(d) Maximum Number or Approximate

Period	Purchased		Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program
April 1 through April 30, 2011	-	-	-	
May 1 through May 31, 2011	259,500	2.5919	259,500	
June 1 through June 30, 2011	61,600	1.8401	61,600	
Total	321,100	2.3413		$ 19,248,208.57 (1)

(1) Based on the previously announced $20 million repurchase plan.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 (REMOVED AND RESERVED)

ITEM 5 OTHER INFORMATION

None.

ITEM 6 EXHIBITS

The exhibits listed on the Exhibit Index are filed as part of this report.

(a) Exhibits:

Exhibit No.	Description
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officers and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files.

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SIGNATURES

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

Dated: November 18, 2011

SINO CLEAN ENERGY INC.

By: /s/ Baowen Ren
Name: Baowen Ren
Title: Chief Executive Officer

EXHIBIT INDEX

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101	Interactive Data Files.