ARROW RESOURCES DEVELOPMENT INC
Form 10-K/A
May 23, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Mark One)

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

For the fiscal year ended December 31, 2010

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (No fee required)

For the transition period from _________ to

Commission file number l-9224

Arrow Resources Development, Inc.
(Name of Small Business Issuer in Its Charter)

DELAWARE	56-2346563
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

Carnegie Hall Tower, 152 W. 57th Street, 27th Floor, New York, NY 10019
(Address of Principal Executive Offices) (Zip Code)

212-262-2300
(Issuer’s Telephone Number, including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common stock - par value $0.00001	OTC: Bulletin Board

Securities registered under Section 12(g) of the Exchange Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(b) of the Act.
x Yes No

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: x Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained in this form, and no disclosure will 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. ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes No

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

¨ Large accelerated Filer ¨ Accelerated filer ¨ Non-accelerated filer þ Smaller reporting company

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

Issuer's revenues for 2010, its most recent fiscal year, were $0 from continuing operations.

As of May 20, 2011, the number of freely tradable shares not held by affiliates was 119,698,237.

As of May 20, 2011, the aggregate market value of voting stock held by non-affiliates of the Issuer was approximately $5,985,000.

The number of shares outstanding of each of the issuer's classes of common equity, as of May 20, 2011 is as follows:

Class	Outstanding at May 20, 2011
Common stock - par value $0.00001	704,952,244

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

Forward Looking Statements

Certain statements in this Annual Report on Form 10-K/A constitutes "forward-looking statements" relating to the Company within the meaning of the Private Securities Litigation Reform Act of 1995. All statements regarding future events, our financial performance and operating results, our business strategy and our financing plans are forward-looking statements. In some cases, you can identify forward-looking statements by terminology, such as

- "may,"
- "will,"
- "would,"
- "should,"
- "could,"
- "expect,"
- "intend,"
- "plan,"
- "anticipate,"
- "believe,"
- "estimate,"
- "predict,"
- "potential" or
- "continue,"

the negative of such terms or other comparable terminology. These statements are only predictions. Known and unknown risks, uncertainties and other factors could cause actual results to differ materially from those contemplated by the statements. In evaluating these statements, you should specifically consider various factors, including the risks outlined under the Risk Factors set forth herein. These factors may cause our actual results to differ materially from any forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this report to conform those statements to actual results or to changes in our expectations.

Glossary

"Arrow" - Arrow Resources Development, Inc. (also referred to as the "Company"), formerly known as CNE Group, Inc. prior to the name change that occurred on or around December 1, 2005.

"Arrow Ltd." - Arrow Resources Development, Ltd., a company organized under the laws of Bermuda and a 100% owned subsidiary of Arrow. Arrow Ltd. was acquired by Arrow on or around August 1, 2005.

"APR" - Arrow Pacific Resources Group Limited, a British Virgin Islands company, is currently the principal shareholder of the Company, owning 352,072,778 shares or approximately 50%.

"GMPLH" - Gerakan Masyarakat Pelestari Lingkungan Hidup, is a non-profit organization in Indonesia founded by A. H. Moerdani and Hans Karundeng. GMPLH is an educational organization that acts as project developer, fundraiser, and project expeditor for agricultural and environmental projects throughout Indonesia.

"P.T. Eucalyptus" - P.T. Eucalyptus Alam Lestari is an Indonesian registered company owned by Hans Karundeng and is a wholly owned subsidiary of Arrow Pacific Resources Group Limited ("APR"). This company is the Indonesian operating company that is the interface between GMPLH and all of the operating units and joint venture partners. P.T. Eucalyptus is responsible for the supervision of the planning of all harvesting, land preparation, and the planning of both the eucalyptus tree plantation and a large-scale agricultural operation.

"Arrow Pte." - Arrow Pacific Resources (s) Pte. Ltd. is organized under the laws of Singapore and is a wholly owned subsidiary of Arrow Pacific Resources Group Limited ("APR").

Item 1. Description of Business.

We used to be a telecommunications and recruiting company formally known as CNE Group, Inc. CNE Group, Inc. was incorporated under the laws of the State of Delaware in 1968. We changed our name to Arrow Resources Development, Inc. on or around December 1, 2005. The Company elected to shift its business focus from telecommunications and recruiting to the worldwide commercial exploitation of natural resources.

GENERAL

The principal business of Arrow is to provide marketing, sales, distribution, corporate operations and corporate finance services for the commercial exploitation of natural resources around the world.

Our corporate executive offices are located at Carnegie Hall Tower, 152 W. 57th Street, 27th Floor, New York, NY 10019 (212-262-2300) and our web site is www.arrowrd.com.

INTRODUCTION

Arrow Resources Development Inc. (herein "ARD," "Arrow Inc." or "the Company") was established in 2005, to serve as the corporate finance and management infrastructure developer for large scale plantation/farming operations and ethanol plants in Indonesia. These projects are first and foremost environmental restorations and social engineering

projects, being done in cooperation with the central and local governments of Indonesia, in partnership with Gerakan Masyarakat Pelestari Lingkungan Hidup (GMPLH), the largest nonprofit organization in Indonesia, as well a group of Indonesian joint venture partners that includes Arrow Pacific Resources Group Limited; a British Virgin Islands registered company, PT Wika Realty Inc. an Indonesian publicly traded construction and land development company and PT Mitrasarana Infrakomindo, a public pension manager and natural resource development company. The government of Indonesia has declared that 55,000,000 hectares (approximately 6% of the country) to be “critical land”. Critical land is classified as land that has been illegally harvested over last 50 years by approximately 25 million local “farmers” who earn their living by cutting old-growth trees for their own use or for sale, at a fraction of its value to local lumber companies. The goal of the Arrow development team is to restore 3,000,000 hectares of this critical land in Indonesia through the creation of eucalyptus/corn plantations, ethanol plants, several large-scale farming (eucalyptus, corn, soy, rice, fish and chickens) operations, and possibly several ethanol blending plants. It is anticipated that these development will require approximately 6 - 8 years and when completed, will create approximately 200,000 local jobs, along with many small local business opportunities. Arrow has developed and maintains the corporate operating structure, financial operations, sales and marketing infrastructure and the administrative group to oversee its’ corporate citizenship programs. Arrow has outlined the necessary public relations and communications programs to sustain these rapidly growing operations. Arrow Resources, along with all of its joint venture partners, are collectively referred to in this document as "the Companies".

Arrow Pacific Resources Group Limited (herein “Arrow Pacific” or “APR”), a British Virgin Islands registered company, was founded by Hans Karundeng, an Indonesian industrialist and financier, for the purpose of developing natural resource assets controlled by his group of local Indonesian Companies that are developing plantation/farming operations and ethanol production plants in Indonesia. Mr. Karundeng is the principal stockholder of Arrow Inc., a member of the advisory board of GMPLH and a board member of several prominent Indonesian Companies. Arrow Pacific, through its local subsidiary Companies, has developed and will manage these opportunities in Indonesia.

Arrow Inc., along with its partners GMPLH and PT Eucalyptus Alam, an Indonesian registered wholly owned subsidiary of Arrow Pacific Resources Group Limited, have developed a synergy of agro-biotechnology and cutting edge forestry/agricultural practices in response to the growing demand for timber and farming products. When these practices are performed in a conscientious manner, it provides humankind with one of the greatest sources for renewable and ecologically sustainable resources. Paper, dimensional lumber, fiberboard, particleboard, furniture, utensils, recreational areas, animal habitat, and clean air are some of the many benefits that will be realized through the implementation of these programs in Indonesia.

The Companies are executing their plantation/farming operating plan through the implementation of a sound land management system, promote and/or establish infrastructural development programs and provide provisions for financial, economic and social growth to the people in the development areas. It is essential for these developments to take into consideration local bio-physical environment conditions as well as the traditional and cultural beliefs of the local villagers. In conjunction with local inhabitants, the Companies have developed a plan that will maximize profits to the greatest potential of the area, while increasing employment and constantly re-evaluating their administrative and management programs. The Companies are working to achieve superior safety performance, implement reliable harvesting, replanting and farming processes, and become a leader in the industries of sustainable forestry and farming as well as leaders in the development of socially conscious and environmentally sensitive land development throughout the world.

Arrow Pacific has entered into Marketing and Distribution Agreement with Arrow Resources Development Ltd. (a Bermuda Limited Company), which is a wholly-owned subsidiary of Arrow Resources Development Inc., that provides for Arrow to receive 10% of the gross sales generated by all plantation operations from any and all derivative products (e.g. corn, paper, pulp, chips), 5% of gross sales generated from all ethanol plants and a 50% ownership interest in all ethanol plants. Under this agreement, Arrow acts as collection and disbursement consultant and agent for all operations. In the case of each plantation, Arrow retains 10% and disburses the remaining 90% to Arrow Pacific's various business units which becomes their gross revenues. In the case of the ethanol plants, Arrow retains 5%, disburses all expensive tool suppliers and labor and develops audited accounting to determine operating income for distribution on a 50-50 basis. The Companies’ Asian offices are in Singapore, Jakarta and Kendari Indonesia and satellite offices at each plantation or plant location. The following is a brief description of these transactions and relationships.

THE COMPANIES

Arrow Pacific, through its Indonesian operating division, PT Tiga Daun Nusantara (a locally registered Sulawesi company) is the principal operating company for the initial plantation and ethanol plant location in Tenggara, Sulawesi. Gerakan Masyarakat Pelestari Lingkungan Hidup (GMPLH), a large nonprofit organization based in Indonesia, for the development of a plantation/farming operation that will include 3 million hectares (ha) on the islands of Kalimantan and Sulawesi in Indonesia. PT Wika Realty Inc. and Indonesian publicly traded construction and land development company and PT Mitrasarana Infrakomindo, a public pension manager and natural resource development company.

This program of reforestation is built around the development of eucalyptus and corn plantations, the development of ethanol plants as well as farming operations designed to create a sustainable forestry and agricultural program. This program will include local subsistence farming operations at each plantation for the purpose of increasing and sustaining the income for local farmers. Through the development these subsistence farms, which will be funded by revenue from the programs, thousands of local farmers will plant and manage corn, rice and soybean crops for local consumption and national distribution as well as fish farms and chicken farms for local consumption and sale throughout the country.

Arrow Pacific and all its subsidiary Companies in Indonesia, along with GMPLH, have executed Agency Agreements in August 2006 with Arrow Resources Development Ltd. (the Bermuda registered wholly-owned subsidiary of our Resource Development Inc. herein referred to as "Arrow Ltd.") providing that the Company will advise the Companies on matters related to structured corporate finance, financial administration, corporate management practice, marketing and distribution and infrastructure. The Agency Agreements are for a term of 99 years while granting the Company 10% of gross revenue.

PT Tiga Daun Nusantara, a wholly owned subsidiary of Arrow Pacific Resources Group Limited, has opened its research and development office in Ujung Pandang for the purpose of developing genetically engineered eucalyptus tree saplings and corn seedlings to be used at the initial plantation/farming sites. By synthesizing aspects of American-style forestry and agricultural practices with these new advances in bio-engineering, the Company's methodology produces a significant increase in both quantity and quality of tree and corn, production. The accelerated growth cycle for the eucalyptus trees produced by these processes yield a continually renewable timber resource. Makassar, formerly known as Ujung Pandang, is the provincial capital of South Sulawesi, Indonesia.

The Companies are poised to capitalize on the increasing demand of the raw materials for the manufacturing of paper, timber products, and agricultural products as well as the demand for ethanol in the local market and all the regional developing international markets, most notably China. The region's rising standards of living have created a demand for larger quantities of printed material, packaging, personal care paper products, industrial paper supplies, corn, rice, soy and the production of energy such as ethanol. The proximity of the Companies' operations to these local and principal markets enables them to supply these markets in a highly competitive manner due to significantly reduce transportation costs.

The Companies have two significant timing factors that enhance their competitive advantage for the production of eucalyptus. The first of these factors is the application of newly developed agro-biotechnology. The growth cycle of the eucalyptus trees in the Companies plantation areas is significantly faster than those of its competitors; 3 to 4 years, as opposed to a typical 10 to 12 years on average. The technology also offers several other biological advantages. The bio-engineered trees are more resistant to adverse weather and infestation, more successful at growing in poor soil and are able to sustain growth without the use of any toxic agro-chemicals. Several other lumbering operations in the Pacific have been heavily scrutinized in the past for their heavy use of such environmentally-degrading chemicals. The second factor is the proximity of the operations to the equator. This unique geographical position provides a growing season that lasts a full 12 months of each year, in comparison to the 7 to 8 month seasons of many of its competitors.

These significant advantages are also applicable to the production of the company's agricultural products, most notably corn. The climate and rainfall enable the growth of approximately 2-3 crops of corn annually. This significant increase in land usage lowers cost of the raw material and increases productivity while reducing storage requirements and the amortization of fixed expenses associated with a single crop

The Companies understand that any large-scale timber and agricultural operation faces environmental and wildlife conservation concerns. In the interest of good corporate citizenship, a plan has been developed to ensure that all operations are sensitive to the environmental and ecological importance of transforming the critical land into a sustainable and renewable timber resource in a responsible manner. The Companies have consulted with their joint-venture partners GMPLH, to develop socially sensitive and environmentally friendly programs for developing these sustainable resources and large-scale farming operations. The Companies have also assembled its own local team of highly qualified scientists, bio-engineers and environmentalists for the development of its technology Center. This team has also examined methods proposed to establish a preserve for the relocation of wildlife, the preservation of biodiversity, the investigation of potential medical benefit and the replanting of several noble species.

On August 1, 2005, Arrow Pacific Resources (s) Pte. Ltd. ("Arrow Pte.") entered into a Marketing and Distribution Agreement with Arrow Resources Development Ltd. ("Arrow Ltd.") (a Bermuda Limited Company), which is a wholly-owned subsidiary of Arrow, that provided for both Companies to receive 10% of the gross sales generated by all plantation and mining operations and any and all derivative products (e.g. corn, paper, pulp, chips). Under this agreement, Arrow was to act as a consultant and agent for all operations. Arrow was to retain 10% of their gross revenues.

The World Bank and World Wildlife Federation have adopted forest management guidelines to ensure economic, social and environmental benefits from timber and non-timber products and the environmental services provided by forests. Most countries, including Indonesia as of 2007, have adopted these guidelines as law in order to promote economical development while combating the ongoing crisis of worldwide deforestation.

It has always been the policy of Arrow Pte to follow the international guidelines for the harvesting of timber in virgin forests. In December 2007, Arrow Pte. assessed that it would be unable to harvest the timber products in Papua, New Guinea due to the fact that the widely accepted international guidelines of the World Wildlife Federation had not been

adopted by Papua, New Guinea. This fact is adverse to the economic, social and environmental goals of Arrow Pte. because with the amount of land that the project was allotted combined with the agreed upon previous guidelines of the marketing and distribution agreement, yields would be significantly reduced. Given the significant change in the economics of the harvesting of the timber in Papua, New Guinea, Arrow Pte. has decided not to pursue any further operations in Papua, New Guinea given that the above restrictions cause a significant reduction in the volume of harvesting, which results in a disproportionate cost to yield ration at the Papua, New Guinea site which makes the project not economically feasible in the foreseeable future.

Based on the fact that Arrow Pte. was unable to fulfill their part of the agreement, the Company has reached the conclusion that the marketing and distribution agreement has no value. Therefore, the Company has fully impaired the value of the agreement and recorded a loss on write-off of the marketing and distribution agreement of $125,000,000 at December 31, 2007.

In April of 2006, Arrow Ltd. entered into an agency agreement with APR to provide marketing and distribution services for natural resource products. Arrow Ltd. currently has an exclusive marketing and sales agreement with APR to market corn, lumber and related products from land leased by GMPLH located in Indonesia which is operated by APR and its subsidiaries. Under the agreement Arrow Ltd. will receive a commission of 10% of gross sales derived from corn, lumber and related products.

The companies’ Asian offices are in Singapore, Jakarta and Kendari Indonesia and their plantation/farming activities are in Indonesia. Hans Karundeng is a director of the nonprofit organization GMPLH and is the principal stockholder of Arrow, the principal stockholder on APR and principal stockholder of all the Indonesian registered companies.

THE ARROW COMPANIES - GENERAL

Arrow, as part of the Management Agreement, has built and maintains all of the companies' corporate finance activities, corporate operations structure, financial management activities, international banking activities, supervision of all accounting and auditing activities, corporate research and development activities, maintenance of the companies' global MIS, direction of all marketing and sales activities and all the general administrative functions. Arrow has also developed and maintained the companies' scientific advisory team and corporate citizenship programs. Additionally, the Company supervises all legal and accounting activities necessary to retain its public listing.

Arrow Pacific Resources Group Limited, a British Virgin Islands registered company, was founded by Hans Karundeng in 2002, an Indonesian industrialist and financier, for the purpose of developing natural resource assets controlled by a non-profit organization through a group of Companies that are developing plantation/farming operations in Indonesia.

Arrow Pacific has, through their wholly-owned subsidiaries PT Tiga Daun Nusantara (local operating company in Kendari), PT Eucalyptus Alam Lestari, PT Nusa Alam Sejahtera , PT Sumbur Utama Alam, and PT Tunas Hamparan Hijau , (all Indonesian registered Companies) have entered into agency agreements with Arrow Resources Development Ltd. (a Bermuda Ltd. Company and wholly-owned subsidiary of Arrow Resources Development, Inc.) to act as its corporate finance, financial administration, corporate management practice, marketing and distribution and infrastructure agent in Indonesia. These agreements provide for the Company to receive 10% of the gross sales generated by all plantation/farming operations and by any and all derivative products (e.g. paper, pulp, chips). Under this agreement, ARD acts as the collection and disbursement agent for all operations. ARD retains 10% of gross revenues and disburses the remaining 90% to Arrow Pacific's various business units which becomes their gross revenue. In the case of the ethanol plants, Arrow collects all gross revenue from operations, retains 5% of the gross revenue as part of its fee, then covers expenses to all suppliers through an audited accounting system to determine net revenue for distribution on a 50-50 basis.

Arrow Pacific Resources Group Limited operates, with its joint-venture partners, all of the on-the-ground, day-to-day plantation operations, all infrastructural development operations and all shipping operations as they relate to the overall plan. Arrow Pacific is led by a team of highly qualified professionals with experience in the fields of plantation management, material science and analysis, agriculture, forestry and agro-law. The team has contracted all labor, heavy equipment, transportation and shipping. Several members of the team hold close affiliations with organizations such as the Timber Association of Sabah, the National Sub-committee on Fiscal Incentives of Forest Plantations in Malaysia and the Scientific and Technical Committee of The Association Technique Internationale des Bois Tepicaux.

PT Tiga Daun Nusantara is an Indonesian registered company owned by Hans Karundeng that is registered and licensed to operate in Kendari, Sulawesi. This company is the Indonesian operating company acting as the local interface between all of the operating units and joint venture partners. Tiga Daun is responsible for the supervision and planning of all harvesting, land preparation, and planning for both the eucalyptus tree plantation and a large-scale agricultural operation. The Ministry Of Forestry in Indonesia requires that local Companies receive operating licenses on each island. The local Companies that will hold the licenses are P.T. Eucalyptus Alam Lestari, which has formed PT Nusa Alam Sejahtera, PT Sumbur Utama Alam, PT Tiga Daun Nusantara and PT Tunas Hamparan Hijau.

GMPLH is one of the largest non-profit organizations in Indonesia. Founded by A. H. Moerdani and Hans Karundeng being a director, GMPLH is an educational organization that acts as a project developer, fundraiser, and project expeditor for agricultural and environmental projects throughout Indonesia. Since its inception in 1993, GMPLH has sponsored and completed more than 25 large-scale agricultural and educational projects resulting in the planting of more than 600 million trees throughout Indonesia. GMPLH has been initially granted land licenses by the Indonesian

government for more than 1.8 million hectares (ha) (3.75 million acres) for a program that will include 3 million ha as part of large-scale reforestation and farming efforts.

INDUSTRY

The planet's consumption of forestry products has more than doubled over the last 30 years as global population continues to grow. The increased demand for forestry products has also led to the need for increased protection of forests and wildlife, and a more public participation in forestry management. The demand for imported raw material for China's low-cost timber manufacturing industries is increasing sharply and establishing a more expansive market for international suppliers. The forestry community in the Asia-Pacific region, where the Companies' plantation will be located, possesses an advantage in the industry of greater periods of harvesting and re-growth in comparison to other countries that experience periods of dormancy. This is primarily caused by adverse weather and seasonal conditions. This enables growers in the region to cope with the ever shifting goals and expectations associated with the rapid evolution of social, economic and environmental issues that impact policies, legislation, and institutions. The increase in demand was rapidly exploited in many areas by timbering operations that stripped forests bare with no regard for their environmental damage, or replenishing the timber resources being consumed. This mercenary behavior was responded to with strict and immediate regulation and monitoring of the industry by government environmental agencies and consumer advocacy groups on lumbering operations worldwide. Despite the increase in demand, the shortage of suppliers who are able to meet environmental standards has caused the forestry industry to shrink by an estimated 9.4 million ha per annum.

The forestry industry involves harvesting, silviculture (the growing and cultivation of trees), milling, value-added processing and manufacturing. Globally, the industry is being pressured from many directions. Governments have attempted to improve the forestry industry with privatizing measures, which transfer the property rights through the sale of natural forests or planned forests. Only a limited number of countries were involved in this practice in the 1970s and 1980s, and among them were Chile and China. In New Zealand, privatization began in the late 1980s with the sale of 550,000 ha and in 2000, was shown to have 94% of planted forests owned privately. Between 2000 and 2002, South Africa saw the benefits of this system and estimated that 90,000 had become privatized. Privatization typically consists of the management of natural forest concessions or leases, volume permits or standing timber sales, outsourcing and community-based approaches. Global paper consumption trends continue to edge higher, confirming its utility as a low cost, high- performance and flexible material. Paper has been labeled by many as “essential” for development and modern living. Global consumption has increased by at least 25% during the 20th century and by a factor of three in the last three decades alone.

The Asian demand for timber and pulp supply has increased due to the rapid expansion of its economy and one of the largest population densities. These increases have led also to the increase in usage of computers requiring more printing paper, higher living standards, and the usage of more books, magazines and packing boxes. These same factors also drive the increased demand for Eucalyptus Oil, which China uses over 70% of the world’s production, and is projected to increase as well as the demand for the wood chips, which is one of the principal ingredients for manufacturing chipboard. Many experts believe China’s demand for such material will continue for the next 30 years.

The international market’s demand for timber derivative products continues to rise as economic factors drive the consumption of such goods forward. Household production levels directly impact the consumption levels of chipboards. A nationwide study in China determined 80% of the finished products available to the market are developed in household processing level mills which cannot meet the market demand. The insufficient rate in correlation with the high demand for timber raw material is so great that outside sources need to be employed. Aside from the growing demand for corn products in the Asian market, Indonesia is currently importing 1.5 million metric tons of corn annually to sustain its ever-growing production of ethanol and demand for animal feed products.

OPERATING MODEL

The Companies have developed a synergy of agro-biotechnology and cutting edge forestry/agricultural practices in response to the growing demand for timber and farming products. When these practices are performed in a conscientious manner, it provides humankind with one of the greatest sources for renewable and ecologically sustainable energy. Paper, dimensional lumber, fiberboard, particleboard, furniture, utensils, hydrocarbon fuel, recreational areas, animal habitat, and clean air are some of the many benefits resulting from bio-diverse forests.

The Companies will execute their plantation/farming operating plan through the implementation of a sound land management system, promote and/or establish infrastructural development programs and provide provisions for financial, economic and social growth to the people in the development areas. It is essential for the development to take into consideration local bio-physical environment conditions as well as the traditional and cultural beliefs of the local villagers. In conjunction with local inhabitants, the Companies have developed a plan that will maximize profits to the greatest potential of the area, while increasing employment and constantly re-examining their administrative and management programs. The Companies will work to achieve superior safety performance, implement reliable harvesting, replanting and farming processes, and become a leader of the industries of sustainable forestry and farming as well as leaders in the development of socially conscious and environmentally sensitive land development throughout the world.

The Companies believe the effectiveness of any forest management system hinges on the accuracy of obtaining pre-development information. They have commissioned qualified and highly experienced foresters, surveyors and

enumerators to conduct surveys that will map out the harvestable area before the commencement of development activities. The data obtained from these surveys will provide a framework for the development of the infrastructure of the plantations. Local inhabitants will be employed to operate the plantation/farming operations as laborers and managers. There will also be teams of trainee plantation employees, field doctors, security personnel, cooks and other basic labor to support the large scale of operations being undertaken.

Possessing a strong commitment to responsible environmental management practices, the Companies will continuously monitor and improve the environmental outcomes of its operations. In the interest of good corporate citizenship, a plan has been developed to ensure that all operations are sensitive to the environmental and ecological importance of transforming the virgin forests territories into a sustainable and renewable timber resource in a responsible manner. The Companies have consulted with the scientific and environmental communities regarding the establishment of a preserve for the relocation of wildlife, the preservation of biodiversity, the investigation of potential medical benefits and the replanting of several noble species.

APR plans to construct a large number of roads to connect the project areas with the proposed factory area, harbor, camp site, local inhabitant living areas, and other major sites that require transportation to and from on a frequent basis. Throughout this phase, inventory and tree marking will take place. The data obtained from these surveys will provide a framework for the development of the infrastructure of the plantations. Local inhabitants will be employed to participate in the operations of the plantation and, in some cases as specialized loggers. There will also be teams of back-up plantation employees, field doctors, security personnel, cooks and other basic labor to support the large scale of operations being undertaken. In conjunction with the local inhabitants, equipment specialists, as well as labor force specialist from Indonesia and Singapore, APR has developed a fully operational on-the-ground team ready to begin the first phase.

The near-equatorial position of Indonesia ensures a good supply of rainwater for the tree crops year-round with little or no seasonal change, aiding in maintaining the consistent growth cycle of only 3-4 years. The specific location of the government granted timberland concessions in Indonesia enables the trees to grow with minimal interference from open-ocean earthquakes and large storms. The concessions are protected from such conditions by the large islands, which act as barriers at sea. Thus, the timberlands are all located in the areas most conducive to growth, maintenance, transportation, and sale. The areas of Southeast Asia allow eucalyptus tree and farming production to thrive due to the steady weather patterns and no real winter season.

PRODUCTS

The forestland that will be the site of APR's plantation in Indonesia are lands that have been classified by the government as "critical land" meaning land that has been partially harvested illegally during the past 50 years and the Companies have commissioned physical surveys on the target sites. The majority of the noble species and selected hardwoods have been removed by illegal logging during the past half-century. The general composition of the remaining species included on the development sites are primarily whole new growth bushes, heavy brush and some small little grove saplings which all are somewhat suitable for the manufacture of paper and paper products.

Due to the fact that all of the plantation and plant sites are considered "critical land," the Companies have commissioned physical surveys on the target sites. The majority of the noble species and selected hardwoods have been removed by illegal logging during the past half-century. The general composition of the remaining species included on the development sites are primarily whole new growth bushes, heavy brush and some small little grove saplings which all are somewhat suitable for the manufacture of paper and paper products.

LEGAL

The Company was a party to a lawsuit where the plaintiff is alleged that he was entitled to $60,000 and 1,300,000 of common stock based upon CNE's failure to compensate him for services related to identifying financing for CNE, based upon an agreement that was entered into between CNE and the plaintiff in April 2005. On November 28, 2007, the Company settled the lawsuit with the plaintiff. In full and final settlement of the claims asserted in the action, the Company has paid the plaintiff $10,000 in cash and issued the plaintiff 200,000 shares of the Company's common stock on December 21, 2007. The settlement resulted in a loss on debt conversion of $2,000 during the year ended December 31, 2007 because an estimated liability had been recognized prior to 2007.

In May 2006, the Company was advised that it was alleged to be in default of a settlement agreement entered into in January of 2005 by CNE, its predecessor company, related to the release of unrestricted, freely-tradable, non-legend shares of stock. In August 2006, the plaintiffs, alleging the default, obtained a judgment in the 17th Judicial Circuit Court Broward County, Florida for approximately $1,000,000. On November 13, 2007, legal counsel engaged by Management commenced an action on the Company's behalf in the above Circuit Court seeking to vacate and set aside the 2006 judgment asserting claims under Rule 1.540(b) of the Florida Rules of Civil Procedure. Our counsel's evaluation is that the Company has only a limited chance of having the 2006 judgment opened by the Court because Florida law provides very narrow grounds for opening a judgment once a year has passed from its entry. The Courts are generally reluctant to disturb final judgments and the Company's grounds for opening the judgment depend on the Court's adopting a somewhat novel argument regarding such matters. If, however, the Court does open the default judgment, the Company will then have the opportunity to defend the 2006 action and, in such event, our counsel believes that the Company has a reasonable chance of succeeding in defending that claim, at least in part, based on the documents he has reviewed. As of December 31, 2010 and 2009, the Company has accrued $1,329,898 and $1,266,695, including accrued interest of $276,514 and $213,310, related to this matter.

On December 14, 2005, Empire Advisory received a $250,000 non-interest bearing advance from Butler Ventures, LLC the proceeds of which were used for the benefit of the Company and for which the liability was transferred to the Company. In repayment, the Company would repay the full amount of the note in converted securities and U.S. dollars on the earlier of March 31, 2006, without further notice or demand, or immediate payment in the event of default. On December 8, 2008, Butler filed a motion for summary judgment in lieu of complaint against Empire in the Supreme Court of the State of New York for failing to repay the loan on the maturity date. On January 29, 2009, Empire Advisory, LLC and Butler Ventures, LLC entered into Settlement Agreement and Mutual Release where the parties had agreed to resolve amicable the amounts due and owing to Butler by issuing to Butler common stock in Empire's affiliated company, Arrow Resources Development, Inc. as well as by payment of all attorneys' fees and expenses accrued to date. Empire Advisor shall cause the Company to issue to Butler shares of common stock in the Company. Butler agreed to extend until on or prior to March 31, 2009 for performance of all of Empire's obligations. In consideration for this extension, Empire Advisor agreed to cause the Company to issue to Butler an additional 100,000 shares of the Company common stock. The Company defaulted on this extension. On June 17, 2009, Empire Advisory transferred the loan obligations to the Company, and the Company agreed to assume the loan obligations. On July 14, 2009, the Company issued 9,690,909 shares of common stock to Butler Ventures, LLC with a market value on the date of issuance of $533,000 in full settlement of the $250,000 note payable. 9,090,909 shares were issued in exchange for a senior note payable that has been assumed by the Company. 100,000 shares were issued in accordance with the aforementioned extension, and 500,000 shares were issued to Butler in consideration of Butler's agreement to forego its remedies related to the aforementioned default of the extension.

HUMAN RESOURCES

As of December 31, 2010, our workforce consists of consultants. The majority of our consultants are professional, technical or administrative personnel who possess training and experience in finance, information management, and business management. We have no union contracts. We believe that our relations with our consultants are satisfactory. In addition we rely on the personnel of APR, described below.

APR has already assembled the necessary senior management and field operations personnel required to initiate the project. The initial senior staff of APR and its supporting clerical personnel are sufficient for operations in the first five years. The initial senior management and field operations personnel of APR is sufficient for operations for at least three years. During the initial three-year period, APR will conduct an executive search for additional field operations personnel and eventually the requisite personnel for the operation of the paper mill. APR will be responsible for staffing field and production operations.

Since the projects in Indonesia are first and foremost an environmental restorations and social engineering projects, the emphasis is on maximizing the use of local labor and job creation. APR is developing its technical/agricultural production center on Sulawesi Island which is staffed by highly qualified Indonesian based professionals. All manual operations will employ local resident farmers and their families and all hiring will be coordinated by GMPLH. This approach is designed to reengineer large-scale farming communities and redeveloped long-term farming infrastructure.

The companies have assembled, through their joint venture partners, the necessary senior management and field operations personnel required to initiate the project. The initial senior staff and its supporting clerical personnel are sufficient for operations in the first five years. The initial senior management and field operations personnel are sufficient for operations for approximately two years. During the initial two-year period, a human resource acquisition and benefits program will be completed and structured to grow as the projects grow.

Since the health of the workers is not only based on physical conditions, special attention also must be paid to safety, adequate standards of comfort, sanitation, nutrition and general welfare. Adequate training, which is appropriate for job requirements and satisfactory working conditions, is viewed by the companies as a primary and effective motivator since these considerations not only contribute to improved safety, but they also contribute to improved efficiency. Plantation/farming projects normally place a high priority on landowners' participation in resource development and give employment preference to landowners whose dedication reflects the investment they have in the success of their local economies.

Training personnel will be required to maintain the highest level of safety for the workers and the environment. The workers will receive training to identify various tree species, measurement of trees, quality criteria for harvestable trees and field organization for the pre-harvesting inventory. Training programs for harvesting crews will consist of harvesting safety, proper cutting and directional felling techniques, maintenance of chainsaw and chain sharpening, field organization of harvesting activity, use of tree location maps and criteria for deciding whether or not to fell a marked tree. Practical training for extraction crews will consist of field considerations for reducing the damage to the remaining forest stand, field organization of the extraction activities, and use of tree location/extraction maps. Training programs for farm workers will include proper soil tilling methods, proper seeding techniques, fertilizer techniques and management, irrigation techniques, testing and allocations, harvesting techniques and proper use of crop rotation.

COMPETITION

APR principal plantation operations will be located in Indonesia in close proximity to the Asian Pacific market enabling timber to be delivered with lower shipping costs, and at higher profit. The distance for competitors to ship their products includes a much greater cost and longer shipping period. These near-equatorial locations ensures a good supply of rainwater for the tree crops, which aids in developing a consistent growth cycle of only 3-4 years. The specific location of the government granted timberland concessions, in Indonesia, enables the trees to grow with minimal interference from open-ocean earthquakes and large storms. Thus, the location of this timberland makes easier to transport and sell, and easier to maintain.

The existing forest industry is dominated by large foreign logging companies, or landowning companies.

Australia currently exports approximately 6.5 million tons of woodchips annually from ports in Tasmania, Victoria and Western Australia. Australia’s stock in plantations has risen rapidly over the past decade. Estimates show 455,000 hectares of new eucalyptus plantations have been established over the past 7 years. The Australian market competitors have relatively high entrance costs and higher service fess with lower potential return. Their harvesting cycles typically take 6 years or longer and environmental risks weigh heavily on the yield.

Brazil has 400 million hectares of tropical forests, and 7 million hectares of exotic plantations comprised mainly of fast growing eucalyptus. The timber from these plantations provides raw material for charcoal, and pulp and paper production. Brazil accounts for 60% of total charcoal production although native woods are mostly used for timber production; with an annual consumption rate around 250 million cubic meters.

Chile has around 5.5 million hectares of productive native forest, mainly Nothofagus hardwood species. Timber production from native hardwood amounts to 0.35 million m^3 /year, and nearly 75% is used to produce chips for exports to Asian countries. Pine and eucalyptus plantations cover 1.8 million hectares, with an annual expansion rate of 7-10%. Pinewood accounts for 78% of total plantations; eucalyptus is growing faster and a big surplus is expected within the next decade.

DEMOGRAPHICS

The climate of Indonesia is reported to be monsoonal in nature, characterized by high temperatures and humidity throughout the year. However, the specific location of the timber concessions within these countries enables the trees to grow with minimal interference from open-ocean earthquakes and large storms. Operations in Indonesia are located inland, not on annual flood plains, not on islands with historically high earthquake activity and where there are active volcanoes present.

EMPLOYEES

As of December 31, 2010, our workforce consists of consultants. The majority of our consultants are professional, technical or administrative personnel who possess training and experience in finance, information management, and business management. We have no union contracts. We believe that our relations with our consultants are satisfactory.

Our future success depends in large part on our ability to retain key technical, marketing, and management personnel, and to attract and retain qualified employees and consultants. Competition for such personnel is intense, and the loss of key consultants, as well as the failure to recruit and train additional technical personnel in a timely manner, could have a material and adverse effect on our operating results.

Our success also depends, to a significant extent, upon the contribution of our executive officers and other key consultants. We have agreements with our chief executive officer, and maintain an informal stock plan whereby key personnel can participate in our success. All of our personnel are eligible to participate in this plan.

Item 1A.Risk Factors.

The following discussion highlights certain of the risks we currently face.

The following factors, in addition to those discussed elsewhere in this document, should be carefully considered. Securities of the Company involve a high degree of risk and should be regarded as speculative. In addition to matters set forth elsewhere in this Annual Report, potential investors should carefully consider the risk factors described below relating to the business of the Company.

LIMITED OPERATING HISTORY

The success of the Company cannot be guaranteed or accurately predicted. There is no assurance that the Company will be able to operate profitably. Such prospects must be considered in light of the risks, expenses and difficulties frequently encountered in the establishment of a product and service.

Arrow began operations in September, 2005, and to date has generated $52,000 in revenues. The Company has no significant operating history. There is no assurance that the Company will be able to operate and manage on a profitable basis or that cash flow from operations will be sufficient to pay the operating costs of the Company. The Company may need to raise additional capital to finance its continued operations. The Company may seek additional financing through debt or equity financings. There is no assurance that additional financing will be available to the Company, or if available, that the financing will be on terms acceptable to the Company. There is no assurance that the Company’s estimate of its reasonably anticipated liquidity needs is accurate or that new business developments or other unforeseen events will not occur that will result in the need to raise additional funds. In the event that the Company cannot raise needed capital, it will have a material adverse affect on the Company. There is no assurance that the Company will achieve or sustain profitability or positive cash flow from operating activities in the future or that it will generate sufficient cash flow to service any debt requirements.

SIGNIFICANT CAPITAL REQUIREMENTS & DILUTION

The Company’s capital requirements are and will continue to be significant. The Company anticipates, based on management’s internal forecasts and assumptions relating to its operations (including the costs associated with marketing), that unless at least $5,000,000 is raised for working capital purposes, the Company’s cash resources will not be sufficient to satisfy the Company’s contemplated cash requirements and that additional financing may be needed to support the Company. There can be no assurance that the Company will be able to obtain additional financing on terms acceptable to the Company. To the extent that any financing involves the sale of the Company’s equity securities, the interests of the Company’s then existing shareholders could be substantially diluted. Dilution will also occur when and if options to be granted to employees, consultants and other third parties are exercised.

DEPENDENCE ON ARROW PACIFIC RESOURCES GROUP LIMITED AND ITS OPERATING SUBSIDIARIES

Our revenues are currently entirely derived from sales of APR and its operating subsidiaries products sales. APR will not be in a position to generate sustainable timber sales until it has completed certain infrastructure improvements in Indonesia.

COMPETITION

The Company anticipates competition on numerous fronts. Increased competition could require the Company to respond to competitive pressures by establishing pricing, marketing and other programs, or seeking out additional strategic alliances or acquisitions, any of which could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company. The Company could potentially have competitors with longer operating histories, larger customer bases, greater brand recognition, and significantly greater financial, marketing and other resources than the Company. Increased competition may result in reduced operating margins, loss of market share, and a diminished brand franchise, any of which would have a material adverse effect on the Company. There is no assurance that the Company will be able to compete successfully.

ABSENCE OF DIVIDENDS & DIVIDEND POLICY

The Company has never paid dividends on its Common Stock, but does anticipate paying dividends on its Common Stock in the foreseeable future. The declaration and payment of dividends by the Company are subject to the discretion of the Company's Board of Directors. Any determination as to the payment of dividends in the future will depend upon results of operations, capital requirements, restrictions in loan agreements, if any, and such other factors as the Board of Directors may deem relevant.

OWNERSHIP OF THE COMPANY

APR owns 50% of the Company's stock. Hans Karundeng is the Chairman of APR. His son, Rudolph, is a Director of the Company and is a 7.5% owner of the Company's stock.

DEPENDENCE ON MANAGEMENT

The success of the Company will largely be dependent upon the active participation of its management. The Company does not currently have "Key Man" life insurance on any of its current officers or employees, although the Company intends to provide such insurance, based on availability of funds in the future. The Company would pay all premiums for such "Key Man" life insurance. The time that the officers and directors devote to the business affairs of the Company, and the skill with which they discharge their responsibilities, will substantially impact the Company's success. Loss of the services of certain executive officers of the Company could be expected to have a material adverse effect upon the Company.

POSSIBLE LOSS OF OR INABILITY TO ATTRACT KEY PERSONNEL

The Company's success depends largely on its ability to attract and retain highly qualified managerial and industry personnel. There can be no assurance that the Company will be successful in attracting or retaining these key personnel. The loss of the services of key personnel could have a material adverse effect on the Company.

GENERAL ECONOMIC AND OTHER CONDITIONS

The Company's business may be adversely affected from time to time by such matters as changes in economic, industrial and international conditions, changes in taxes, changes in government regulations, prices and costs and other factors of a general nature and in particular those changes which have an adverse material effect on the natural resources industry or other industries in which the Company becomes engaged to provide marketing, sales, distribution, corporate operations and corporate finance services for the commercial exploitation of natural resources around the world.

WE MAY BE UNABLE TO CONTINUE AS A GOING CONCERN

These consolidated financial statements are presented on the basis that the Company is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable period of time.

As shown in the accompanying consolidated financial statements, the Company incurred a net loss of $8,867,237 for the year ended December 31, 2010 and a net loss during the development stage from inception (November 15, 2005) through December 31, 2010 of $155,611,258. The Company's operations are in the development stage, and the Company has generated revenue of $52,000 since inception. The Company's existence in the current period has been dependent upon advances from related parties and other individuals, and the sale of senior notes payable.

We cannot assure you when or if we will ever be able to operate on a positive cash flow basis. If we are unable to achieve the level of revenues needed to attain a positive cash flow, we may be required to take actions, including but not limited to reducing our operations, seeking an acquisition and/or merging with another entity, that could materially change and/or adversely affect our business.

We have a history of losses and we cannot assure you that we will be able to operate profitably in the foreseeable future, if at all.

Our inability to achieve or maintain profitability or positive cash flow could:

- result in disappointing financial results,
- impede implementation of our growth strategy,
- cause the market price of our common stock to decrease,
- impede our ability to procure financing on acceptable terms or at all, and
- otherwise adversely affect our business and financial condition.

We will require financing if our revenues do not meet our projections or our expenses are greater than we anticipate, or to finance the further development of our business. Our inability to obtain financing, if required, would have an adverse effect on our business.

We may need to obtain financing if our actual costs are higher than projected or our contemplated future revenues fall below our current expectations, in order to

- finance more rapid expansion,
- increase marketing and sales,
- develop new or enhanced technology,
- respond to competitive pressures,
- establish strategic relationships, and/or
- provide for working capital.

If we raise such financing by issuing equity or convertible debt securities, the percentage ownership of our stockholders will be diluted. Any new debt or equity securities could have rights, preferences and privileges senior to rights of our common stock holders. We currently have no commitments for any such financing and, accordingly, cannot assure you that such financing will be available when and to the extent required or that, if available, it will be on terms acceptable to us. If adequate financing is not available on acceptable terms, we may be unable to finance the activities referred to above. In such event, our business may be adversely affected.

Recently enacted and proposed changes in securities laws and regulations will increase our costs. The Sarbanes-Oxley Act of 2002 that became law in July 2002 has required and will continue to require changes in some of our corporate governance practices. We expect that the Sarbanes-Oxley Act will increase our legal and financial compliance costs, and make some activities more difficult, time consuming and/or more costly. We also expect that the Sarbanes-Oxley Act will make it more costly to obtain director and officer liability insurance coverage, and we may be required to accept reduced coverage or incur substantially higher costs to obtain it. We currently do not have this coverage. These new rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers. In accordance with the Sarbanes-Oxley Act, we have instituted a number of changes relating to corporate governance practices including the certification of our consolidated financial statements pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act and adoption of certain internal controls. The Sarbanes-Oxley Act has provisions that have implementation deadlines, including those related to Section 404 concerning internal control procedures. Implementation of those procedures will require resources and a portion of our management’s time and efforts.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

We prepare our financial statements in conformity with accounting principles generally accepted in the United States. These accounting principles are subject to interpretation by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants, the SEC and various bodies formed to interpret and create appropriate accounting policies. A change in these policies or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change. For

example, while current accounting rules allow us to exclude the expense of employee stock options from our financial statements, influential business policy groups, including the Financial Accounting Standards Board, have suggested that the rules be changed to require these options to be expensed.

Due to the change in business activities of the Company in conjunction with the change in control, we are no longer able to realize any benefit from net operating losses carried forward of CNE Group, Inc. of approximately $30,000,000. The Company currently has net operating losses of approximately $186,000 related to development stage activity, which may be carried forward to future periods.

Companies generally rely heavily on stock options as a major component of our employee compensation packages. If we are required to expense options granted to our officers and employees, although our cash position would not be affected, our income from continuing operations and our stockholders' equity would decrease and our stock price could be adversely affected. In such event, we may have to decrease or eliminate option grants to our officers and employees, which could negatively impact our ability to attract and retain qualified employees and executive personnel. While the Company does not currently have a stock option plan, such a plan may be established in the future.

In general, for purposes of the Code, an ownership change occurs when 5% or more owners increase their ownership percentage by more than 50% over the lowest percentage owned by those owners at any time during a testing period, which is generally the three years prior to the increase in ownership by 5% or more owners. The IRS has authority to treat warrants, options, contracts to acquire stock, convertible debt interests and other similar interests as if they are stock and stock as if it is not stock. In any event, it is possible that past and/or future transactions affecting our equity could create an ownership change and trigger this limitation on the use of our net operating loss.

RISKS RELATED TO OUR BUSINESS

Our business faces intense competition. If we fail to adequately meet this competition, our business could be adversely affected.

Most of our competitors have substantially greater financial, technical and marketing resources; longer operating histories and greater name recognition to apply to each of these factors, and in some cases have built significant reputations with the customer base in the markets in which we compete. If we are unable to successfully compete, our business, financial condition, and operating results could be materially and adversely affected.
Our business may suffer if we lose the services of our executive officers, or if we cannot recruit and retain additional skilled personnel. We depend on the continued services and performance of Peter Frugone, our Chairman and Chief Executive Officer, Rudolph Karundeng, one of our Directors, as well as Senior Advisor, Hans Karundeng and his subsidiary operations for our future success. If either Mr. Frugone or Mr. Rudolph Karundeng becomes unable or unwilling to continue in his current position, our business and financial conditions could be damaged. We are not the beneficiaries of any key person life insurance covering them or any other executive.

RISKS RELATED TO THE OWNERSHIP OF OUR COMMON STOCK

Your ability to sell any common stock may be restricted, because there is a limited trading market for these securities.

Although our common stock is currently traded on the NASD OTC Bulletin Board, a liquid market in our stock has been sporadic. Accordingly, you may not be able to sell shares of our common stock when you want or at the price you want, if at all.

In addition, depending on several factors including, among others, the future market price of our common stock, these securities are subject to the so-called “penny stock” rules that impose additional sales practice and market making requirements on broker-dealers who sell and/or make a market in such securities. These factors could affect the ability or willingness of broker-dealers to sell and/or make a market in our common stock and the ability of purchasers of our common stock to sell their shares in the secondary market. A delisting could also negatively affect our ability to raise capital in the future.

The market price of our common stock may be volatile, which could adversely affect the value of any common stock that you may own.

The market price of our common stock may fluctuate significantly in response to the following factors:

- variation in our quarterly operating results;
- our announcements of significant contracts, milestones or acquisitions;
- our relationships with other companies;

- our ability to obtain capital commitments;
- additions or departures of our key personnel;
- sales of our common stock by others or termination of stock transfer restrictions;
- changes in estimates of our financial condition by securities analysts; and

- fluctuations in stock market price and volume.

The last three factors are beyond our control.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation often has been instituted against that company. Such litigation is expensive and diverts management's attention and resources. Any one of the factors noted above could have an adverse affect on the value of our common stock.

Anti-takeover provisions of the Delaware General Corporation Law and in our Certificate of Incorporation could discourage a merger or other type of corporate reorganization or a change in control, even if it could be favorable to the interests of our stockholders.

The Delaware General Corporation Law and our Certificate of Incorporation contain provisions that may enable our management to retain control and resist a takeover of our Company. These provisions generally prevent us from engaging in a broad range of business combinations with an owner of 15%, 20% in the case of our Certificate of Incorporation, or more of our outstanding voting stock for a period of three years from the date that this person acquires his stock. Our Certificate of Incorporation and our By Laws also require the affirmative vote of at least 60% or our voting stockholders to effect certain actions, including, under certain circumstances, the removal of directors, and provide for the election of different classes of directors with the term of each class ending at different times. Accordingly, these provisions could discourage or make more difficult a change in control or a merger or other type of corporate reorganization even if it could be favorable to the interests of our stockholders.

Our officers and directors exercise significant control over our affairs, which could result in their taking actions that other stockholders do not approve of.

Our executive officers and directors, and persons or entities affiliated with them, currently control approximately 67% of our outstanding common stock. These stockholders, if they act together, may be able to exercise substantial influence over all matters requiring approval by our stockholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also delay or prevent a change in control of our Company and might affect the market price of our common stock.

We have never paid any cash dividends on our common stock and currently intend to retain all future earnings, if any, to invest in our business.

If our Board issues common stock, which it can do without stockholder approval, a purchaser of our common stock could experience substantial dilution.

Our Board of Directors has the authority to issue up to 1 billion shares of common stock and 10,000,000 shares of preferred stock and to issue options and warrants to purchase shares of our common stock without stockholder approval. In the future, we could issue additional shares of our common stock at values substantially below the current market price for our common stock, which could substantially dilute the equity ownership of holders of our common stock. In addition, our Board could issue large blocks of our common stock to prevent unwanted tender offers or hostile takeovers without any stockholder approval. Our ability to issue preferred stock may adversely affect the rights of common stockholders and be used as an anti-takeover device.

Our Certificate of Incorporation authorizes our Board of Directors to issue up to 10 million shares of preferred stock without approval from our stockholders. Accordingly, all of our common stock will be junior to any preferred stock issued by us, and our Board has the right, without the approval of common stockholders, to fix the relative rights and

preferences of such preferred stock. This could affect the rights of common stockholders regarding, among other things, voting, dividends and liquidation. We could also use an issuance of preferred stock to deter or delay a change in control that may be opposed by our management, even if the transaction might be favorable to the common stockholders.

The Company might issue options and warrants in the future. The exercise of all of the outstanding options and warrants would dilute the then-existing stockholders' percentage ownership of our common stock. Any sales resulting from the exercise of options and warrants in the public market, such as sales by the selling stockholders pursuant to this prospectus, could adversely affect prevailing market prices for our common stock. Moreover, our ability to obtain additional equity capital could be adversely affected since the holders of outstanding options and warrants may exercise them at a time when we would also wish to enter the market to obtain capital on terms more favorable than those provided by such options and warrants. We lack control over the timing of any exercise or the number of shares issued or sold if exercises occur.

Item 2. Properties

Our executive offices are located at Carnegie Hall Tower, 152 W. 57th Street, 27th Floor, New York, NY 10019 where we use office space, under a management agreement with Empire Advisory, LLC.

Item 3. Legal Proceedings

The Company was a party to a lawsuit where the plaintiff is alleged that he was entitled to $60,000 and 1,300,000 of common stock based upon CNE's failure to compensate him for services related to identifying financing for CNE, based upon an agreement that was entered into between CNE and the plaintiff in April 2005. On November 28, 2007, the Company settled the lawsuit with the plaintiff. In full and final settlement of the claims asserted in the action, the Company has paid the plaintiff $10,000 in cash and issued the plaintiff 200,000 shares of the Company's common stock on December 21, 2007. The settlement resulted in a loss on debt conversion of $2,000 during the year ended December 31, 2008 because an estimated liability had been recognized prior to 2007.

In May 2006, the Company was advised that it was alleged to be in default of a settlement agreement entered into in January of 2005 by CNE, its predecessor company, related to the release of unrestricted, freely-tradable, non-legend shares of stock. In August 2006, the plaintiffs, alleging the default, obtained a judgment in the 17th Judicial Circuit Court Broward County, Florida for approximately $1,000,000. On November 13, 2007, legal counsel engaged by Management commenced an action on the Company's behalf in the above Circuit Court seeking to vacate and set aside the 2006 judgment asserting claims under Rule 1.540(b) of the Florida Rules of Civil Procedure. Our counsel's evaluation is that the Company has only a limited chance of having the 2006 judgment opened by the Court because Florida law provides very narrow grounds for opening a judgment once a year has passed from its entry. The Courts are generally reluctant to disturb final judgments and the Company's grounds for opening the judgment depend on the Court's adopting a somewhat novel argument regarding such matters. If, however, the Court does open the default judgment, the Company will then have the opportunity to defend the 2006 action and, in such event, our counsel believes that the Company has a reasonable chance of succeeding in defending that claim, at least in part, based on the documents he has reviewed. As of December 31, 2009, the Company has accrued $1,266,695, including accrued interest of $213,310, related to this matter. As of December 31, 2010, the Company has accrued $1,329,898, including accrued interest of $276,514, related to this matter.

On December 14, 2005, Empire Advisory received a $250,000 non-interest bearing advance from Butler Ventures, LLC the proceeds of which were used for the benefit of the Company and for which the liability was transferred to the Company. In repayment, the Company would repay the full amount of the note in converted securities and U.S. dollars on the earlier of March 31, 2006, without further notice or demand, or immediate payment in the event of default. On December 8, 2008, Butler filed a motion for summary judgment in lieu of complaint against Empire in the Supreme Court of the State of New York for failing to repay the loan on the maturity date. On January 29, 2009, Empire Advisory, LLC and Butler Ventures, LLC entered into Settlement Agreement and Mutual Release where the parties had agreed to resolve amicable the amounts due and owing to Butler by issuing to Butler common stock in Empire's affiliated company, Arrow Resources Development, Inc. as well as by payment of all attorneys' fees and expenses accrued to date. Empire Advisor shall cause the Company to issue to Butler shares of common stock in the Company. Butler agreed to extend until on or prior to March 31, 2009 for performance of all of Empire's obligations. In consideration for this extension, Empire Advisor agreed to cause the Company to issue to Butler an additional 100,000 shares of the Company common stock. The Company defaulted on this extension. On June 17, 2009, Empire Advisory transferred the loan obligations to the Company, and the Company agreed to assume the loan obligations. On July 14, 2009, the Company issued 9,690,909 shares of common stock to Butler Ventures, LLC with a market value on the date of issuance of $533,000 in full settlement of the $250,000 note payable. 9,090,909 shares were issued in exchange for a senior note payable that has been assumed by the Company. 100,000 shares were issued in accordance with the aforementioned extension, and 500,000 shares were issued to Butler in consideration of Butler's agreement to forego its remedies related to the aforementioned default of the extension.

Item 4. Submission of Matters to a Vote of Security Holders.

On November 20, 2007, the Board of Directors approved a private placement offering (the "Offering") approximating $2,000,000 to accredited investors at $1.00 per share of Series A Convertible Preferred Stock. The Offering consisted of the Company's Series A Convertible Preferred Stock that will be convertible into our common stock. These securities were not required to be and will not be registered under the Securities Act of 1933. Shares issued under this placement were sold in the United States, absent registration or an applicable exemption from registration. As of September 30, 2009, the Company received $355,000 from investors towards 355,000 Series A Convertible Preferred Stock shares issuable under subscription agreements covering the placement offering. Each Series A Convertible Preferred Stock was convertible into 20 shares of the Company's Common Stock. The holders of the preferred stock had no voting rights except as was required by Delaware law, no redemption rights, and no liquidation preferences over the Common Stock holders. On November 3, 2009, the 355,000 Series A Convertible Preferred Stock were converted into 7,100,000 Common shares. As of December 31, 2010, there were no Series A Convertible Preferred Stock outstanding.

On April 20, 2008, the Board of Directors approved a private placement offering (the "Offering") approximating $2,000,000 to accredited investors at $1.00 per share of Series C Convertible Preferred Stock. The Offering consisted of the Company's Series C Convertible Preferred Stock that was convertible into our common stock. These securities were not required to be and were not registered under the Securities Act of 1933. Shares issued under this placement were sold in the United States, absent registration or an applicable exemption from registration. As of September 30, 2009, the Company received $25,000 from investors towards 25,000 Series C Convertible Preferred Stock shares issuable under subscription agreements covering the placement offering. Each Series C Convertible Preferred Stock is convertible into 20 shares of the Company's Common Stock. The holders of the preferred stock have no voting rights except as may be required by Delaware law, no redemption rights, and no liquidation preferences over the Common Stock holders. On November 3, 2009, the 25,000 Series C Convertible Preferred Stock were converted into 500,000 Common shares. As of December 31, 2010, there was no Series C Convertible Preferred Stock outstanding.

On December 3, 2007, the Board of Directors approved a plan to compensate all members of the Board of Directors at a rate of $50,000 per year and 250,000 shares of Company common stock effective January 1, 2007. This compensation plan applies to any board member that belonged to the Board as of and subsequent to January 1, 2007. Those board members that were only on the Board for part of the year will received pro-rata compensation based on length of service. As of December 31, 2010, none of the shares under this plan have been issued and the Company has accrued $750,137 of cash and recorded additional paid-in capital of $225,033 for stock compensation based on the fair value of 3,750,685 shares to be issued to the members of the Board.

PART II

Item 5.Market For Common Equity and Related Stockholder Matters.

Exchange Listing:

Our common stock is listed on the NASD OTC: Bulletin Board (trading symbol ARWD.OB). The number of record holders of our common stock as of May 20, 2011 was 321.

Equity Sale Prices:

	Common Stock	
	High Sales Price	Low Sales Price
2010		
1st Quarter	$ 0.04	$ 0.01
2nd Quarter	0.03	0.01
3rd Quarter	0.04	0.01
4th Quarter	0.10	0.02
2009		
1st Quarter	$ 0.10	$ 0.02
2nd Quarter	0.08	0.02
3rd Quarter	0.09	0.04
4th Quarter	0.05	0.02

As of May 20, 2011, the number of freely tradable shares not held by affiliates is 119,698,237.

As of May 20, 2011, the aggregate market value of voting stock held by non-affiliates of the Issuer was approximately $5,985,000.

Dividends:

We have not previously paid cash dividends on our common stock. The payments of future dividends and the amount thereof will depend upon our earnings, financial condition, capital requirements and such other factors as our Board of Directors may consider relevant.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

GENERAL

We are a holding company whose only operating subsidiary as of December 31, 2010 is Arrow Ltd. The principal business of Arrow is to provide marketing, sales, distribution, corporate operations and corporate finance services for the commercial exploitation of natural resources around the world. Prior to November 2005, we used to be a

telecommunications and recruiting company formally known as CNE Group, Inc. The company elected to shift its business focus to the worldwide commercial exploitation of natural resources.

ARROW RESOURCES DEVELOPMENT, LTD.

In August 2005, Arrow entered into an Agreement and Plan of Merger ("the Agreement") with its wholly-owned subsidiary, Arrow Ltd., in which Arrow (formerly CNE) was required to issue 10 million shares of Series AAA convertible preferred stock ("the Preferred Stock") to Arrow Ltd.'s designees, representing 96% of all outstanding equity of CNE on a fully diluted basis in exchange for the Marketing and Distribution Agreement provided to the Company by Arrow. Under the Agreement, the Company discontinued all former operations (CareerEngine, Inc., SRC and US Commlink.) and changed its name to Arrow Resources Development, Inc.

On August 1, 2005, Arrow Ltd. entered into the Marketing Agreement with Arrow Pte. and its subsidiaries in consideration for Arrow issuing a non-interest bearing note (the "Note") in the principal amount of $125,000,000 to Empire Advisory, LLC, ("Empire"), acting as agent, due on or before December 31, 2005. Empire is Arrow Pte.'s merchant banker. The Note permitted the Company, as Arrow's sole stockholder, to cause Arrow to repay the Note in cash or with 10,000,000 shares of the Company's non-voting Series AAA Preferred Stock. However, in December 2007, Arrow Pte. assessed that it would be unable to harvest the timber products in Papua, New Guinea due to the fact that the widely accepted international guidelines of the World Wildlife Federation had not been adopted by Papua, New Guinea.

This fact is adverse to the economic, social and environmental goals of Arrow Pte. because with the amount of land that the project was allotted combined with the agreed upon previous guidelines of the marketing and distribution agreement, yields would be significantly reduced. Given the significant change in the economics of the harvesting of the timber in Papua, New Guinea, Arrow Pte. has decided not to pursue any further operations in Papua, New Guinea given that the above restrictions cause a significant reduction in the volume of harvesting, which results in a disproportionate cost to yield ration at the Papua, New Guinea site which makes the project not economically feasible in the foreseeable future.

Based on the fact that Arrow Pte. is unable to fulfill their part of the agreement, the Company has reached the conclusion that the marketing and distribution agreement has no value. Therefore, the Company has fully impaired the value of the agreement and recorded a loss on write-off of the marketing and distribution agreement of $125,000,000 at December 31, 2007. (See Note 6.)

On April 4, 2006 Arrow Resource Development Ltd. (the Company's Bermuda subsidiary) entered into an agency agreement with APR in which the Company will provide financial consultancy services to APR for an annual fee, payable as collected, equal to 10% of APR's gross revenue payable commencing upon execution. The term of the agreement is effective upon execution, shall remain in effect for ninety-nine (99) years and shall not be terminated until the expiration of at least ten (10) years. As of December 31, 2010, the Company has recovered $52,000 under this agreement.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates, including those related to our allowance for doubtful accounts, inventory reserves, and goodwill and purchased intangible asset valuations, and asset impairments. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies, among others, affect the significant judgments and estimates we use in the preparation of our consolidated financial statements.

ALLOWANCE FOR DOUBTFUL ACCOUNTS, REVENUE RECOGNITION

We evaluate the collectability of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, we record a specific allowance to reduce the net receivable to the amount we reasonably believe will be collected. For all other customers, we record allowances for doubtful accounts based on the length of time the receivables are past due, the prevailing business environment and our historical experience. If the financial condition of our customers were to deteriorate or if economic conditions were to worsen, additional allowances may be required in the future.

We recognize product revenue when persuasive evidence of an arrangement exists, the sales price is fixed, the service is performed or products are shipped to customers, which is when title and risk of loss transfers to the customers, and collectability is reasonably assured.

VALUATION OF GOODWILL, PURCHASED INTANGIBLE ASSETS AND LONG-LIVED ASSETS

The Company’s only intangible asset was comprised of a marketing and distribution agreement with Arrow Pte. In accordance with SFAS 142, “Goodwill and Other Intangible Assets” this intangible agreement is no longer amortized; instead the intangible is tested for impairment on an annual basis. The Company assesses the impairment of identifiable intangibles and goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

• Significant inability to achieve expected projected future operating results;

• Significant changes in the manner in which the work is able to be performed what increases costs;

• Significant negative impact on the environment.

We perform goodwill impairment tests on an annual basis and on an interim basis if an event or circumstance indicates that it is more likely than not that impairment has occurred. We assess the impairment of other amortizable intangible assets and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include significant underperformance to historical or projected operating results, substantial changes in our business strategy and significant negative industry or economic trends. If such indicators are present, we evaluate the fair value of the goodwill. For other intangible assets and long-lived assets we determine whether the sum of the estimated undiscounted cash flows attributable to the assets in question is less than their caring value. If less, we recognize an impairment loss based on the excess of the carrying amount of the assets over their respective fair values.

Fair value of goodwill is determined by using a valuation model based on market capitalization. Fair value of other intangible assets and long-lived assets is determined by future cash flows, appraisals or other methods. If the long-lived asset determined to be impaired is to be held and used, we recognize an impairment charge to the extent the anticipated net cash flows attributable to the asset are less than the asset's carrying value. The fair value of the long-lived asset then becomes the asset's new carrying value, which we depreciate over the remaining estimated useful life of the asset.

RECENT ACCOUNTING PRONOUNCEMENTS

In April 2010, the FASB issued ASC Update No. 2010-17, Milestone Method of Revenue Recognition (ASU 2010-17). ASU 2010-17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. ASU 2010-17 is effective for interim and annual reporting periods beginning after June 15, 2010, with early adoption permitted. The adoption of this standard will not have a material impact on our consolidated financial position or results of operations.

In February 2010, the FASB issued FASB ASU 2010-09, Subsequent Events, and Amendments to Certain Recognition and Disclosure Requirements , which clarifies certain existing evaluation and disclosure requirements in ASC 855 related to subsequent events. FASB ASU 2010-09 requires SEC filers to evaluate subsequent events through the date in which the consolidated financial statements are issued and is effectively immediately. The new guidance does not have an effect on its consolidated results of operations and financial condition.

In January 2010, the FASB issued Update No. 2010-05 "Compensation—Stock Compensation—Escrowed Share Arrangements and Presumption of Compensation " ("2010-05"). 2010-05 re-asserts that the Staff of the Securities Exchange Commission (the "SEC Staff") has stated the presumption that for certain stockholders escrowed share represent a compensatory arrangement. 2010-05 further clarifies the criteria required to be met to establish a position different from the SEC Staff's position. The Company does not have any escrowed shares held at this time. The adoption of this update by the Company did not have any material impact on its consolidated financial position, results of operations or cash flows.

In January 2010, the FASB issued Update No. 2010-04 "Accounting for Various Topics—Technical Corrections to SEC Paragraphs" ("2010-04"). 2010-04 represents technical corrections to SEC paragraphs within various sections of the Codification. Management is currently evaluating whether these changes will have any material impact on its consolidated financial position, results of operations or cash flows.

In January 2010, the FASB issued Update No. 2010-02 "Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification " ("2010-02") an update of ASC 810 "Consolidation." 2010-02 clarifies the scope of ASC 810 with respect to decreases in ownership in a subsidiary to those of a: subsidiary or group of assets that are a business or nonprofit, a subsidiary that is transferred to an equity method investee or joint venture, and an exchange of a group of assets that constitutes a business or nonprofit activity to a non-controlling interest including an equity method investee or a joint venture. Management does not expect adoption of this update to have any material impact on its consolidated financial position, results of operations or operating cash flows. Management does not intend to decrease its ownership in its wholly-owned subsidiary.

In January 2010, the Company adopted FASB ASU No. 2010-06, Fair Value Measurement and Disclosures (Topic 820) - Improving Disclosures about Fair Value Measurements ("ASU 2010-06"). These standards require new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value measurements. The standards also require new disclosures of activities, including purchases, sales, issuances, and settlements within the Level 3 fair value measurements. The standard also clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. These new disclosures are effective beginning with the first interim filing in 2010. The disclosures about the roll forward of information in Level 3 are required for the Company with its first interim filing in 2011. The Company does not believe this standard will impact their financial statements. Other ASU's that have been issued or proposed by the FASB ASC that do not require adoption until a future date and are not expected to have a material impact on the financial statements upon adoption.

Effective for the interim reporting period ending December 31, 2009, the Company adopted two new accounting standard updates which were intended to provide additional application guidance and enhanced disclosures regarding fair value measurements and impairments of securities as codified in ASC 820-10-65 (formerly FASB Staff Position Financial Accounting Standard 107-1 and Accounting Principles Board 28-1 and “Interim Disclosures about Fair Value of Financial Instruments”. ASC 820-10-65 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. ASC 820-10-65 requires related disclosures in summarized financial information at interim reporting periods. ASC 820-10-65 was effective for the interim reporting period ending December 31, 2009. The adoption of ASC 820-10-65 did not have a material impact on the Company’s condensed consolidated financial statements.

Effective December 31 2009, the Company adopted The “FASB Accounting Standards Codification” and the Hierarchy of Generally Accepted Accounting Principles (ASC 105-10), (formerly SFAS No. 168, The “FASB Accounting Standards Codification” and the Hierarchy of Generally Accepted Accounting Principles). This standard establishes only two levels of U.S. generally accepted accounting principles (“GAAP”), authoritative and non-authoritative. The Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (the “Codification”) became the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification became non authoritative. The Company began using the new guidelines and numbering system prescribed by the Codification when referring to GAAP in the third quarter of fiscal 2010. As the Codification was not intended to change or alter existing GAAP, it did not have any impact on the Company’s condensed consolidated financial statements.

Effective December 31, 2009, the Company adopted a new accounting standard for subsequent events, as codified in ASC 855-10 (formerly SFAS No. 165, Subsequent Events). The update modifies the names of the two types of subsequent events either as recognized subsequent events (previously referred to in practice as Type I subsequent events) or non-recognized subsequent events (previously referred to in practice as Type II subsequent events). In addition, the standard modifies the definition of subsequent events to refer to events or transactions that occur after the balance sheet date, but before the financial statements are issued (for public entities) or available to be issued (for nonpublic entities). It also requires the disclosure of the date through which subsequent events have been evaluated. The update did not result in significant changes in the practice of subsequent event disclosures, and therefore the adoption did not have any impact on our condensed consolidated financial statements. In accordance with ASC 855-10, the Company evaluated all events or transactions that occurred after December 2009, the date the Company issued these condensed consolidated financial statements.

In December 2009, the Company adopted ASC 805, Business Combinations ("ASC 805"). ASC 805 retains the fundamental requirements that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. ASC 805 defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. ASC 805 will require an entity to record separately from the business combination the direct costs, where previously these costs were included in the total allocated cost of the acquisition. ASC 805 will require an entity to recognize the assets acquired, liabilities assumed, and any non-controlling interest in the acquired at the acquisition date, at their fair values as of that date. ASC 805 will require an entity to recognize as an asset or liability at fair value for certain contingencies, either contractual or non-contractual, if certain criteria are met. Finally, ASC 805 will require an entity to recognize contingent consideration at the date of acquisition, based on the fair value at that date. This will be effective for business combinations completed on or after the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted and the ASC is to be applied prospectively only. Upon adoption of this ASC, there would be no impact to the Company's results of operations and financial condition for acquisitions previously completed. The adoption of ASC 805 is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

In September 2009, the FASB ratified ASC Update No. 2009-13, Multiple-Deliverable Revenue Arrangements (ASU 2009-13). ASU 2009-13 amends existing revenue recognition accounting pronouncements that are currently within the scope of FASB ASC Subtopic 605-25. This consensus provides for two significant changes to the existing multiple element revenue recognition guidance. First, this guidance deletes the requirement to have objective and reliable evidence of fair value for undelivered elements in an arrangement and will result in more deliverables being treated as separate units of accounting. The second change modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. These changes may result in entities recognizing more revenue up-front, and entities will no longer be able to apply the residual method and defer the fair value of undelivered elements. Upon adoption of these new rules, each separate unit of accounting must have a selling price, which can be based on management's estimate when there is no other means to determine the fair value of that undelivered item, and the arrangement consideration is allocated based on the relative selling price. This accounting guidance is effective no later than fiscal years beginning on or after June 15, 2010 but may be adopted early as of the first quarter of an entity's fiscal year. Entities may elect to adopt this accounting guidance either through prospective application to all revenue arrangements entered into or materially modified after the date of adoption or through a retrospective application to all revenue arrangements for all periods presented in the financial statements. We adopted this standard effective April 4, 2010, and its adoption did not have a material impact on our consolidated financial position or results of operations.

In June 2009, the FASB issued FASB Accounting Standards Codification No 810, Consolidation. FASB Accounting Standards Codification No 810 improves financial reporting by enterprises involved with variable interest entities. FASB Accounting Standards Codification No 810 is effective as of the beginning of each reporting entity's first annual

reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of FASB Accounting Standards Codification No 810 will have on its financial statements.

In June 2009, the FASB issued FASB Accounting Standards Codification No 860, Transfers and Servicing. FASB Accounting Standards Codification No 860 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. FASB Accounting Standards Codification No 860 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of FASB Accounting Standards Codification No 860 will have on its financial statements.

Effective for the interim reporting period ending June 30, 2009, the Company adopted two new accounting standard updates which were intended to provide additional application guidance and enhanced disclosures regarding fair value measurements and impairments of securities as codified in ASC 820 "Interim Disclosures about Fair Value of Financial Instruments". ASC 820 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. ASC 820 requires related disclosures in summarized financial information at interim reporting periods. ASC 820 was effective for the interim reporting period ending June 30, 2009. The adoption of ASC 820 did not have a material impact on the Company's condensed consolidated financial statements.

Effective July 1, 2009, the Company adopted The "FASB Accounting Standards Codification" and the Hierarchy of Generally Accepted Accounting Principles (ASC 105-10), (formerly SFAS No. 168, The "FASB Accounting Standards Codification" and the Hierarchy of Generally Accepted Accounting Principles). This standard establishes only two levels of U.S. generally accepted accounting principles ("GAAP"), authoritative and nonauthoritative. The Financial Accounting Standard Board ("FASB") Accounting Standards Codification (the "Codification") became the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification became nonauthoritative. The Company began using the new guidelines and numbering system prescribed by the Codification when referring to GAAP in the third quarter of fiscal 2009. As the Codification was not intended to change or alter existing GAAP, it did not have any impact on the Company's condensed consolidated financial statements.

In June 2009, the FASB issued FASB Accounting Standards Codification No 810, Consolidation. FASB Accounting Standards Codification No 810 improves financial reporting by enterprises involved with variable interest entities. FASB Accounting Standards Codification No 810 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of FASB Accounting Standards Codification No 810 will have on its financial statements.

In June 2009, the FASB issued FASB Accounting Standards Codification No 860, Transfers and Servicing. FASB Accounting Standards Codification No 860 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. FASB Accounting Standards Codification No 860 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of FASB Accounting Standards Codification No 860 will have on its financial statements.

Effective for the interim reporting period ending June 30, 2009, the Company adopted two new accounting standard updates which were intended to provide additional application guidance and enhanced disclosures regarding fair value measurements and impairments of securities as codified in ASC 820 "Interim Disclosures about Fair Value of Financial Instruments". ASC 820 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. ASC 820 requires related disclosures in summarized financial information at interim reporting periods. ASC 820 was effective for the interim reporting period ending June 30, 2009. The adoption of ASC 820 did not have a material impact on the Company's condensed consolidated financial statements.

Effective June 15, 2009, the Company adopted a new accounting standard for subsequent events, as codified in ASC 855. The update modifies the names of the two types of subsequent events either as recognized subsequent events (previously referred to in practice as Type I subsequent events) or non-recognized subsequent events (previously referred to in practice as Type II subsequent events). In addition, the standard modifies the definition of subsequent events to refer to events or transactions that occur after the balance sheet date, but before the financial statements are issued (for public entities) or available to be issued (for nonpublic entities). It also requires the disclosure of the date through which subsequent events have been evaluated. The update did not result in significant changes in the practice of subsequent event disclosures, and therefore the adoption did not have any impact on our condensed consolidated financial statements. In accordance with ASC 855, the Company evaluated all events or transactions that occurred after December 31, 2010 up through May 20, 2011, the date the Company issued these condensed consolidated financial statements. During this period, the Company had material subsequent events as set forth in Note 12 to these

condensed consolidated financial statements.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

In November 2005, we discontinued and disposed of our subsidiaries except for Arrow Ltd. in conjunction with the recapitalization of the Company. The Company had no revenue during this period as Arrow Ltd. is still in the development stage. For the year ended December 31, 2010 and 2009, we incurred consulting fees of $5,231,207 and $4,296,832, of which $4,625,814 and $4,161,526 was related to services provided by the Management Agreement with Empire under which Empire provides the services of Chief Executive Officer and administrative services to the Company and consulting services provided by Hans Karundeng and Rudolph Karundeng under Engagement and Consulting Agreements.

REVENUES

There were no revenues generated for the years ended December 31, 2010 and 2009 as the Company still is in development stage.

COST OF GOODS SOLD

There was no cost of goods sold for the years ended December 31, 2010 and 2009 as the Company still is in development stage.

OTHER EXPENSES

Compensation, consulting and related costs increased to $5,231,207 for the year ended December 31, 2010 as compared to $4,296,832 for the year ended December 31, 2009, and $21,712,901 accumulated during the development stage for the period from inception (November 15, 2005) to December 31, 2010. The increase was mostly due to consulting fees for services provided by the Management Agreement with Empire under which Empire provides the services of Chief Executive Officer and administrative services to the Company and consulting services provided by Hans Karundeng and Rudolph Karundeng under Engagement and Consulting Agreements.

General and administrative expenses increased to $167,853 for the year ended December 31, 2010 as compared to $138,665 for the year ended December 31, 2009, and $1,029,128 accumulated during the development stage for the period from inception (November 15, 2005) to December 31, 2010. This was primarily due to an increase in professional fees.

Directors' compensation decreased to $202,500 for the year ended December 31, 2010, as compared to $235,000 for the year ended December 31, 2009, and $975,178 accumulated during the development stage for the period from inception (November 15, 2005) to December 31, 2010. December 3, 2007 resolution to compensate all members of the Board of Directors on an annualized basis of $50,000 in cash and 250,000 shares in the Company's restricted common stock, effective January 1, 2007. The decrease was due to a fluctuating share prices, in addition to one director's resignation.

Delaware franchise taxes amount were $420 for the year ended December 31, 2010 as compared to $420 for the year ended December 31, 2009, and $186,261 for the period from inception (November 15, 2005) to December 31, 2010. The Company is delinquent in its filing and payment of the Delaware Franchise Tax report and, accordingly, is not in good standing. The Company has estimated unpaid Delaware franchise taxes for the years ended December 31, 2010, December 31, 2009, December 31, 2008, December 31, 2007, December 31, 2006 and 2005 in the amounts of $420, $420, $420, $57,652, $57,650 and $69,699, respectively. The Company did not file their tax returns on time due to the inability to pay the related taxes. The Company hopes to file the delinquent tax returns in the near future.

Total operating expenses during the development stage increased to $5,601,980 for the year ended December 31, 2010 as compared to $4,670,917 for the year ended December 31, 2009, and $23,903,468 accumulated during the development stage for the period from inception (November 15, 2005) to December 31, 2010.

The Company was a party to a lawsuit where the plaintiff is alleged that he was entitled to $60,000 and 1,300,000 of common stock based upon CNE's failure to compensate him for services related to identifying financing for CNE, based upon an agreement that was entered into between CNE and the plaintiff in April 2005. On November 28, 2007, the Company settled the lawsuit with the plaintiff. In full and final settlement of the claims asserted in the action, the Company has paid the plaintiff $10,000 in cash and issued the plaintiff 200,000 shares of the Company's common stock on December 21, 2007. The settlement resulted in a loss on debt conversion of $2,000 during the year ended December 31, 2007 because an estimated liability had been recognized prior to 2007.

In May 2006, the Company was advised that it was alleged to be in default of a settlement agreement entered into in January of 2005 by CNE, its predecessor company, related to the release of unrestricted, freely-tradable, non-legend shares of stock. In August 2006, the plaintiffs, alleging the default, obtained a judgment in the 17th Judicial Circuit Court Broward County, Florida for approximately $1,000,000. On November 13, 2007, legal counsel engaged by Management commenced an action on the Company's behalf in the above Circuit Court seeking to vacate and set aside the 2006 judgment asserting claims under Rule 1.540(b) of the Florida Rules of Civil Procedure. Our counsel's evaluation is that the Company has only a limited chance of having the 2006 judgment opened by the Court because Florida law provides very narrow grounds for opening a judgment once a year has passed from its entry. The Courts

are generally reluctant to disturb final judgments and the Company's grounds for opening the judgment depend on the Court's adopting a somewhat novel argument regarding such matters. If, however, the Court does open the default judgment, the Company will then have the opportunity to defend the 2006 action and, in such event, our counsel believes that the Company has a reasonable chance of succeeding in defending that claim, at least in part, based on the documents he has reviewed. As of December 31, 2009, the Company has accrued $1,266,695, including accrued interest of $213,310, related to this matter. As of December 31, 2010, the Company has accrued $1,329,898, including accrued interest of $276,514, related to this matter.

On December 14, 2005, Empire Advisory received a $250,000 non-interest bearing advance from Butler Ventures, LLC the proceeds of which were used for the benefit of the Company and for which the liability was transferred to the Company. In repayment, the Company would repay the full amount of the note in converted securities and U.S. dollars on the earlier of March 31, 2006, without further notice or demand, or immediate payment in the event of default. On December 8, 2008, Butler filed a motion for summary judgment in lieu of complaint against Empire in the Supreme Court of the State of New York for failing to repay the loan on the maturity date. On January 29, 2009, Empire Advisory, LLC and Butler Ventures, LLC entered into Settlement Agreement and Mutual Release where the parties had agreed to resolve amicable the amounts due and owing to Butler by issuing to Butler common stock in Empire's affiliated company, Arrow Resources Development, Inc. as well as by payment of all attorneys' fees and expenses accrued to date. Empire Advisor shall cause the Company to issue to Butler shares of common stock in the Company. Butler agreed to extend until on or prior to March 31, 2009 for performance of all of Empire's obligations. In consideration for this extension, Empire Advisor agreed to cause the Company to issue to Butler an additional 100,000 shares of the Company common stock. The Company defaulted on this extension. On June 17, 2009, Empire Advisory transferred the loan obligations to the Company, and the Company agreed to assume the loan obligations. On July 14, 2009, the Company issued 9,690,909 shares of common stock to Butler Ventures, LLC with a market value on the date of issuance of $533,000 in full settlement of the $250,000 note payable. 9,090,909 shares were issued in exchange for a senior note payable that has been assumed by the Company. 100,000 shares were issued in accordance with the aforementioned extension, and 500,000 shares were issued to Butler in consideration of Butler's agreement to forego its remedies related to the aforementioned default of the extension.

LIQUIDITY AND CAPITAL RESOURCES

In November 2005, we discontinued and disposed of our subsidiaries except for Arrow Ltd. in conjunction with the recapitalization of the Company. The Company was recapitalized by the conversion of $125,000,000 preferred convertible note related to the purchase of the Marketing Agreement. As part of the recapitalization plan, the Company settled all outstanding debt except for $220,000. As of December 31, 2010 and December 31, 2009 the Company had $12 and $91 of cash, respectively. We had losses of $8,867,237 and $6,520,053 for the year ended December 31, 2010 and 2009 and had zero revenue as of December 31, 2010 and 2009. In order for us to survive during the next twelve months we will need to secure approximately $3,000,000 of debt or equity financing. We expect to raise the additional financing in the future but there can be no guarantee that we will be successful.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2010, we had no off-balance sheet arrangements.

OPERATING ACTIVITIES

We used $3,259,842 of cash in our operating activities during the year ended December 31, 2010. We had a net loss of $8,867,237. We had stock-based directors' compensation for shares to be issued of $52,500, an increase in accounts payable and accrued expenses payable of $3,724,193 mostly related to compensation and management fees, expenses related to common stock issued for consulting service in lieu of cash of $585,000, an increase on the liability for legal judgment obtained by the predecessor entity shareholder of $63,203 due to accrued interest, and common stock issued for debt conversion expense of $1,182,500. In addition, we had a working capital deficiency of $25,352,770 at December 31, 2010. We did not have any material commitments for capital expenditures as of December 31, 2010.

INFLATION

We believe that inflation does not significantly impact our current operations.

RECENT TRANSACTIONS

None.

MANAGEMENT

The Company has brought together a team of management and professionals with a balance of experience in the fields plantation management, corporate finance, corporate management and governance, marketing and sales, law, accounting and international marketing. The team includes directors and advisors (Hans Karundeng and Rudolph Karundeng) who are both members of the Company team and senior management of APR.

On October 29, 2009, the Company approved the formation of PT Arrow Resources Development East and PT Arrow Renewable Energy as wholly-owned Indonesian subsidiaries. The Company authorized Peter J. Frugone as CEO to form the above mentioned subsidiaries.

CEO-President, Chairman and Director - Peter J. Frugone

In addition to the traditional investment banking skills related to sourcing, valuation and negotiation, Mr. Frugone, 60, has significant experience in hands-on operating roles at the senior levels, as well as strategic and advisory roles as director of and consultant to small-cap and mid-cap companies. He has overseen the processes of strategic planning

and oversight, recruitment of management executives, assisting with follow-on capital requirements, arranging follow-on acquisitions, and assisting with realization of value through IPO, public sale or sale or merger of the company. Mr. Frugone is experienced in all phases of financial analysis, corporate re-engineering and restructuring, information technology and Internet marketing, real estate financing and development, and commercial/residential general construction/management.

In 1991, Mr. Frugone founded, and has since acted as the Managing Director of, Empire Advisory LLC (formerly Electra Capital Corporation), and a boutique consulting and investment bank specializing in small and medium sized transactions ($1 million to $10 million). Empire has provided financial consulting and investing banking services to over 300 clients, which has resulted in the completion of more than 100 debt and equity placements with a total value of $250 million.

From 1972 until 1989 Mr. Frugone was the CEO of Citadel Construction and Financial Corporations. He started Citadel as a small home improvement company and expanded to all phases of general construction, project management, and real estate development with 1988 annual sales of $25 million. During that period Citadel completed development projects of $105 million and construction projects of over $400 million. Mr. Frugone started his career as an executive trainee with Marine Midland Bank in 1967, rising to the position of Corporate Trust Officer in charge of bond and coupon auditing. From 1969 to 1971 Mr. Frugone was a “baby bond” trader for Merrill Lynch Pierce Fenner and Smith, then with Loeb Rhodes and Company and with Pershing and Company.

Director - John E. McConnaughy, Jr.

John E. McConnaughy, Jr., 81 is Chairman and Chief Executive Officer of JEMC Corporation, a personal holding company he founded in 1985. He was Chairman and CEO of Peabody International Corp. from 1969 and in addition Chairman and CEO of GEO International Corp. when it was spun off in 1981. He retired from the former in February 1986 and the latter in October 1992.

At the start of his tenure with Peabody International Corp., the Company had sales of $23 million. During the next 11 years, he built sales to $85 million and ranked 8th of the Fortune 500 Companies in growth of earnings per share. He was named outstanding Chief Executive Officer for the Environmental Control industry for the years 1975, 1976 and 1978 by Financial World magazine.

Prior to joining Peabody in 1969, Mr. McConnaughy served as Vice President of European Consumer Products with the Singer Company. He was responsible for operations in 16 countries and sales of $400 million. He had previously been President of the Singer Company of Canada, Limited. Earlier, he held management positions at Westinghouse Electric Corp. in its consumer group and portable appliance divisions.

Mr. McConnaughy served on the board of Fortune Natural Resources Corporation from 2000 through January 30, 2004. On June 1, 2004, Fortune filed from protection under Chapter 11 of the Federal Bankruptcy law in the United States Bankruptcy Court for the Eastern District of Louisiana, Case No. 04-14112. The case is still pending.

A graduate of Denison University with a B.A. in Economics, Mr. McConnaughy earned his M.B.A. in Marketing and Finance at Harvard’s Graduate School of Business Administration. Mr. McConnaughy has been a Director of Oxigene, Inc., Varsity Brands, Inc., Texstar Corporation, MAI Corporation, Pets Choice Ltd., Akzona Corp., First Bank Corp. (New Haven), Beringer Co., Inc., the Pullman Co., Moore McCormack Resources, Peabody International Corp., DeVlieg Bullard, Inc., Mego Financial Corp., Trasact International, Inc. and RateXchange, who changed their name to MCF Corporation. Mr. McConnaughy currently serves on the boards of five other public companies (Wave Systems, Inc., Allis-Chalmers Energy Inc., Overhill Farms inc., Consumer Portfolio Services, Inc. and Levcor International, Inc.)

He is Chairman of the Board of Trustees and Executive Committee of the Strang Cancer Prevention Center and is Chairman Emeritus of the Harlem School of the Arts.

Director - Rudolph Karundeng

Mr. Karundeng, 31, has assisted Hans Karundeng, helping start, maintain and oversee the operations at a senior level of numerous projects throughout the world since 2000. His primary role in most of these projects was the acquisition of capital through banking means as well as financial analysis of projects and transforming their structure in order to be viable for funding by banks.

Since receiving his degree in Economics from UCLA, Rudolph Karundeng has been Director in numerous corporations throughout the world including Golden Summit Inc. a small-cap company lender and loan facilitator, Du Motier International Corporation, a note structure developer as well as a bank loan facilitation consultant. During his tenure as a Director for these companies he has been involved in facilitating the loans for 25 Clients, which had a loan range from $100 Million to $1.8 Billion for various projects including mining, manufacturing, and marketing.

Mr. Karundeng is intimately involved with all the processes, equipment, and day to day operations of each project in order to better help in cost and budget analysis for each project. Through his family's earlier background of mining and forestry he has developed a strong base of knowledge for the day-to-day operations as well as development, marketing and all forms of operations for coal mining, oil refining, gas mining, and forestry. Another product of his tenure as Director of these companies is Mr. Karundeng's has developed his knowledge in Note Structures as well as the laws that pertain to them in many areas of the world including but not limited to United States, Europe, China, Singapore, and Indonesia. He has facilitated the sale, usage, and the acquisition of Notes throughout the world utilizing his many banking relationships throughout the world to assist companies in moving a project forward.

Director - James L. Rothenberg

Mr. Rothenberg is an attorney who is licensed to practice in the State of New York. He is also licensed to practice before the federal courts in the Southern and Eastern Districts of New York. Since 1990, Mr. Rothenberg has served as a case consultant and expert witness in securities litigation and arbitration, criminal defense and employment matters. He is also a consultant and a lecturer in securities market structure, exchange specialists and NASD market makers. From 1996 through 2003, Mr. Rothenberg served as counsel to Bear Wagner Specialists LLC, members of the New York Stock Exchange. He is currently a member of the Federal Regulation of Securities Committee, Litigation Committee and Broker-Dealer Subcommittee. From 1970 through 1973, Mr. Rothenberg was employed by the Securities and Exchange Commission as an enforcement attorney in Washington DC and from 1973 through 1975 he was Chief Counsel and Manager of the Market Surveillance Division of the New York Stock Exchange. From 1975 through 1985, Mr. Rothenberg was a principal of Rothenberg Stuart Co., specialists on the New York Stock Exchange. Effective close of business December 31, 2009, James Rothenberg resigned from the Board of Directors.

Senior Advisor - Hans Karundeng

Mr. Hans Karundeng, 60, has been involved in a wide variety of business ventures throughout his life. His first business activity was operating a bakery which supplied bread to the city as well as neighboring cities and to this day is still well known throughout Java, Indonesia. After selling his shares in the business, he became involved in Timber and timber related products with the company that has now become one of the largest paper and paper related products manufacturer and supplier in the world, Asian Pulp and Paper. Mr. Karundeng during this time, opened a company named P.T. Akal Rasa, which helped develop low-income housing for an underdeveloped area in Indonesia.

Mr. Karundeng then moved on and started a mid cap firm that built, maintained and sold real estate. A by-product of this company was starting a Corporation Consultant company with a large Engineering consultant arm which later became the 4th largest in Indonesia. During the time of this company, Mr. Hans Karundeng acquired the licensing right to repair and maintain the turbines for select Oil companies in Indonesia, PLN (Electric company of Indonesia) and Telkom (Tele-Communication company of Indonesia). Diversifying his portfolio he went into Small saving and Loans, owning shares in a number of these facilities.

Mr. Karundeng has diversified his operations to include Sulfur Mining, Orange Plantation, Shrimp Farming and Sand mining, as well as owning and operating an Air Cargo company specializing in exporting Seafood to Japan and Hong Kong. During this period he also had shares in a company that maintained 300,000 ha of Kasava for animal feed for exportation. During the time of the expansion of his holdings, Mr. Karundeng also went into larger dealings on the international level. Helped obtain large quantities of Rice Donations to the Indonesian government from Thailand and Vietnam, and paved the way for larger loan from the World Bank for Indonesia to help the underdeveloped areas of Indonesia.

After leaving Indonesia he became involved in the opening of the Indonesian Exim Bank in NY, where he first started his international consultancy firm, which helped his numerous clients achieve the level of competence in order to receive bank loans either through corporate restructuring, cost analysis, or note structuring.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We conduct no hedging activity. We have no derivative contracts.

Item 8. Financial Statements.

Our financial statements to be filed hereunder follow, beginning with page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements concerning any matter of accounting principle or financial statement disclosure between the Company and its independent auditor, KBL LLP.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and acting Chief Financial Officer, who is the same person, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the fiscal period ending December 31, 2010 covered by this amended Annual Report on Form 10-K/A. Based upon such evaluation, the Chief Executive Officer and acting Chief Financial Officer has concluded that, as of the end of such period, the Company's disclosure controls and procedures were not effective as required under Rules 13a-15(e) and 15d-15(e) under the Exchange Act. This conclusion by the Company’s Chief Executive Officer and acting Chief Financial Officer does not relate to reporting periods after December 31, 2010.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) of the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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 or procedures may deteriorate.

Management, under the supervision of the Company's Chief Executive Officer and acting Chief Financial Officer, conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2010 under the criteria set forth in the in Internal Control—Integrated Framework.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Management has determined that material weaknesses exist due to a lack of segregation of duties, resulting from the Company's limited resources.

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

amended Annual Report on Form 10-K/A.

Changes in Internal Control Over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the year ended December 31, 2010, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

N/A

Part III

Item 10. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16 (a) of the Exchange Act.

The directors and executive officers of the Company are set forth below. All directors hold office until the next annual meeting of stockholders, or until their death, resignation, retirement, removal, disqualification, and until their successors have been elected and qualified. Vacancies in the existing board are filled by a majority vote of the remaining directors.

The directors and executive officers of the Registrant as of December 31, 2010 were as follows:

Name and Address	Position	Tenure
Peter J. Frugone 124 West 79th Street, Apt 14B New York, NY	Chairman, Chief Executive Officer and Director	2005 to Present
Rudolph Karundeng Jl. Cempaka Putih TImur Raya No. 7 Jakarta 10510 Indonesia	Director	2005 to Present
John E. McConnaughy Jr. 637 Valley Road New Canaan Ct.	Director	2005 to Present
James Rothenberg 152 W. 57th Street, 27th Floor, New York, NY 10019	Director	10/15/2007 to 12/31/2009

BUSINESS EXPERIENCE

PETER J. FRUGONE. In addition to the traditional investment banking skills related to sourcing, valuation and negotiation, Mr. Frugone, has significant experience in hands-on operating roles at the senior levels, as well as strategic and advisory roles as director of and consultant to small-cap and mid-cap companies. He has overseen the processes of strategic planning and oversight, recruitment of management executives, assisting with follow-on capital requirements, arranging follow-on acquisitions, and assisting with realization of value through IPO, public sale or sale or merger of the company. Mr. Frugone is experienced in all phases of financial analysis, corporate re-engineering and restructuring, information technology and Internet marketing, real estate financing and development, and commercial/residential general construction/management. In 1991, Mr. Frugone founded, and has since acted as the Managing Director of, Empire Advisory LLC (formerly Electra Capital Corporation), a boutique consulting and investment bank specializing in small and medium sized transactions ($1 million to $10 million). Empire has provided financial consulting and investing banking services to over 300 clients which has resulted in the completion of more than 100 debt and equity placements with a total value of $250 million. From 1972 until 1989 Mr. Frugone was the CEO of Citadel Construction and Financial Corporations. He started Citadel as a small home improvement company and expanded to all phases of general construction, project management, and real estate development with 1988 annual sales of $25 million. During that period Citadel completed development projects of $105 million and construction projects of over $400 million. Mr. Frugone started his career as an executive trainee with Marine Midland Bank in 1967, rising to the position of Corporate Trust Officer in charge of bond and coupon auditing. From 1969 to 1971 Mr. Frugone was a "baby bond" trader for Merrill Lynch Pierce Fenner and Smith, then with Loeb Rhodes and Company and with Pershing and Company.

RUDOLPH KARUNDENG. Mr. Karundeng has assisted Hans Karundeng, helping start, maintain and oversee the operations at a senior level of numerous projects throughout the world since 2000. His primary role in most of these projects was the acquisition of capital through banking means as well as financial analysis of projects and transforming their structure in order to be viable for funding by banks Since receiving his degree in Economics from UCLA, Rudolph Karundeng has been Director in numerous corporations throughout the world including Golden Summit Inc. a small-cap company lender and loan facilitator, Du Motier International Corporation, a note structure developer as well as a bank loan facilitation consultant. During his tenure as a Director for these companies he has been involved in facilitating the loans for 25 Clients, which had a loan range from $100 Million to $1.8 Billion for

various projects including mining, manufacturing, and marketing. Mr. Karundeng is intimately involved with all the processes, equipment, and day to day operations of each project in order to better help in cost and budget analysis for each project. Through his family's earlier background of mining and forestry he has developed a strong base of knowledge for the day-to-day operations as well as development, marketing and all forms of operations for coal mining, oil refining, gas mining, and forestry. Another product of his tenure as Director of these companies is Mr. Karundeng's has developed his knowledge in Note Structures as well as the laws that pertain to them in many areas of the world including but not limited to United States, Europe, China, Singapore, and Indonesia. He has facilitated the sale, usage, and the acquisition of Notes throughout the world utilizing his many banking relationships throughout the world to assist companies in moving a project forward.

JOHN E. MCCONNAUGHY, JR. Mr. McConnaughy is Chairman and Chief Executive Officer of JEMC Corporation. He was Chairman and CEO of Peabody International Corp. from 1969 and in addition Chairman and CEO of GEO International Corp. when it was spun off in 1981. He retired from the former in February 1986 and the latter in October 1992. Prior to joining Peabody in 1969, Mr. McConnaughy served as Vice President of European Consumer Products with the Singer Company. He was responsible for operations in 16 countries and sales of $400 million. He had previously been President of the Singer Company of Canada, Limited. Earlier, he held management positions at Westinghouse Electric Corp. in its consumer group and portable appliance divisions. Mr. McConnaughy currently serves on the boards of five other public companies Allis-Chalmers Energy Inc.,(ASY,) Wave Systems Corp. (WAVX), Arrow Resources Development, Inc, (OTC:BB ARWD) Levcor International, Inc. (LEVC.OB) and Kinetitec Corporation. Mr. McConnaughy has been a Director of Oxigene, Inc., Varsity Brands, Inc., Texstar Corporation, MAI Corporation, Pets Choice Ltd., Akzona Corp., First Bank Corp. (New Haven), Beringer Co., Inc., the Pullman Co., Moore McCormack Resources, Peabody International Corp., DeVlieg Bullard, Inc., Mego Financial Corp., Trasact International, Inc. and RateXchange, who changed their name to MCF Corporation. and Fortune Natural Resources Corporation from 2000 through January 30, 2004.

JAMES L. ROTHENBERG. Mr. Rothenberg is an attorney who is licensed to practice in the State of New York. He is also licensed to practice before the federal courts in the Southern and Eastern Districts of New York. Since 1990, Mr. Rothenberg has served as a case consultant and expert witness in securities litigation and arbitration, criminal defense and employment matters. He is also a consultant and a lecturer in securities market structure, exchange specialists and NASD market makers. From 1996 through 2003, Mr. Rothenberg served as counsel to Bear Wagner Specialists LLC, members of the New York Stock Exchange. He is currently a member of the Federal Regulation of Securities Committee, Litigation Committee and Broker-Dealer Subcommittee. From 1970 through 1973, Mr. Rothenberg was employed by the Securities and Exchange Commission as an enforcement attorney in Washington DC and from 1973 through 1975 he was Chief Counsel and Manager of the Market Surveillance Division of the New York Stock Exchange. From 1975 through 1985, Mr. Rothenberg was a principal of Rothenberg Stuart Co., specialists on the New York Stock Exchange. Effective close of business December 31, 2009, James Rothenberg resigned from the Board of Directors.

Audit Committee Financial Expert

The Board of Directors has determined that Mr. McConnaughy is an "audit committee financial expert" (as defined in Item 401(e)(2) of Regulation S-B). Mr. McConnaughy is independent as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act.

Compliance with Section 16 (a) of the Exchange Act.

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and holders of more than 10% of the Common Stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of the Common Stock. Based solely upon a review of Forms 3, 4 and 5 furnished to the Company with respect to the year ended December 31, 2010, to the best of the Company's knowledge, the Company's directors, executive officers and holders of more than 10% of its Common Stock timely filed the reports required by Section 16(a).

Code of Ethics

The Company has adopted a written Code of Ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller and any persons performing similar functions. The Company will provide a copy of its Code of Ethics to any person without charge upon written request addressed to Arrow Resources Development, Inc. 152 W. 57th Street, 27th Floor, New York, NY 10019, Attention: Shareholder Relations.

Item 11. Executive Compensation.

The following table sets forth the salaries of the Company’s executive officers for the fiscal years ending December 31, 2010 and December 31, 2009.

		Annual Compensation			Long-Term Compensation				
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Number of Restricted Restric Stock Award(s)	Securities Underlying Options/ SARs (#)	LTIP Payouts ($)	All other Compensation ($)
Peter J. Frugone	2010 (1)	$ -	$ -	$ 50,000	$ -		-	$ -	$ 17,500(1)
Chairman, CEO									
and Director	2009	-	-	50,000	-		-	-	8,750
Rudolph									
Karundeng	2010 (2)	-	-	50,000	-	-	-	-	17,500(2)
Director	2009	-	-	50,000	-		-	-	8,750
John E.									
McConnaughy, Jr.	2010 (3)	-	-	50,000	-	-	-	-	17,500(3)
Director	2009	-	-	50,000	-		-	-	8,750
James Rothenberg	2010 (4)	-	-	-		-	-	-	-(4)
Director	2009	-	-	50,000		-	-	-	8,750

(1) As part of Chairman's compensation that was approved by the Board of Director on December 3, 2007, Mr. Frugone is entitled to 1,000,000 shares of the Company's Common Stock which has an aggregated fair market value of $60,625. At December 31, 2010, none of these shares were issued.

(2) As part of director's compensation that was approved by the Board of Director on December 3, 2007, Mr. Karundeng is entitled to 1,000,000 shares of the Company's Common Stock which has fair market value of $60,625. At December 31, 2010, none of these shares were issued.

(3) As part of director's compensation that was approved by the Board of Director on December 3, 2007, Mr. McConnaughy is entitled to 1,000,000 shares of the Company's Common Stock which has fair market value of $60,625. At December 31, 2010, none of these shares were issued.

(4) As part of director's compensation that was approved by the Board of Director on December 3, 2007, Mr. Rothenberg is entitled to 552,740 shares of the Company's Common Stock which had a fair market value of $31,239 at December 31, 2010. Effective close of business December 31, 2009, Mr. Rothenburg resigned from the Board of Directors. At December 31, 2010, none of these shares were issued.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

As of May 20, 2011, there were 704,952,244 shares of the Company's $0.00001 par value per share common stock outstanding. The following table sets forth the name, address, number of shares beneficially owned, and the percentage of the Company's total outstanding common stock shares owned by: (i) each of the Company's Officers and Directors; (ii) the Company's Officers and Directors as a group; and (iii) other shareholders of 5% or more of the Registrant's total outstanding common stock shares.

Name and Address of Beneficial Owner (1)	Company Position	Number of Shares Owned	Percent of Class
Peter J. Frugone (2)	Chairman, Chief Executive Officer and Director	53,000,000	7.5%
Rudolph Karundeng (3)	Director	53,000,000	7.5%
John E. McConnaughy Jr. (4)	Director	11,655,000	1.7%
James Rothenberg (5)	Director (10/15/07 - 12/31/09)	50,000	0.0%
John Allen (6)	Former Director (1/1/07 - 2/28/07)	39,726	0.0%
Robert Levinson (7)	Former Director (2/26/07 - 10/15/07)	158,219	0.0%
Arrow Pacific Resources Group Limited (8)		352,072,778	49.9%
AIS International Holdings Ltd. (9)		55,000,000	7.8%
Officers and Directors as a Group (4 persons)		117,705,000	16.7%

(1) As used in this table, a beneficial owner of a security includes any person who, directly or indirectly, through contract, arrangement, understanding, relationship or otherwise has or shares (a) the power to vote, or direct the voting of, such security or (b) investment power which includes the power to dispose, or to direct the disposition of, such security. In addition, a person is deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of such security.

(2) Mr. Frugone's address is 124 West 79th Street, Apt 1, New York, NY. Mr. Frugone is entitled to 1,000,000 common shares related to directors' compensation, none of which were issued as of December 31, 2010. Mr. Frugone also holds 52,000,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2010.

(3) Mr. Karundeng's address is Jl. Cempaka Putih TImur Raya No. 7, Jakarta 10510 Indonesia. Mr. Karundeng is entitled to 1,000,000 common shares related to directors' compensation, none of which were issued as of December 31, 2010. Mr. Karungdeng also holds 52,000,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2010.

(4) Mr. McConnaughy's address is 637 Valley Road, New Canaan Ct. Mr. McConnaughy is entitled to 1,000,000 common shares related to directors' compensation, none of which were issued as of December 31, 2010. Mr. McConnaughy also holds 10,655,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2010.

(5) Mr. Rothenberg is entitled to 552,740 common shares related to directors' compensation, none of which were issued as of December 31, 2010. Effective close of business December 31, 2009, Mr. Rothenberg resigned from the board of directors.

(6)

Mr. Allen is entitled to 39,726 common shares related to directors' compensation, none of which were issued as of December 31, 2010.

(7) Mr. Levinson is entitled to 158,219 common shares related to directors' compensation, none of which were issued as of December 31, 2010.

(8) Arrow Pacific Resources Group Limited's address is Jl. Cempaka Putih TImur Raya No. 7, Jakarta 10510 Indonesia. Arrow Pacific Resources Group Limited currently holds 352,072,778 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2010.

(9) AIS International Holdings Ltd. currently holds 55,000,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2010.

Item 13. Certain Relationships and Related Transactions.

Other than as listed below, we have not been a party to any transaction, proposed transaction, or series of transactions in which the amount involved exceeds $60,000, and in which, to our knowledge, any of our directors, officers, five percent beneficial security holder, or any member of the immediate family of the foregoing persons has had or will have a direct or indirect material interest.

Item 14. Principal Accountant fees and Services.

Audit Fees

Audit fees for 2010 and 2009 incurred to KBL, LLP were $70,000 and $70,212. All services provided by independent accountants were approved by the audit committee. Audit Fees consist of fees billed for professional services rendered for the audit of the Company’s annual statements, for review of interim consolidated financial statements included in quarterly reports and services that are normally provided by KBL, LLP in connection with statutory and regulatory filings or engagements.

Audit Related Fees

The Company did not incur any other audit related fees from KBL, LLP in 2010 and 2009. Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s consolidated financial statements and are not reported under “Audit Fees.”

Tax Fees

The Company did not incur tax fees from KBL, LLP in 2010 and 2009. Tax Fees consist of fees billed for professional services rendered for tax compliance. These services include assistance regarding federal, state and local tax compliance.

All Other Fees

There were no other fees for professional services rendered to the Company during the fiscal years 2010 and 2009, other than the services reported above.

Item 15. Exhibits.

The Company hereby furnishes the exhibits listed on the attached exhibit index. Exhibits, which are incorporated herein by reference, may be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Section of the SEC at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at the address http://www.sec.gov.

SIGNATURES

In accordance with Section 13(a) or 15(d) of the Exchange Act, the registrant has duly caused this amendment to its Form 10-K annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARROW RESOURCES DEVELOPMENT, INC.

Dated: May 23, 2011	By:	/ S/ PETER J. FRUGONE Peter J. Frugone President and Chief Executive Officer
Dated: May 23, 2011	By:	/ S/ PETER J. FRUGONE Peter J. Frugone Principal Accounting Officer

In accordance with the Exchange Act, this amendment to the Form 10-K annual report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/ S/ PETER J. FRUGONE Peter J. Frugone	President and Chief Executive Officer and Director (principal executive officer)	May 23, 2011
/ S/ PETER J. FRUGONE Peter J. Frugone	Principal Accounting Officer (principal financial and accounting officer)	May 23, 2011
/ S/ JOHN E. McCONNAUGHY , JR . John E. McConnaughy, Jr.	Director	May 23, 2011

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ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
INDEX TO CONSOLIDATED AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Arrow Resources Development, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Arrow Resources Development, Inc. and Subsidiaries (a development stage company) ("the Company") as of December 31, 2010 and 2009, and the related consolidated statements of operations, cash flows, and changes in stockholders' (deficit) equity, for the year ended December 31, 2010, and for the period from inception (November 15, 2005) to December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Arrow Resources Development, Inc. and Subsidiaries as of December 31, 2010 and 2009, and the results of its operations and its cash flows during the development stage for the year ended December 31, 2010, and for the period from inception (November 15, 2005) to December 31, 2010 in conformity with accounting principles generally accepted in the United States.

As discussed in Note 13 to the consolidated financial statements there were several typographical, punctuation, numerical transposition and text errors in the Company's originally filed Form 10-K for the year ended December 31, 2010. In addition, as discussed in Note 12 the financial statement footnotes have been updated to include subsequent events. The correction of the aforementioned items resulted in no impact to the consolidated financial statements.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations, and is dependent upon shareholders to provide sufficient working capital to maintain continuity. These circumstances create substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KBL, LLP
New York, NY
April 13, 2011, except for the subsequent event disclosed in Note 12, and the effects of the restated consolidated financial statements described in Note 13, as to which the date is May 20, 2011.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)
Consolidated Balance Sheets (During the Development Stage)

	December 31, 2010	December 31, 2009
ASSETS		
Current:		
Cash	$ 12	$ 91
Total current assets	12	91
Total assets	$ 12	$ 91
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current:		
Accounts and accrued expenses payable, including $8,059,291 and $6,446,791 due to Company shareholders and directors, respectively	$ 11,439,957	$ 7,765,910
Liability for legal judgment obtained by predecessor entity shareholder	1,329,898	1,266,695
Due to related parties	10,447,373	7,401,519
Notes payable, including accrued interest of $164,554 and $152,500, respectively	2,135,554	2,089,000
Total liabilities	25,352,782	18,523,124
Commitments and contingencies	-	-
STOCKHOLDERS' (DEFICIT) EQUITY		
Preferred stock, $0.00001 par value, 6 million shares authorized, no shares issued or outstanding, respectively	-	-
Preferred stock Series A, $0.00001 par value, 2 million shares authorized, no shares issued or outstanding, respectively	-	-
Preferred stock Series C, $0.00001 par value, 2 million shares authorized, no shares issued or outstanding, respectively	-	-
Common stock, $0.00001 par value, 1 billion shares authorized, 704,952,244 and 678,452,244 issued and outstanding, respectively	7,050	6,785
Common stock to be issued, $0.00001 par value, 33,554,684 and 32,804,684, respectively	336	328
Additional paid-in capital	130,251,102	128,213,875
Accumulated deficit	(155,611,258)	(146,744,021)
Total stockholders' (deficit) equity	(25,352,770)	(18,523,033)
Total liabilities and stockholders' (deficit) equity	$ 12	$ 91

See accompanying notes to the consolidated financial statements.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

Consolidated Statements of Operations (During the Development Stage)

	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2009	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2010
Revenue	$ -	$ -	$ 52,000	$ 52,000
Operating expenses:				
Consulting fees and services, including $4,625,814, $4,161,526, $15,440,707 and $20,066,521 incurred to related parties, respectively	5,231,207	4,296,832	16,481,694	21,712,901
General and administrative	167,853	138,665	861,275	1,029,128
Directors' compensation	202,500	235,000	772,678	975,178
Delaware franchise taxes	420	420	185,841	186,261
Total operating expenses	5,601,980	4,670,917	18,301,488	23,903,468
Loss from operations during the development stage	(5,601,980)	(4,670,917)	(18,249,488)	(23,851,468)
Other income (expense):				
Income from spin-off	-	52,491	52,491	52,491
Income from forgiveness of debt	-	5,000	5,000	5,000
Gain on write off of liabilities associated with predecessor entity not to be paid	-	-	395,667	395,667
Loss on legal judgment obtained by predecessor entity shareholder, including accrued interest	(63,203)	(63,203)	(1,266,695)	(1,329,898)
Penalty for default of notes payable	(2,007,500)	(578,000)	(578,000)	(2,585,500)
Loss on write-off of marketing agreement		-	(125,000,000)	(125,000,000)
Loss on settlement of predecessor entity stockholder litigation		-	(2,000)	(2,000)
Loss on debt conversion	(1,182,500)	(250,000)	(250,000)	(1,432,500)
Expenses incurred as part of recapitalization transaction	-	-	(249,252)	(249,252)
	(12,054)	(1,015,424)	(1,601,744)	(1,613,798)

Debt issue costs including interest expense, of which none, $800,000, $1,336,320 and $1,336,320 is to be satisfied in Company Common Stock and none, none, $32,000, and $32,000 incurred to related parties		(3,265,257)		(1,849,136)		(128,494,533)		(131,759,790)
Net loss	$	(8,867,237)	$	(6,520,053)	$	(146,744,021)	$	(155,611,258)
Basic and diluted net loss per weighted-average shares common stock outstanding	$	(0.013)	$	(0.010)	$	(0.232)	$	(0.245)
Weighted-average number of shares of common stock outstanding		679,105,669		662,865,179		632,517,332		634,999,668

See accompanying notes to the consolidated financial statements.

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ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

Consolidated Statements of Changes in Stockholders' (Deficit) Equity (During the Development Stage)

	Series A Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock		Common Stock			A
	Shares to be issued	Amount	Shares to be issued	Amount	Shares to be issued	Amount	Shares issued	Amount	Additional Paid-in Capital	
Balance, November 15, 2005 pursuant to recapitalization transaction	—	$ —	—	$ —	—	$ —	25,543,240	$ 255	$ (2,674,761)	$
Common stock conversion and settlement of senior note pursuant to recapitalization transaction	—	—	—	—	—	—	624,000,000	6,240	125,907,967	
Net loss for the period from November 15, 2005 to December 31, 2005	—	—	—	—	—	—	—	—	—	
Balance, December 31, 2005	-	$ -	-	$ -	-	$ -	649,543,240	$ 6,495	$ 123,233,206	$
Common stock to be issued for cash received by Company	—	—	—	—	985,000	10	—	—	984,990	
Net loss for the year	—	—	—	—	—	—	—	—	—	
Balance, December 31, 2006	-	$ -	-	$ -	985,000	$ 10	649,543,240	$ 6,495	$ 124,218,196	$
Common stock to be issued for cash received by Company	—	—	—	—	500,000	5	—	—	499,995	
Series A Convertible Preferred Stock to be issued for	280,000	280,000	-	-	—	—	—	—	—	

cash received by Company										
Common stock issued in settlement of predecesor entity stockholder litigation	—	—	—	—	-	-	200,000	2	11,998	
Common stock to be issued for directors' compensation	—	—	—	—	1,000,685	10	—	—	60,031	
Net loss for the year	—	—	—	—	—	—	—	—	—	
Balance, December 31, 2007	280,000	$ 280,000	-	$ -	2,485,685	$ 25	649,743,240	$ 6,497	$ 124,790,220	$
Series A Convertible Preferred Stock to be issued for cash received by Company	75,000	75,000	—	—	—	—	—	—	—	
Series C Convertible Preferred Stock to be issued for cash received by Company	—	—	25,000	25,000	—	—	—	—	—	
Common Stock issued and to be issued for cash received by Company	—	—	—	—	305,000	x 3	250,000	3	104,996	
Common stock to be issued for directors' compensation	—	—	—	—	1,000,000	x 10	—	—	77,490	
Debt issue costs to be satisfied in Company Common Stock	—	—	—	—	4,704,000	x 47	3,000,000	30	536,243	
Common stock to be issued for purchase of common stock	—	—	—	—	1,000,000	x 10	—	—	49,990	
Common stock to be issued for consulting and marketing	—	—	—	—	2,700,000	27	—	—	245,969	

services										
Common stock issued for consulting and marketing services	—	—	—	—	—	—	2,250,000	23	122,481	
Net loss for twelve months ended December 31, 2008	—	—	—	—	—	—	—	—		—
Balance, December 31, 2008	355,000	$ 355,000	25,000	$ 25,000	12,194,685	$ 122	655,243,240	$ 6,552	$ 125,927,389	$
Series A Convertible Preferred Stock converted into common stock	(355,000)	(355,000)	-	-	—	—	7,100,000	71	354,929	
Series C Convertible Preferred Stock converted into common stock	-	-	(25,000)	(25,000)	—	—	500,000	5	24,995	
Common Stock to be issued for cash received by Company	—	—	—	—	2,500,000	25	—	—	249,975	
Common stock to be issued for directors' compensation	—	—	—	—	1,000,000	10	—	—	34,990	
Debt issue costs to be satisfied in Company Common Stock	—	—	—	—	16,000,000	160	—	—	719,840	
Debt issue costs satisfied in Company Common Stock	—	—	—	—	-	-	1,000,000	10	79,990	
Common stock issued for reset of previous subscription agreement	—	—	—	—	—	—	138,095	2	5,523	
Common stock to be issued for reset of previous subscription agreement	—	—	—	—	1,109,999	11	—	—	44,389	

Common stock issued for debt conversion	—	—	—	—	—	—	14,470,909	145	771,855	
Net loss for the year ended December 31, 2009	—	—	—	—	—	—	—	—	—	
Balance, December 31, 2009	-	$ -	-	$ -	32,804,684	$ 328	678,452,244	$ 6,785	$ 128,213,875	$
Common stock to be issued for directors' compensation	—	—	—	—	750,000	8	—	—	52,492	
Common stock issued for consulting services, in lieu of cash payment	—	—	—	—	—	—	6,500,000	65	584,935	
Common stock issued for debt conversion	—	—	—	—	—	—	20,000,000	200	1,399,800	
Net loss for the year ended December 31, 2010	—	—	—	—	—	—	—	—	—	
Balance, December 31, 2010	-	$ -	-	$ -	33,554,684	$ 336	704,952,244	$ 7,050	$ 130,251,102	$

See accompanying notes to the consolidated financial statements.

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ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

Consolidated Statements of Cash Flows (During the Development Stage)

	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2009	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2010
Net loss	$ (8,867,237)	$ (6,520,053)	$ (146,744,021)	$ (155,611,258)
Adjustments to reconcile net loss to net cash used in operating activities:				
Net non-cash change in stockholders’ equity due to recapitalization transaction	-	-	1,264,217	1,264,217
Loss on write-off of marketing and distribution agreement	-	-	125,000,000	125,000,000
Common stock issued for reset of previous subscription agreement	-	5,525	5,525	5,525
Common stock to be issued for reset of previous subscription agreement	-	44,400	44,400	44,400
Debt issue costs to be satisfied in Company Common Stock	-	720,000	1,256,320	1,256,320
Debt issue costs satisfied in Company Common Stock	-	80,000	80,000	80,000
Common stock issued for debt conversion	1,182,500	772,000	772,000	1,954,500
Common stock issued for conversion of due to Related party	-	(39,000)	(39,000)	(39,000)
Debt issue costs paid in cash	-	-	50,000	50,000
Common stock issued for marketing services	-	-	122,500	122,500
Common stock to be issued for consulting services	-	-	246,007	246,007
Expense related to common stock issued for consulting services, in lieu of cash	585,000	-	-	585,000
Stock-based directors' compensation to be issued	52,500	35,000	172,541	225,041
Changes in operating asset and liabilities:				-
Increase in accounts and accrued expenses payable	3,724,193	2,400,868	7,072,050	10,796,243
Liability for legal judgment obtained by predecessor entity shareholder, including accrued interest	63,203	63,203	1,266,695	1,329,898
Net cash used in operating activities	(3,259,841)	(2,438,057)	(9,430,766)	(12,690,607)
Cash flows from investing activities:				
Cash acquired as part of merger transaction	-	-	39,576	39,576
Advances to related party	(37,500)	(210,700)	(900,275)	(937,775)

Net cash used in investing activities	(37,500)	(210,700)	(860,699)	(898,199)
Cash flows from financing activities:				
Proceeds of issuance of note payable	252,000	861,000	1,869,000	2,121,000
Proceeds of loans received from related parties	-	30,000	1,875,000	1,875,000
Repayment towards loan from related party	-	(5,000)	(179,425)	(179,425)
Net increase in due to related parties attributed to operating expenses paid on the Company's behalf by the related party	3,045,262	1,512,832	4,444,981	7,490,243
Net increase in investments/capital contributed	-	250,000	2,232,000	2,232,000
Advances from senior advisor	-	-	50,000	50,000
Net cash provided by financing activities	3,297,262	2,648,832	10,291,556	13,588,818
Net change in cash	(79)	75	91	12
Cash balance at beginning of period	91	16	-	-
Cash balance at end of period	$ 12	$ 91	$ 91	$ 12
Supplemental disclosures of cash flow information:				
Cash paid during the period for:				
Income taxes	$ -	$ -	$ -	$ -
Interest expense	$ -	$ -	$ -	$ -
Non-cash investing and financing activities:				
Non-cash purchase of marketing and distribution agreement	$ -	$ -	$ 125,000,000	$ 125,000,000
Settlement of senior note payable through issuance of convertible preferred stock	$ -	$ -	$ 125,000,000	$ 125,000,000
Non-cash acquisition of accrued expenses in recapitalization	$ -	$ -	$ 421,041	$ 421,041
Non-cash acquisition of notes payable in recapitalization	$ -	$ -	$ 220,000	$ 220,000

See accompanying notes to the consolidated financial statements.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS / ORGANIZATION

Business Description

Arrow Resources Development, Inc. and Subsidiaries ("the Company"), was subject to a change of control transaction that was accounted for as a recapitalization of CNE Group, Inc. ("CNE") in November 2005. Arrow Resources Development, Ltd., ("Arrow Ltd.") the Company's wholly-owned subsidiary, was incorporated in Bermuda in May 2005. Arrow Ltd. provides marketing and distribution services for natural resource products. .

In April of 2006, Arrow Ltd. entered into an agency agreement with APR to provides marketing and distribution services for timber and natural resource products and currently has an exclusive marketing and sales agreement with APR to market lumber and related plantation products from land leased by GMPLH which is operated by APR and its subsidiaries, located in Indonesia. Under the agreement Arrow Ltd. will receive a commission of 10% of gross sales derived from lumber and plantation related products. The consideration to be paid to APR will be in the form of a to-be-determined amount of the Company's common stock, subject to the approval of the Board of Directors.

As of December 31, 2005, the Company also had a wholly-owned subsidiary, Career Engine, Inc. ("Career Engine") for which operations were discontinued prior to the recapitalization transaction. The net assets of Career Engine had no value as of December 31, 2005.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern Status:

These consolidated financial statements are presented on the basis that the Company is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable period of time.

As shown in the accompanying consolidated financial statements, the Company incurred a net loss of $8,867,237 for the year ended December 31, 2010, and a net loss during the development stage from inception in November 15, 2005 through December 31, 2010 of $155,611,258. The Company's operations are in the development stage, and the Company has substantially not generated any revenue since inception. The Company's existence in the current period has been dependent upon advances from related parties and other individuals, and proceeds from the issuance of senior notes payable.

One of the principal reasons for the Company's substantial doubt regarding its ability to continue as a going concern involves the fact that as of December 31, 2007, the Company's principal asset, a marketing and distribution intangible asset in the amount of $125,000,000 was written off as impaired as discussed in Note 6 due to the fact that environment laws affecting timber harvesting have become more restrictive in Papua New Guinea.

The condensed consolidated financial statements do not include any adjustments relating to the carrying amounts of recorded assets or the carrying amounts and classification of recorded liabilities that may be required should the Company be unable to continue as a going concern.

Principles of consolidation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Arrow. All significant inter-company balances and transactions have been eliminated.

Development Stage Company:

The accompanying financial statements have been prepared in accordance with the FASB Accounting Standards Codification No 915, Development Stage Entities. A development stage enterprise is one in which planned and principal operations have not commenced or, if its operations have commenced, there has been no significant revenue there from. Development-stage companies report cumulative costs from the enterprise’s inception.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes:

The Company follows FASB Accounting Standards Codification No 740, Income Taxes. Deferred tax assets or liabilities are recorded to reflect the future tax consequences of temporary differences between the financial reporting basis of assets and liabilities and their tax basis at each year-end. These amounts are adjusted, as appropriate, to reflect enacted changes in tax rates expected to be in effect when the temporary differences reverse.

The Company records deferred tax assets and liabilities based on the differences between the financial statement and tax bases of assets and liabilities and on operating loss carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Fair value of financial instruments:

For financial statement purposes, financial instruments include cash, accounts and accrued expenses payable, notes payable and amounts due to related parties (as discussed in Notes 5 and 7) for which the carrying amounts approximated fair value because of their short maturity.

Use of estimates:

The preparation of consolidated financial statements in conformity 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Loss per share:

The Company complies with the requirements of the FASB Accounting Standard Codification No 260, Earnings Per Share. FASB No. 260 specifies the compilation, presentation and disclosure requirements for earning per share for entities with publicly held common stock or potentially common stock. Net loss per common share, basic and diluted, is determined by dividing the net loss by the weighted average number of common shares outstanding. Net loss per common share, basic and diluted, is determined by dividing the net loss by the weighted average number of common shares outstanding.

Net loss per diluted common share does not include potential common shares derived from stock options and warrants because they are anti-dilutive for the period from inception (November 15, 2005) to December 31, 2010 and for the years ended December 31, 2010 and 2009. As of December 31, 2010, there are no dilutive equity instruments outstanding.

Acquired intangibles:

Intangible assets were comprised of an exclusive sales and marketing agreement. In accordance with FASB Accounting Standard Codification No 350, Intangibles-Goodwill and Other, the Company assesses the impairment of identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

1. Significant underperformance relative to expected historical or projected future operating results;
2. Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
3. Significant negative industry or economic trends.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Company determines that the carrying value of intangibles may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. The Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

The sales and marketing agreement was to be amortized over 99 years, utilizing the straight-line method. Amortization expense had not been recorded since the acquisition occurred as the company had not yet made any sales.

The value of the agreement was assessed to be fully impaired by the Company and it recorded a loss on the write off of the Marketing and Distribution agreement of $125,000,000 at December 31, 2007 (See Note 6).

Consideration of Other Comprehensive Income Items:

FASB Accounting Standard Codification No 220, Comprehensive Income, requires companies to present comprehensive income (consisting primarily of net income plus other direct equity changes and credits) and its components as part of the basic financial statements. For the period from inception (November 15, 2005) to December 31, 2010, the Company's consolidated financial statements do not contain any changes in equity that are required to be reported separately in comprehensive income.

Stock Based Compensation

The Company applies ASC 718-10 and ASC 505-50 (formerly SFAS 123R) in accounting for stock options issued to employees. For stock options and warrants issued to non-employees, the Company applies the same standard, which requires the recognition of compensation cost based upon the fair value of stock options at the grant date using the Black-Scholes option pricing model.

Recent Accounting Pronouncements:

In April 2010, the FASB issued ASC Update No. 2010-17, Milestone Method of Revenue Recognition (ASU 2010-17). ASU 2010-17 provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. ASU 2010-17 is effective for interim and annual reporting periods beginning after June 15, 2010, with early adoption permitted. The adoption of this standard will not have a material impact on our consolidated financial position or results of operations.

In February 2010, the FASB issued FASB ASU 2010-09, Subsequent Events, and Amendments to Certain Recognition and Disclosure Requirements, which clarifies certain existing evaluation and disclosure requirements in ASC 855 related to subsequent events. FASB ASU 2010-09 requires SEC filers to evaluate subsequent events through the date in which the consolidated financial statements are issued and is effectively immediately. The new guidance

does not have an effect on its consolidated results of operations and financial condition.

In January 2010, the FASB issued Update No. 2010-05 “Compensation—Stock Compensation—Escrowed Share Arrangements and Presumption of Compensation ” (“2010-05”). 2010-05 re-asserts that the Staff of the Securities Exchange Commission (the “SEC Staff”) has stated the presumption that for certain stockholders escrowed share represent a compensatory arrangement. 2010-05 further clarifies the criteria required to be met to establish a position different from the SEC Staff’s position. The Company does not have any escrowed shares held at this time. The adoption of this update by the Company did not have any material impact on its consolidated financial position, results of operations or cash flows.

In January 2010, the FASB issued Update No. 2010-04 “Accounting for Various Topics—Technical Corrections to SEC Paragraphs” (“2010-04”). 2010-04 represents technical corrections to SEC paragraphs within various sections of the Codification. Management is currently evaluating whether these changes will have any material impact on its consolidated financial position, results of operations or cash flows.

In January 2010, the FASB issued Update No. 2010-02 “Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification ” (“2010-02”) an update of ASC 810 “Consolidation.” 2010-02 clarifies the scope of ASC 810 with respect to decreases in ownership in a subsidiary to those of a: subsidiary or group of assets that are a business or nonprofit, a subsidiary that is transferred to an equity method investee or joint venture, and an exchange of a group of assets that constitutes a business or nonprofit activity to a non-controlling interest including an equity method investee or a joint venture. Management does not expect adoption of this update to have any material impact on its consolidated financial position, results of operations or operating cash flows. Management does not intend to decrease its ownership in its wholly-owned subsidiary.

In January 2010, the Company adopted FASB ASU No. 2010-06, Fair Value Measurement and Disclosures (Topic 820) - Improving Disclosures about Fair Value Measurements ("ASU 2010-06"). These standards require new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value measurements. The standards also require new disclosures of activities, including purchases, sales, issuances, and settlements within the Level 3 fair value measurements. The standard also clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. These new disclosures are effective beginning with the first interim filing in 2010. The disclosures about the roll forward of information in Level 3 are required for the Company with its first interim filing in 2011. The Company does not believe this standard will impact their financial statements. Other ASU's that have been issued or proposed by the FASB ASC that do not require adoption until a future date and are not expected to have a material impact on the financial statements upon adoption.

Effective for the interim reporting period ending December 31, 2009, the Company adopted two new accounting standard updates which were intended to provide additional application guidance and enhanced disclosures regarding fair value measurements and impairments of securities as codified in ASC 820-10-65 (formerly FASB Staff Position Financial Accounting Standard 107-1 and Accounting Principles Board 28-1 and "Interim Disclosures about Fair Value of Financial Instruments". ASC 820-10-65 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. ASC 820-10-65 requires related disclosures in summarized financial information at interim reporting periods. ASC 820-10-65 was effective for the interim reporting period ending December 31, 2009. The adoption of ASC 820-10-65 did not have a material impact on the Company's condensed consolidated financial statements.

Effective December 31 2009, the Company adopted The "FASB Accounting Standards Codification" and the Hierarchy of Generally Accepted Accounting Principles (ASC 105-10), (formerly SFAS No. 168, The "FASB Accounting Standards Codification" and the Hierarchy of Generally Accepted Accounting Principles). This standard establishes only two levels of U.S. generally accepted accounting principles ("GAAP"), authoritative and non-authoritative. The Financial Accounting Standard Board ("FASB") Accounting Standards Codification (the "Codification") became the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification became non authoritative. The Company began using the new guidelines and numbering system prescribed by the Codification when referring to GAAP in the third quarter of fiscal 2010. As the Codification was not intended to change or alter existing GAAP, it did not have any impact on the Company's condensed consolidated financial statements.

In December 2009, the Company adopted ASC 805, Business Combinations ("ASC 805"). ASC 805 retains the fundamental requirements that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. ASC 805 defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. ASC 805 will require an entity to record separately from the business combination the direct costs, where previously these costs were included in the total allocated cost of the acquisition. ASC 805 will require an entity to recognize the assets acquired, liabilities assumed, and any non-controlling interest in the acquired at the acquisition date, at their fair values as of that date. ASC 805 will require an entity to recognize as an asset or liability at fair value for certain contingencies, either contractual or non-contractual, if certain criteria are met. Finally, ASC 805 will require an entity to recognize contingent consideration at the date of acquisition, based on the fair value at that date. This will be effective for business combinations completed on or after the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted and the ASC is to be applied prospectively only. Upon adoption of this ASC, there would be no impact to the Company's results of operations and financial condition for acquisitions previously completed. The adoption of ASC 805 is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

In September 2009, the FASB ratified ASC Update No. 2009-13, Multiple-Deliverable Revenue Arrangements (ASU 2009-13). ASU 2009-13 amends existing revenue recognition accounting pronouncements that are currently within the scope of FASB ASC Subtopic 605-25. This consensus provides for two significant changes to the existing multiple element revenue recognition guidance. First, this guidance deletes the requirement to have objective and reliable evidence of fair value for undelivered elements in an arrangement and will result in more deliverables being treated as separate units of accounting. The second change modifies the manner in which the transaction consideration is allocated across the separately identified deliverables. These changes may result in entities recognizing more revenue up-front, and entities will no longer be able to apply the residual method and defer the fair value of undelivered elements. Upon adoption of these new rules, each separate unit of accounting must have a selling price, which can be based on management’s estimate when there is no other means to determine the fair value of that undelivered item, and the arrangement consideration is allocated based on the relative selling price. This accounting guidance is effective no later than fiscal years beginning on or after June 15, 2010 but may be adopted early as of the first quarter of an entity’s fiscal year. Entities may elect to adopt this accounting guidance either through prospective application to all revenue arrangements entered into or materially modified after the date of adoption or through a retrospective application to all revenue arrangements for all periods presented in the financial statements. We adopted this standard effective April 4, 2010, and its adoption did not have a material impact on our consolidated financial position or results of operations.

Effective July 1, 2009, the Company adopted The "FASB Accounting Standards Codification" and the Hierarchy of Generally Accepted Accounting Principles (ASC 105-10), (formerly SFAS No. 168, The "FASB Accounting Standards Codification" and the Hierarchy of Generally Accepted Accounting Principles). This standard establishes only two levels of U.S. generally accepted accounting principles ("GAAP"), authoritative and nonauthoritative. The Financial Accounting Standard Board ("FASB") Accounting Standards Codification (the "Codification") became the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification became nonauthoritative. The Company began using the new guidelines and numbering system prescribed by the Codification when referring to GAAP in the third quarter of fiscal 2009. As the Codification was not intended to change or alter existing GAAP, it did not have any impact on the Company's condensed consolidated financial statements.

In June 2009, the FASB issued FASB Accounting Standards Codification No 810, Consolidation. FASB Accounting Standards Codification No 810 improves financial reporting by enterprises involved with variable interest entities. FASB Accounting Standards Codification No 810 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of FASB Accounting Standards Codification No 810 will have on its financial statements.

In June 2009, the FASB issued FASB Accounting Standards Codification No 860, Transfers and Servicing. FASB Accounting Standards Codification No 860 improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. FASB Accounting Standards Codification No 860 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The Company is evaluating the impact the adoption of FASB Accounting Standards Codification No 860 will have on its financial statements.

Effective for the interim reporting period ending June 30, 2009, the Company adopted two new accounting standard updates which were intended to provide additional application guidance and enhanced disclosures regarding fair value measurements and impairments of securities as codified in ASC 820 "Interim Disclosures about Fair Value of Financial Instruments". ASC 820 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. ASC 820 requires related disclosures in summarized financial information at interim reporting periods. ASC 820 was effective for the interim reporting period ending June 30, 2009. The adoption of ASC 820 did not have a material impact on the Company's condensed consolidated financial statements.

Effective June 15, 2009, the Company adopted a new accounting standard for subsequent events, as codified in ASC 855. The update modifies the names of the two types of subsequent events either as recognized subsequent events (previously referred to in practice as Type I subsequent events) or non-recognized subsequent events (previously referred to in practice as Type II subsequent events). In addition, the standard modifies the definition of subsequent events to refer to events or transactions that occur after the balance sheet date, but before the financial statements are issued (for public entities) or available to be issued (for nonpublic entities). It also requires the disclosure of the date through which subsequent events have been evaluated. The update did not result in significant changes in the practice of subsequent event disclosures, and therefore the adoption did not have any impact on our condensed consolidated financial statements. In accordance with ASC 855, the Company evaluated all events or transactions that occurred after December 31, 2010 up through May 20, 2011, the date the Company issued these condensed consolidated financial statements. During this period, there were no subsequent event transactions

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying condensed consolidated financial statements.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

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NOTE 3 - AGREEMENT AND PLAN OF MERGER BETWEEN ARROW RESOURCES DEVELOPMENT, LTD. AND CNE GROUP, INC.

In August 2005, the Company entered into an Agreement and Plan of Merger ("the Agreement") with CNE Group, Inc. ("CNE") under which, CNE was required to issue 10 million shares of Series AAA convertible preferred stock ("the Preferred Stock") to the Company, representing 96% of all outstanding equity of CNE on a fully diluted basis for the Marketing and Distribution Agreement provided to the Company, Empire, as agent. Under the Agreement, the Company changed its name to Arrow Resources Development, Inc. and divested all operations not related to Arrow Ltd. The Preferred Stock contained certain liquidation preferences and each share of the Preferred Stock was convertible to 62.4 shares of common stock.

The transaction was consummated upon the issuance of the Preferred Stock on November 14, 2005, which was used to settle the senior secured note payable for $125,000,000 and $1,161,000 of cash advances from Empire. The Preferred Stock was subsequently converted to common stock on December 2, 2005, for a total of approximately 649 million shares of common stock outstanding. This was recorded as a change of control transaction that was accounted for as a recapitalization of CNE.

The operations of the Company's wholly-owned subsidiary, Career Engine, Inc. were discontinued prior to the recapitalization transaction. The net assets of Career Engine had no value as of December 31, 2005.

During the period from inception (November 15, 2005) to December 31, 2005, the Company incurred $249,252 of expenses incurred as part of recapitalization transaction.

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NOTE 4 - INCOME TAXES

In August 2005, the Company entered into an Agreement and Plan of Merger (“the Agreement”) with CNE Group, Inc. (“CNE”). Under the Agreement, the Company changed its name to Arrow Resources Development, Inc. and divested all operations not related to Arrow Ltd. The transaction was consummated upon the issuance of the Preferred Stock on November 14, 2005. (See Note 3 for a detailed description of the transaction.)

Consequently, as of November 14, 2005 the predecessor CNE entity had a net operating loss carryforward available to reduce future taxable income for federal and state income tax purposes of the successor entity of approximately zero, because those losses arose from the predecessor CNE exiting previous business lines that had generated operating losses.

For tax purposes, all expenses incurred by the re-named entity now known as Arrow Resources Development, Inc. after November 14, 2005 have been capitalized as start up costs in accordance with Internal Revenue Code Section (“IRC”) No. 195. Pursuant to IRC 195, the Company will be able to deduct these costs by amortizing them over a period of 15 years for tax purposes once the Company commences operations. Accordingly for tax purposes none of the Company’s post November 14, 2005 losses are as yet reportable in Company income tax returns to be filed for either the years ended December 31, 2005, 2006, 2007, 2008, 2009 or 2010.

The significant components of the Company’s deferred tax assets are as follows:

Net operating loss carryforward	$186,261	
Differences resulting from use of cash basis for tax purposes	-	
Tax Rate	34	%
Total deferred tax assets	63,329	
Less valuation allowance	(63,329	)
Net deferred tax assets	$—	
The net operating losses expire as follows:		
December 31, 2026	$127,349	
December 31, 2027	57,652	
December 31, 2028	420	
December 31, 2029	420	
December 31, 2030	420	
Net Operating Loss Carryover	$186,261	

Reconciliation of the differences between the statutory tax rate and the effective tax rate is:

	December 31, 2010	
Federal statutory tax rate	34.0	%
Effective Tax Rate	34.0	%
Valuation Allowance	(34.0	)%

Net Effective Tax Rate	0	%

Reconciliation of net loss for income tax purposes to net loss per financial statement purposes:

Costs capitalized under IRC Section 195 which will be amortizable over 15 years for tax purposes once the Company commences operations	$(155,424,997)
Delaware franchise taxes deductible on Company's tax return	186,261
Net loss for the period from inception (November 15, 2005) to December 31, 2010	$(155,611,258)

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ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - NOTES PAYABLE

As of December 31, 2010 and 2009, the Company had notes payable outstanding as follows:

Holder	Terms	December 31, 2010	December 31, 2009
Barry Blank (1)	Due on demand, 10% interest	$ 200,000	$ 200,000
Accrued interest (1)		50,000	50,000
H. Lawrence Logan	Due on demand, non-interest bearing	25,000	25,000
John Marozzi (2)	Due on demand, non-interest bearing	200,000	265,500
Accrued interest (2)		12,054	-
James R. McConnaughy (3)	Due on demand, non-interest bearing	53,000	53,000
Christopher T. Joffe (4)	Due on demand, non-interest bearing	63,000	63,000
Frank Ciolli (5)	Due on demand, non-interest bearing	550,000	550,000
John Frugone (6)	Due on demand, non-interest bearing	255,000	155,000
Scott Neff (7)	Due on demand, non-interest bearing	50,000	50,000
Cliff Miller (8)	Due on 10/11/09, interest bearing	450,000	450,000
Accrued interest (8)		100,000	100,000
John McConnaughy (9)	Due on demand, 10% interest	25,000	25,000
Accrued interest (9)		2,500	2,500
Greg and Lori Popke (10)	Due on 12/11/09	100,000	100,000
Total		$ 2,135,554	$ 2,089,000

(1) The Company has a note payable outstanding for $200,000, plus $20,000 in accrued interest. Although the predecessor company (CNE) reserved 456,740 shares of its common stock to retire this debt pursuant to a settlement agreement, the stock could not be issued until the party to whom the note was assigned by its original holder emerged from bankruptcy or reorganization. In March 2010, the note holder emerged from bankruptcy and the note was settled. During the year ended December 31, 2009, an additional $30,000 in interest expense was recorded for a total of $50,000 accrued interest outstanding on the note.

(2) On March 31, 2008, the Company received a $150,000 non-interest bearing advance from John Marozzi ("Marozzi") which is due on demand. As payment for his services, the Company was to repay the full amount of the note plus 1,000,000 shares of unregistered restricted common stock. The Company recorded $40,000 of debt issue costs related to the 1,000,000 shares of common stock that were issuable to Marozzi as of March 31, 2008 (See Note 8). On May 5, 2008, Marozzi received repayment of $50,000 from the Company. On October 13, 2008, the Company received another $50,000 interest bearing advance from Marozzi. The Company was to repay the full amount of the October 31, 2008, $50,000 note in cash within 60 calendar days from the date the note was executed plus interest paid in the form of 1,000,000 shares of unregistered Company common stock. The Company recorded $60,000 of debt issue costs related to the 1,000,000 shares of common stock which were issuable to Marozzi as of December 31, 2008.

On March 5, 2009, the Company received another $50,000 interest bearing advance from Marozzi. The Company was to repay the full amount of the March 5, 2009 $50,000 note in cash within 60 calendar days from the date the note was executed plus interest paid in the form of 1,000,000 shares of unregistered Company common stock. This left a balance of $200,000 unpaid principal as of June 30, 2009. On August 12, 2009, the Company and Marozzi entered into a six month extension for the Senior Note and Purchase Agreement for the amount of $200,000. The principal amount was payable on February 5, 2010. On April 17, 2009, the Company received a $12,500 non-interest bearing advance from Marozzi. The Company was to repay the full amount of the April 17, 2009 $ 12,500 note in cash within 60 calendar days from the date the note was executed. On May 8, 2009, the Company received a $ 20,000 non-interest bearing advance from Marozzi. On August 13, 2009, the Company and Marozzi entered into a six month extension for the Senior Note and Purchase Agreement for the amount of $32,500. The principal amount was payable on February 5, 2010. On August 7, 2009, the Company received a $33,000 non-interest bearing advance from Marozzi. In repayment, the Company was to repay the full amount of the note in cash within 60 calendar days from the date the note was executed. On November 5, 2009, the Company entered into a thirty day loan extension agreement with Marozzi for the $33,000 loan to the Company. The principal amount and interest was payable on December 5, 2009. This left a total balance of $265,500 of unpaid principal as of December 31, 2009 which was in default.

On March 3, 2010, the Company received an $110,000 interest bearing advance from Marozzi. The Company was to pay interest at the interest rate of 10% payable at the time of repayment due March 3, 2011. As of March 3, 2011, the advance was not repaid by the Company, and is currently in default. On April 21, 2010, the Company received a $42,000 interest bearing advance from Marozzi. The Company will pay interest at the interest rate of 10% which shall be payable at the time of repayment due April 21, 2011. The Company had the option to repay the loan in Company stock at a price based on a 50% discount off the market price, calculated on the average closing price five days prior to delivery of the stock. On December 14, 2010 the Company agreed to issue 20 million shares of its common stock in settlement of $217,500 of the older debt instruments owed to Marozzi. The Company recorded a loss on debt conversion of $1,182,500 in connection with this transaction. This left a total balance of $200,000 of unpaid principal as of December 31, 2010.

On April 25, 2011, the Company and its Board of Directors agreed to issue to Marozzi 30,000,000 shares of the Company's common stock as settlement for the outstanding principal balance payable to Marozzi of $200,000. The Company's stock price on April 25, 2011 was $0.04; therefore, the value of the 30,000,000 shares to be issued was $1,200,000, resulting in a loss on debt conversion of $1,000,000 to be reflected in the Company's Statements of Operations during the second quarter of 2011.

(3) On April 24, 2008, the Company received a $38,000 non-interest bearing advance from James R. McConnaughy ("McConnaughy"), which is due on demand. In repayment, the Company was to repay the full amount of the note plus 304,000 shares of the Company's unregistered restricted common stock. The Company recorded $24,320 in debt issue costs related to the 304,000 shares of common stock that were issuable to McConnaughy as of December 31, 2008. On December 23, 2008, the Company received another $15,000 non-interest bearing advance from McConnaughy, which is due on demand. James McConnaughy is a relative of John E. McConnaughy Jr., a Company Director discussed in Note 7 [3].

(4) On April 24, 2008, the Company received a $38,000 non-interest bearing advance from Christopher T. Joffe ("Joffe,") which is due on demand. In repayment, the Company will repay the full amount of the note plus 304,000 shares of the Company's unregistered restricted common stock. The Company recorded $24,320 in debt issue costs related to the 304,000 shares of common stock that are issuable to Joffe as of December 31, 2008. On June 13, 2008, the Company received another $25,000 non-interest bearing advance from Joffe, which is due on demand.

(5) On April 30, 2008, the Company received a $500,000 non-interest bearing advance from Frank Ciolli ("Ciolli.") In repayment, the Company promised to pay Ciolli the principal sum of $550,000 on or before October 31, 2008. On October 31, 2008, the Company entered into a 60 day loan extension with Ciolli. In payment, the Company issued 1,000,000 shares of the Company's unregistered restricted common stock to Ciolli and 1,000,000 shares of the Company's unregistered restricted common stock to Donna Alferi on behalf of Michael Alferi as designated by Ciolli. The Company recorded $100,000 and $100,000, respectively, in debt issue costs related to the 1,000,000 and 1,000,000, respectively, of shares of common stock that were issued to Ciolli and Donna Alferi as of December 31, 2008. On January 15, 2009, the Company entered into the thirty-one day extension from December 31, 2008 for the Convertible Loan Agreement and Convertible Note with Ciolli for the loan amount of $550,000 dated as of April 30, 2008. The Company issued 500,000 shares of restricted, unregistered common stock each for Michael Alferi and Ciolli, which resulted in Company debt issue costs of $80,000 as of September 30, 2009. On August 12, 2009, the Company and Ciolli entered into a six month extension for the Senior Note and Purchase Agreement for the principal sum of $550,000. The principal amount was payable on February 12, 2010. The balance of $550,000 note payable is currently in default.

(6) On September 10, 2008, the Company received a $100,000 non-interest bearing advance from John Frugone, which was due on demand. In repayment, the Company will repay the full amount of the note in cash over two years from the date the note is executed. On February 25, 2009, the Company received a $30,000 non-interest bearing advance from John Frugone, which is due on demand. In repayment, the Company will repay the full amount of the note in cash over two years from the date the note is executed. On July 30, 2009, the Company repaid $75,000 to John Frugone as a partial payment on the outstanding balance. On November 6, 2009, the Company received a $100,000 non-interest bearing advance from John Frugone. The Company will repay the loan amount in cash over two years from the date the note is executed. This left a balance of $155,000 unpaid principal as of December 31, 2009. On March 30, 2010, the Company received a $100,000 non-interest bearing advance from John Frugone. The principal of this loan is mature and payable no later than March 30, 2012. This leaves a balance of $255,000 unpaid principal as of December 31, 2010. John Frugone is a relative of Peter Frugone, the Company's CEO and also a Company Director.

(7) On October 13, 2008, the Company received a $50,000 interest bearing advance from Scott Neff ("Neff"). The Company was to repay the full amount of the note in cash within 60 calendar days from the date the note is executed plus interest expense paid in the form of 1,000,000 shares of Company common stock. During the period ended December 31, 2008, the Company recorded $60,000 in debt issue costs related to the 1,000,000 shares of common stock that are issuable to Neff as of December 31, 2008. On August 12, 2009, the Company and Neff entered into a six month extension for the Senior Note and Purchase Agreement for the principal sum of $50,000. The principal amount was payable on February 5, 2010. This note payable is currently in default.

(8) On June 29, 2009, the Company received a $100,000 interest bearing advance from Cliff Miller ("Miller.") In repayment, the Company will repay the full amount of the note in cash not later than July 29, 2009. During the period ended September 30, 2009, the Company recorded $70,000 in debt issue costs related to the 1,000,000 shares of restricted common stock that were issuable to Miller for interest expense as of July 29, 2009. On July 30, 2009, the Company received a $100,000 interest bearing advance from Miller. In repayment, the Company was to repay the full amount of the note in cash not later than August 30, 2009. During the period ended September 30, 2009, the Company recorded $60,000 in debt issue costs related to the 1,000,000 shares of restricted common stock that are issuable to Miller for interest expense as of August 30, 2009. On August 11, 2009, the Company received a $250,000 interest bearing advance from Miller. In repayment, the Company was to repay the full amount of the note in cash not later than October 11, 2009. The Company shall pay interest in the form of 10,000,000 shares of the Company's restricted stock and a $100,000 cash payment due at maturity. During the year ended December 31, 2009, the Company recorded accrued interest of $100,000 and debt issue costs of $400,000 for interest expense. On November 11, 2009, the Company entered into a thirty day loan extension agreement with Miller for the $100,000 loan on June 29, 2009, the $100,000 loan on July 30, 2009 and the $250,000 loan on August 11, 2009. In consideration of the extending the term of the loan, the Company was to issue 2,000,000 shares of the Company's common stock on January 4, 2010. During the year ended December 31, 2009, the Company recorded debt issue costs of $60,000 related to the 2,000,000 shares for interest expense. The total unpaid principal balance of $450,000 is in default. During the years ended December 31, 2010 and 2009, the Company incurred $1,642,500 and $476,000 in default penalties respectively, and has accrued cumulative default penalties of $2,118,500 as of December 31, 2010.

(9) On June 2, 2009, the Company received a $25,000 10% interest bearing advance from John E. McConnaughy Jr. In repayment, the Company was to repay the full amount of the note and accrued interest in cash by September 1, 2009. On November 5, 2009, the Company entered into a thirty day loan extension agreement with John E. McConnaughy Jr. for this $25,000 loan. The principal amount and interest was payable on December 5, 2009 and the loan is currently in default.

(10) On July 20, 2009, the Company received a $100,000 interest bearing advance from Greg and Lori Popke ("Popke.") In repayment, the Company was to repay the full amount of the note in cash not later than September 19, 2009. During the period ended September 30, 2009, the Company recorded $60,000 in debt issue costs related to the 1,000,000 shares of restricted common stock that are issuable to Popke for interest expense as of September 19, 2009. On November 12, 2009, the Company entered into a thirty day loan extension agreement with Popke to extend this $100,000 loan. The principal amount was payable on December 11, 2009 and the loan is currently in default. During the years ended December 31, 2010 and 2009, the Company incurred $365,000 and $102,000 in default penalties respectively, and has accrued cumulative default penalties of $467,000 as of December 31, 2010.

NOTE 6 - IMPAIRMENT OF MARKETING AND DISTRIBUTION AGREEMENT AND RELATED SENIOR NOTE PAYABLE DUE TO EMPIRE ADVISORY, LLC

As discussed in Note 1, in August 2005, the Company executed a marketing and distribution agreement with Arrow Pte. This agreement was valued at fair value as determined based on an independent appraisal, which approximates the market value of 96% of the CNE public stock issued in settlement of the note.

The marketing and distribution agreement would have been amortized over the remainder of 99 years (the life of the agreement) once the Company commenced sales. As of December 31, 2005, the Company had recorded a $125,000,000 amortizable intangible asset for this agreement and corresponding credits to common stock and additional paid-in capital in conjunction with the stock settlement of the senior secured note payable to Empire Advisory, LLC and related cash advances in the same aggregate amount. The senior secured note payable was non-interest bearing and was repaid in the form of the preferred stock, which was subsequently converted to common stock (See Note 3). Any preferred stock issued under the senior secured note payable is considered restricted as to the sale thereof under SEC Rule 144 as unregistered securities.

The Company's only intangible asset was comprised of this marketing and distribution agreement with Arrow Pte. In accordance with SFAS 142, "Goodwill and Other Intangible Assets" this intangible agreement is no longer amortized; instead the intangible is tested for impairment on an annual basis. The Company assesses the impairment of identifiable intangibles and goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

- Significant inability to achieve expected projected future operating results;
- Significant changes in the manner in which the work is able to be performed what increases costs;
- Significant negative impact on the environment.

We perform goodwill impairment tests on an annual basis and on an interim basis if an event or circumstance indicates that it is more likely than not that impairment has occurred. We assess the impairment of other amortizable intangible assets and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include significant underperformance to historical or projected operating results, substantial changes in our business strategy and

significant negative industry or economic trends.

The World Bank and World Wildlife Federation have adopted forest management guidelines to ensure economic, social and environmental benefits from timber and non-timber products and the environmental services provided by forests. Most countries, including Indonesia as of 2007, have adopted these guidelines as law in order to promote economical development while combating the ongoing crisis of worldwide deforestation.

It has always been the policy of Arrow Pte to follow the international guidelines for the harvesting of timber in virgin forests. In December 2007, Arrow Pte. assessed that it would be unable to harvest the timber products in Papua, New Guinea due to the fact that the widely accepted international guidelines of the World Wildlife Federation had not been adopted by Papua, New Guinea. This fact is adverse to the economic, social and environmental goals of Arrow Pte. because with the amount of land that the project was allotted combined with the agreed upon previous guidelines of the marketing and distribution agreement, yields would be significantly reduced. Given the significant change in the economics of the harvesting of the timber in Papua, New Guinea, Arrow Pte. has decided not to pursue any further operations in Papua, New Guinea given that the above restrictions cause a significant reduction in the volume of harvesting, which results in a disproportionate cost to yield ration at the Papua, New Guinea site which makes the project not economically feasible in the foreseeable future.

Based on the fact that Arrow Pte. is unable to fulfill their part of the agreement, the Company has reached the conclusion that the marketing and distribution agreement has no value. Therefore, the Company has fully impaired the value of the agreement and recorded a loss on write-off of the marketing and distribution agreement of $125,000,000 at December 31, 2007.

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NOTE 7 - RELATED PARTY TRANSACTIONS

[1] Management Agreement with Empire Advisory, LLC

Effective August 1, 2005, the Company entered into a Management Agreement with Empire Advisory, LLC ("Empire") under which Empire provides chief executive officer and administrative services to the Company in exchange for a) an annual fee of $300,000 for overhead expenses, b) $1,000,000 per annum (subject to increases in subsequent years) for executive services, and c) a one-time fee of $150,000 for execution of the proposed transaction which was incurred in 2005. The term of the agreement was for five years. On May 18th, 2011 the agreement was extended through December 31st, 2016, and will follow the terms of the original agreement, and is automatically renewable thereafter unless notice by both parties are sent within 120 days prior to the end of said agreement.

As of December 31, 2010 and December 31, 2009, the Company had short-term borrowings of $8,517,313 and $5,472,111, respectively, due to Empire, consisting of cash advances to the Company and working capital raised by Empire, as agent, on behalf of the Company. These amounts are non-interest bearing and due on demand.

Peter Frugone is a member of the Board of Directors of the Company and is the owner of Empire. Empire, as agent, was the holder of the $125 million senior secured note payable settled in December 2005.

Consulting fees and services charged to the Statement of Operations for the year ended December 31, 2010, December 31, 2009 and for the period from inception (November 15, 2005) to December 31, 2010 incurred to Empire totaled $4,776,207, $4,296,832, and $16,481,694, respectively.

During the year ended December 31, 2010, the Company also incurred Director's compensation expense of $67,500 to Mr. Frugone, consisting of cash compensation of $50,000 and stock based compensation of $17,500 based upon the Company's share trading price on the date of the grant. During the year ended December 31, 2009, the Company also incurred Director's compensation expense of $58,750 to Mr. Frugone, consisting of cash compensation of $50,000 and stock based compensation of $8,750 based upon the Company's share trading price on the date of the grant. At December 31, 2010 the Company is obligated to issue 1,000,000 Common Stock shares to him, and "Accounts payable and accrued liabilities" includes $200,000 due to him for the cash based portion of his 2010, 2009, 2008 and 2007 director's compensation (See Note 7[4]).

During the years ended December 31, 2010 and 2009, the Company made cash payments of $276,043 and $992,570, respectively, to Empire under the agreement.

[2] Engagement and Consulting Agreements entered into with individuals affiliated with Arrow PNG:

Consulting fees and services charged in the Statement of Operations for the year ended December 31, 2010 and December 31, 2009 incurred to Hans Karundeng and Rudolph Karundeng under Engagement and Consulting Agreements totaled $1,500,000 and $1,500,000, respectively. In addition, as of December 31, 2009 and 2008 the Company owed them a total of $7,659,291 and $6,146,791, respectively. These agreements are discussed in detail in Note 11.

During the year ended December 31, 2010, the Company also incurred Director’s compensation expense $67,500 to Rudolph Karundeng, consisting of cash compensation of $50,000 and stock based compensation of $17,500 based upon the Company’s share trading price on the date of the grant. During the year ended December 31, 2009, the Company also incurred Director’s compensation expense $58,750 to Rudolph Karundeng, consisting of cash compensation of $50,000 and stock based compensation of $8,750 based upon the Company’s share trading price on the date of the grant. At December 31, 2010 the Company is obligated to issue 1,000,000 Common Stock shares to him, and “Accounts payable and accrued liabilities” includes $200,000 due to him for the cash based portion of his 2010, 2009, 2008 and 2007 director’s compensation (See Note 7[4]).

On May 18th, 2011 the engagement and consulting agreements with Hans Karundeng and Rudolph Karundeng (See Note 10) were extended through December 31st, 2016, and will follow the terms of the original agreements, and is automatically renewable thereafter unless notice by both parties are sent within 120 days prior to the end of said agreements.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - RELATED PARTY TRANSACTIONS (CONTINUED)

[3] Non-Interest Bearing Advance Received from Company Director:

In July 2006, the Company received a $150,000 non-interest bearing advance from John E. McConnaughy, Jr., a Director of the Company, which is due on demand. This note was repaid in October 2006. Also, in October 2006, the Company received an additional $200,000 non-interest bearing advance from Mr. McConnaughy, Jr. which was also due on demand. Of this amount, $25,000 was repaid in March 2007 and $88,000 in April and May 2008, leaving a balance due of $87,000 on this note. In February and March 2007, the Company received an additional $200,000 non-interest bearing advance from John E. McConnaughy, Jr., which is due on demand. In May and June 2007, the Company received an additional $250,000 non-interest bearing advance from John E. McConnaughy, Jr., which is due on demand. In July 2007, the Company received $250,000 of additional non-interest bearing advances from John E. McConnaughy, Jr., which is due on demand. In August 2007, the Company received a $50,000 non-interest bearing advance from John E. McConnaughy, Jr., which is due on demand. In October 2007 the Company received a $200,000 non-interest bearing advance from John E. McConnaughy, Jr., which is due on demand. In December 2007 the Company received a $250,000 non-interest bearing advance from John E. McConnaughy, Jr., which is due on demand. In March 2008, the Company received an additional $110,000 non-interest bearing advance from John E. McConnaughy, Jr. In May and June 2008, the Company received $75,000 non-interest bearing advance from John E. McConnaughy, Jr, which is due on demand. In July 2008, the Company received $90,000 non-interest bearing advance from John E. McConnaughy, Jr, which is due on demand.

In August 2008, the Company received $240,000 non-interest bearing advance from John E. McConnaughy, Jr, which is due on demand. In September 2008, the Company received $90,000 non-interest bearing advance from John E. McConnaughy, Jr, which is due on demand. In October 2008, the Company received $50,000 non-interest bearing advance from John E. McConnaughy, Jr, which is due on demand. In November 2008, the Company received $10,000 non-interest bearing advance from John E. McConnaughy, Jr, which is due on demand. In December 2008, the Company received $5,000 non-interest bearing advance from John E. McConnaughy, Jr, which is due on demand. On January 15, 2009, the Company received a $5,000 non-interest bearing advance from John E. McConnaughy Jr. In repayment, the Company will repay the full amount of the note in cash over two years from the date the note is executed. On January 27, 2009, the Company repaid $5,000 to John E. McConnaughy, Jr against the outstanding balance owed to him. On September 28, 2009, John E. McConnaughy, Jr. converted $9,000 of non-interest bearing advance owed to him by the Company into 180,000 shares of restricted, unregistered common stock at $0.05 per share into the name of Roberta Konrad. On September 28, 2009, John E. McConnaughy, Jr. converted $30,000 of non-interest bearing advance owed to him by the Company into 600,000 shares of restricted, unregistered common stock at $0.05 per share into the name of Jacqueline Rowen. As of December 31, 2009, John E. McConnaughy III assigned a $12,000 advance to John McConnaughy, Jr. As of December 31, 2010 and December 31, 2009, the Company had $1,955,000 and $1,955,000, respectively, left to be repaid to Mr. McConnaughy, which is included in "Due to Related Parties."

On June 2, 2009, the Company received a $25,000 10% interest bearing advance from John E. McConnaughy Jr. In repayment, the Company will repay the full amount of the note and accrued interest in cash by September 1, 2009. As of December 31, 2010, the outstanding principal and accrued interest of $2,500 has been included in "Notes Payable". On November 5, 2009, the Company entered into a thirty day loan extension agreement with John E. McConnaughy

Jr. for this $25,000 loan. The principal amount and interest was payable on December 5, 2009. This note is currently in default.

During the year ended December 31, 2010, the Company also incurred Director's compensation expense $67,500 to Mr. McConnaughy, consisting of cash compensation of $50,000 and stock based compensation of $17,500 based upon the Company's share trading price on the date of the grant. During the year ended December 31, 2009, the Company also incurred Director's compensation expense $58,750 to Mr. McConnaughy, consisting of cash compensation of $50,000 and stock based compensation of $8,750 based upon the Company's share trading price on the date of the grant. At December 31, 2010 the Company is obligated to issue 1,000,000 Common Stock shares to him, and "Accounts payable and accrued liabilities" includes $200,000 due to him for the cash based portion of his 2010, 2009, 2008 and 2007 director's compensation (See Note 7[4]).

[4] Directors' Compensation:

On December 3, 2007, the Board of Directors approved a plan to compensate all members of the Board of Directors at a rate of $50,000 per year and 250,000 shares of Company common stock effective January 1, 2007. This compensation plan applies to any board member that belonged to the Board as of and subsequent to January 1, 2007. Those board members that were only on the Board for part of the year will received pro-rata compensation based on length of service. As of December 31, 2010 and December 31, 2009, none of the shares under this plan have been issued and the Company has an accrued liability of $750,137 and $600,137, respectively, of cash-based compensation and recorded additional paid-in capital through those dates of $225,033 and $172,541, respectively, for stock-based compensation based on the fair value of 3,750,685 and 3,000,685 shares to be issued to the members of the Board, respectively.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – STOCKHOLDER'S EQUITY

Arrow Ltd. was incorporated in May 2005 as a Bermuda corporation. Upon incorporation, 1,200,000 shares of $.01 par value common stock were authorized and issued to CNE.

On November 14, 2005, the Company increased its authorized shares to 1 billion and reduced the par value of its common stock to $0.00001 per share, resulting in a common stock conversion rate of 1 to 62.4.

On November 14, 2005, the Company completed a reverse merger with CNE Group, Inc. by acquiring 96% of the outstanding shares of CNE's common stock in the form of convertible preferred stock issued in settlement of the senior note payable.

During 2005, CNE divested or discontinued all of its subsidiaries in preparation for the reverse merger transaction. Accordingly, the results of operations for the divested or discontinued subsidiaries are not included in the consolidated results presented herein. In conjunction with the divestitures, CNE repurchased and retired all preferred stock and made certain payments to related parties.

In conjunction with the reverse merger transaction, the Company retired 1,238,656 shares of Treasury Stock.

On August 2, 2006, the Company entered into a stock purchase agreement with APR wherein APR agreed to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $1.00 per share, making this a capital contribution of $15,000,000 in total. The stock will be delivered at the time the Company files for registration. During the third and fourth quarters of 2006, the Company received a total of $985,000 in capital contribution towards the stock purchase agreement with APR to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $1.00 per share. During the year ended December 31, 2007, the Company received an additional $500,000 in capital contribution towards the stock purchase agreement with APR to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $1.00 per share. (See Note 10 [5] - Stock Purchase Agreement.)

On November 20, 2007, the Board of Directors approved a private placement offering (the "Offering") approximating $2,000,000 to accredited investors at $1.00 per share of Series A Convertible Preferred Stock. The Offering will consist of the Company's Series A Convertible Preferred Stock that will be convertible into our common stock. These securities are not required to be and will not be registered under the Securities Act of 1933. Shares issued under this placement will not be sold in the United States, absent registration or an applicable exemption from registration. As of December 31, 2009, the Company had received $355,000 from investors towards 355,000 Series A Convertible Preferred Stock shares issuable under subscription agreements covering the placement offering. Each Series A Convertible Preferred Stock is convertible into 20 shares of the Company's Common Stock. The holders of the preferred stock have no voting rights except as may be required by Delaware law, no redemption rights, and no liquidation preferences over the Common Stock holders. On November 3, 2009, the 355,000 Series A Convertible Preferred Stock were converted into 7,100,000 Common shares. As of December 31, 2010, there were no Series A Convertible Preferred Stock outstanding.

On December 3, 2007, the Board of Directors approved a plan to compensate all members of the Board of Directors at a rate of $50,000 per year and 250,000 shares of Company common stock effective January 1, 2007. This

compensation plan applies to any board member that belonged to the Board as of and subsequent to January 1, 2007. Those board members that were only on the Board for part of the year will received pro-rata compensation based on length of service. As of December 31, 2010 and December 31, 2009, none of the shares under this plan had been issued and the Company has accrued $750,137 and $600,137 of cash-based compensation and recorded additional paid-in capital of $255,033 and $172,541 for stock compensation based on the fair value of 3,750,685 shares and 3,000,685 to be issued to the members of the Board.

On February 1, 2008, the Company entered into Independent Contractor Agreement with Charles A. Moskowitz of MoneyInfo. Inc. to provide consulting services to the Company in the lumber market development, ethanol market development, and compilation of market prices associated with lumber and ethanol and development of a database for the ongoing analysis of these markets. The term of this agreement was February 1, 2008 through July 31, 2008. As payment for the Consultant's services, the Company will issue 2,600,000 shares of common stock to Charles A. Moskowitz. During the year ended December 31, 2008, the Company recorded consulting fees and services of $208,000 related to the 2,600,000 shares of common stock that are now issuable to Charles A. Moskowitz. As of December 31, 2010, none of these shares have been issued to Charles A. Moskowitz.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STOCKHOLDER'S EQUITY (CONTINUED)

On March 13, 2008, the Company and Micro-Cap Review, Inc. ("Micro-Cap") executed an Advertising Agreement wherein the Company will pay Micro-Cap Review, Inc. 1,000,000 of restricted common shares to display advertisements and advertorial in the Micro-cap Review magazine and on http://www.microcapreview.com website on a rotating basis. The services began on March 13, 2008 and expired on June 30, 2008. On April 29, 2008, the Company issued 1,000,000 shares of unregistered restricted common stock to Micro-Cap Review, Inc. The Company recorded a marketing expense of $70,000 in consulting fees and services related to the issuance of the 1,000,000 shares of common stock as of December 31, 2008.

On March 15, 2008, the Company and Seapotter Corporation ("Seapotter") executed a Consulting Agreement wherein Seapotter would provide information technology support from March 15, 2008 to July 15, 2008 in exchange for $9,000 per month and 250,000 shares of common stock. On April 29, 2008, the Company issued 250,000 shares of unregistered restricted common stock to Charles Potter per the Consulting Agreement entered into by the Company on March 15, 2008. The Company recorded consulting fees and services of $17,500 related to the 250,000 shares of common stock that were issued to Seapotter on April 29, 2008.

On April 30, 2008, the Company entered into Independent Contractor Agreement with Ciolli Management Consulting, Inc. to provide advisory services in the land development, construction management, equipment acquisition and project management industries. As payment for the Consultant's services, the Company will issue a one-time, non-refundable fee of 1,000,000 unrestricted shares of common stock. As of December 31, 2008, the Company has expensed $60,000 for the 1,000,000 shares of common stock that were issued to Ciolli Management Consulting, Inc. as of December 31, 2008.

On April 30, 2008, the Company received a $500,000 non-interest bearing advance from Frank Ciolli ("Ciolli.") In repayment, the Company promised to pay Ciolli the principal sum of $550,000 on or before October 31, 2008. On October 31, 2008, the Company entered into a 60 day loan extension with Ciolli. In payment, the Company issued 1,000,000 shares of the Company's unregistered restricted common stock to Ciolli and 1,000,000 shares of the Company's unregistered restricted common stock to Donna Alferi on behalf of Michael Alferi as designated by Ciolli. The Company recorded $100,000 and $100,000, respectively, in debt issue costs related to the 1,000,000 and 1,000,000, respectively, of shares of common stock that were issued to Ciolli and Donna Alferi as of December 31, 2008. On January 15, 2009, the Company entered into the thirty-one day extension from December 31, 2008 for the Convertible Loan Agreement and Convertible Note with Ciolli for the loan amount of $550,000 dated as of April 30, 2008. The Company issued 500,000 shares of restricted, unregistered common stock each for Michael Alferi and Ciolli, which resulted in Company debt issue costs of $80,000 as of September 30, 2009. On August 12, 2009, the Company and Ciolli entered into a six month extension for the Senior Note and Purchase Agreement for the principal sum of $550,000. The principal amount was payable on February 12, 2010. The balance of $550,000 note payable is currently in default.

On March 31, 2008, the Company received a $150,000 non-interest bearing advance from John Marozzi ("Marozzi") which is due on demand. As payment for his services, the Company was to repay the full amount of the note plus 1,000,000 shares of unregistered restricted common stock. The Company recorded $40,000 of debt issue costs related to the 1,000,000 shares of common stock that were issuable to Marozzi as of March 31, 2008 (See Note 8). On May 5, 2008, Marozzi received repayment of $50,000 from the Company. On October 13, 2008, the Company

received another $50,000 interest bearing advance from Marozzi. The Company was to repay the full amount of the October 31, 2008 $50,000 note in cash within 60 calendar days from the date the note was executed plus interest paid in the form of 1,000,000 shares of unregistered Company common stock. The Company recorded $60,000 of debt issue costs related to the 1,000,000 shares of common stock which were issuable to Marozzi as of December 31, 2008 (See Note 5).

On March 5, 2009, the Company received another $50,000 interest bearing advance from Marozzi. The Company was to repay the full amount of the March 5, 2009 $50,000 note in cash within 60 calendar days from the date the note was executed plus interest paid in the form of 1,000,000 shares of unregistered Company common stock. This left a balance of $200,000 unpaid principal as of June 30, 2009. On August 12, 2009, the Company and Marozzi entered into a six month extension for the Senior Note and Purchase Agreement for the amount of $200,000. The principal amount was payable on February 5, 2010. On April 17, 2009, the Company received a $12,500 non-interest bearing advance from Marozzi. The Company was to repay the full amount of the April 17, 2009 $ 12,500 note in cash within 60 calendar days from the date the note was executed. On May 8, 2009, the Company received a $ 20,000 non-interest bearing advance from Marozzi. On August 13, 2009, the Company and Marozzi entered into a six month extension for the Senior Note and Purchase Agreement for the amount of $32,500. The principal amount was payable on February 5, 2010. On August 7, 2009, the Company received a $33,000 non-interest bearing advance from Marozzi. In repayment, the Company was to repay the full amount of the note in cash within 60 calendar days from the date the note was executed. On November 5, 2009, the Company entered into a thirty day loan extension agreement with Marozzi for the $33,000 loan to the Company. The principal amount and interest was payable on December 5, 2009. This left a total balance of $265,500 of unpaid principal as of December 31, 2009 which was in default.

On March 3, 2010, the Company received an $110,000 interest bearing advance from Marozzi. The Company was to pay interest at the interest rate of 10% payable at the time of repayment due March 3, 2011. As of March 3, 2011, the advance was not repaid by the Company, and is currently in default. On April 21, 2010, the Company received a $42,000 interest bearing advance from Marozzi. The Company will pay interest at the interest rate of 10% which shall be payable at the time of repayment due April 21, 2011. The Company had the option to repay the loan in Company stock at a price based on a 50% discount off the market price, calculated on the average closing price five days prior to delivery of the stock. On December 14, 2010 the Company agreed to issue 20 million shares of its common stock in settlement of $217,500 of the older debt instruments owed to Marozzi. The Company recorded a loss on debt conversion of $1,182,500 in connection with this transaction. This left a total balance of $200,000 of unpaid principal as of December 31, 2010.

On April 25, 2011, the Company and its Board of Directors agreed to issue to Marozzi 30,000,000 shares of the Company’s common stock as settlement for the outstanding principal balance payable to Marozzi of $200,000. The Company’s stock price on April 25, 2011 was $0.04; therefore, the value of the 30,000,000 shares to be issued was $1,200,000, resulting in a loss on debt conversion of $1,000,000 to be reflected in the Company’s Statements of Operations during the second quarter of 2011.

On April 8, 2008, the Company received a $50,000 non-interest bearing advance from Barry Weintraub, which was due on demand. In repayment, the Company repaid the full amount of the note on April 30, 2008 and is obligated to issue 2,000,000 shares of the Company’s unregistered restricted common stock to Barry Weintraub. The Company recorded $120,000 in debt issue costs related to the 2,000,000 shares of common stock that were issuable to Barry Weintraub as of December 31, 2008 (See Note 5).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STOCKHOLDER'S EQUITY (CONTINUED)

On April 24, 2008, the Company received a $38,000 non-interest bearing advance from Christopher T. Joffe, which is due on demand. In repayment, the Company will repay the full amount of the note plus 304,000 shares of the Company's unregistered restricted common stock. The Company recorded $24,320 in debt issue costs related to the 304,000 shares of common stock that are issuable to Christopher T. Joffe as of December 31, 2008 (See Note 5).

On April 24, 2008, the Company received another $38,000 non-interest bearing advance from James R. McConnaughy, which is due on demand. In repayment, the Company will repay the full amount of the note plus 304,000 shares of the Company's unregistered restricted common stock. The Company recorded $24,320 in debt issue costs related to the 304,000 shares of common stock that are issuable to James R. McConnaughy as of December 31, 2008 (See Note 5).

On April 25, 2008, the Company received a $12,000 non-interest bearing advance from John E. McConnaughy, III, which is due on demand. In repayment, the Company will repay the full amount of the note plus 96,000 shares of unregistered restricted common stock. The Company recorded $7,680 in debt issue costs related to the 96,000 shares of common stock that are issuable to John E. McConnaughy, III as of December 31, 2008 (See Note 5). As of December 31, 2009, John E. McConnaughy III assigned the $12,000 advance to John McConnaughy, Jr.

On May 15, 2008, the Board of Directors approved a private placement offering (the "Offering") approximating $2,000,000 to accredited investors at $1.00 per share of Series C Convertible Preferred Stock. The Offering will consist of the Company's Series C Convertible Preferred Stock that will be convertible into our common stock. These securities are not required to be and will not be registered under the Securities Act of 1933. Shares issued under this placement will not be sold in the United States, absent registration or an applicable exemption from registration. As of September 30, 2009, the Company received $25,000 from investors towards the fulfillment of the financing agreement. On November 3, 2009, the 25,000 Series C Convertible Preferred Stock were converted into 500,000 Common shares. As of December 31, 2010 and 2009, there was no Series C Convertible Preferred Stock outstanding.

Also on May 15, 2008, the Board of Directors approved the issuance of 50,000 shares of unregistered restricted common stock to Sheerin Alli and 50,000 shares of unregistered restricted common stock to Lori McGrath for consulting services provided. As of December 31, 2010, the Company has not yet issued these shares. The Company recorded $6,500 and $6,500, respectively, in consulting fees related to the 100,000 shares of common stock that are issuable to Sheerin Alli and Lori McGrath as of September 30, 2008.

On June 24, 2008, Arrow Resources Development, Inc. entered into a Subscription Agreement with Timothy J. LoBello ("Purchaser") in which the Purchaser subscribed for and agreed to purchase 1,000,000 shares of the Company's common stock on June 13, 2008 for the purchase price of $50,000 ($0.05 per share). As of December 31, 2010, the Company has not yet issued these shares to the Purchaser. On the date of the purchase, the fair value of these shares was $140,000. During the year ended December 31, 2008, the Company recorded 49,990 to Additional Paid-in Capital to be issued related to this transaction.

On October 13, 2008, the Company received a $50,000 interest bearing advance from Scott Neff. The Company was to repay the full amount of the note in cash within 60 calendar days from the date the note is executed plus interest expense paid in the form of 1,000,000 shares of unregistered Company common stock. The Company recorded

$60,000 in costs related to the 1,000,000 shares of common stock that are issuable to Scott Neff as of December 31, 2008. On August 12, 2009, the Company and Scott Neff entered into a six month extension for the Senior Note and Purchase Agreement for the principal sum of $50,000. The principal amount was payable on February 5, 2010. This note payable is currently in default.

On October 29, 2008, the Company entered into a Subscription Agreement with James Fuchs by which he purchased 250,000 shares of common stock in the amount of $0.10 per share for total of $25,000. On November 24, 2008, the Company issued 250,000 shares of restricted, unregistered common stock to James Fuchs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STOCKHOLDER'S EQUITY (CONTINUED)

On October 31, 2008, the Company entered into a 60 day loan extension with Frank Ciolli related to the $550,000 in principal loan incurred by the Company on April 30, 2008. The Company issued 1,000,000 shares of the Company's unregistered restricted common stock to Frank Ciolli and 1,000,000 shares of the Company's unregistered restricted common stock to Donna Alferi on behalf of Michael Alferi as Frank Ciolli's designee. The Company recorded $200,000 in debt issue costs related to the 1,000,000 and 1,000,000, respectively, of shares of common stock that were issued to Frank Ciolli and Donna Alferi as of December 31, 2008 (See Note 5). On August 12, 2009, the Company and Frank Ciolli entered into a six month extension for the Senior Note and Purchase Agreement for the principal sum of $550,000. The principal amount was payable on February 12, 2010. The note is currently in default.

On November 14, 2008, the Company entered into a Subscription Agreement with Peter Benolie Lane, Jacques Benolie Lane, and Christopher Benoliel Lane for the purchase of 250,000 shares of common stock in the amount of $0.10 per share for total of $25,000.

On December 11, 2008, the Company received $55,000 from Han Karundeng and Arrow Pacific Resources Group Limited for the purchase of 55,000 shares of common stock at $1.00 per share pursuant to the Stock Purchase Agreement that was executed on August 2, 2006.

On January 15, 2009, the Company entered into a stock purchase agreement with APR wherein APR agreed to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $.10 per share. On January 15, 2009, the Company received $85,000 from Hans Karundeng and Arrow Pacific Resources Group Limited for the purchase of 850,000 shares of common stock at $.10 per share pursuant to the APR to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $.10 per share. On January 20, 2009, the Company received $165,000 from Hans Karundeng and Arrow Pacific Resources Group Limited for the purchase of 1,650,000 shares of common stock at $.10 per share pursuant to the APR to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $.10 per share. (See Note 10 [5] - Stock Purchase Agreement.)

On December 14, 2005 Empire entered into a non interest bearing note agreement with Butler Ventures for $250,000. The cash from this note was invested in the Company. On June 17, 2009, the Company assumed the non interest bearing note from Empire for $250,000 to Butler Ventures. In repayment, the Company will repay the full amount of the note not later than July 29, 2009. On July 14, 2009, the Company issued 9,690,909 shares of common stock to Butler Ventures, LLC with a market value on the date of issuance of $533,000 in full settlement of the $250,000 note payable.

On June 29, 2009, the Company received a $100,000 interest bearing advance from Cliff Miller ("Miller.") In repayment, the Company will repay the full amount of the note in cash not later than July 29, 2009. During the period ended September 30, 2009, the Company recorded $70,000 in debt issue costs related to the 1,000,000 shares of restricted common stock that were issuable to Miller for interest expense as of July 29, 2009. On July 30, 2009, the Company received a $100,000 interest bearing advance from Miller. In repayment, the Company was to repay the full amount of the note in cash not later than August 30, 2009. During the period ended September 30, 2009, the Company recorded $60,000 in debt issue costs related to the 1,000,000 shares of restricted common stock that are issuable to

Miller for interest expense as of August 30, 2009. On August 11, 2009, the Company received a $250,000 interest bearing advance from Miller. In repayment, the Company was to repay the full amount of the note in cash not later than October 11, 2009. The Company shall pay interest in the form of 10,000,000 shares of the Company's restricted stock and a $100,000 cash payment due at maturity. During the year ended December 31, 2009, the Company recorded accrued interest of $100,000 and debt issue costs of $400,000 for interest expense. On November 11, 2009, the Company entered into a thirty day loan extension agreement with Miller for the $100,000 loan on June 29, 2009, the $100,000 loan on July 30, 2009 and the $250,000 loan on August 11, 2009. In consideration of the extending the term of the loan, the Company was to issue 2,000,000 shares of the Company's common stock on January 4, 2010. During the year ended December 31, 2009, the Company recorded debt issue costs of $60,000 related to the 2,000,000 shares for interest expense. The total unpaid principal balance of $450,000 is in default. During the years ended December 31, 2010 and 2009, the Company incurred $1,642,500 and $476,000 in default penalties respectively, and has accrued cumulative default penalties of $2,118,500 as of December 31, 2010.

On July 20, 2009, the Company received a $100,000 interest bearing advance from Greg and Lori Popke ("Popke.") In repayment, the Company was to repay the full amount of the note in cash not later than September 19, 2009. During the period ended September 30, 2009, the Company recorded $60,000 in debt issue costs related to the 1,000,000 shares of restricted common stock that are issuable to Popke for interest expense as of September 19, 2009. On November 12, 2009, the Company entered into a thirty day loan extension agreement with Popke to extend this $100,000 loan. The principal amount was payable on December 11, 2009 and the loan is currently in default. During the years ended December 31, 2010 and 2009, the Company incurred $365,000 and $102,000 in default penalties respectively, and has accrued cumulative default penalties of $467,000 as of December 31, 2010.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - STOCKHOLDER'S EQUITY (CONTINUED)

On September 28, 2009, John E. McConnaughy, Jr. converted $9,000 of non-interest bearing advance owed to him by the Company into 180,000 shares of restricted, unregistered common stock at $0.05 per share into the name of Roberta Konrad. On September 28, 2009, John E. McConnaughy, Jr. converted $30,000 of non-interest bearing advance owed to him by the Company into 600,000 shares of restricted, unregistered common stock at $0.05 per share into the name of Jacqueline Rowen.

On November 3, 2009, Hans Karundeng converted $100,000 of non-interest bearing advance owed to him by the Company into 2,000,000 shares of common stock.

On November 3, 2009, Empire converted $100,000 of non-interest bearing advance owed to them by the Company into 2,000,000 shares of common stock.

Reset of 2005 Subscription Agreement

On February 5, 2009 the Company agreed to issue 1,248,094 shares of common stock to certain investors as settlement for the reset of their August 3, 2005 subscription agreements. As of December 31, 2010, only 138,095 shares had been issued.

NOTE 9 - GAIN ON WRITE OFF OF PREDECESSOR ENTITY LIABILITIES

During the fourth quarter of 2006, the Company wrote off accounts payable and accrued expenses in the amount of $395,667 associated with CNE, the predecessor entity in the reverse merger transaction, which will not be paid. This resulted in the recognition of a gain reflected in the Statement of Operations for the year ended December 31, 2006 in the same amount.

NOTE 10 - COMMITMENTS AND OTHER MATTERS

[1] Engagement and Consulting Agreements entered into with individuals affiliated with APR

Effective May 20, 2005, the Company entered into an Engagement Agreement with Hans Karundeng for business and financial consulting services for fees of $1,000,000 per annum. The term of the agreement is five years. Payments under the agreement are subject to the Company's cash flow. On May 18th, 2011 the agreement was extended through December 31st, 2016, and will follow the terms of the original agreement, and are automatically renewable thereafter unless notice by both parties are send within 120 days prior to the end of said agreements.

Effective August 1, 2005, the Company entered into a Consulting Agreement with Rudolph Karundeng for his services as Chairman of the Board of the Company for fees of $1,000,000 per annum. The term of the agreement was five years. On May 18th, 2011 the agreement was extended through December 31st, 2016, and will follow the terms of the original agreement, and is automatically renewable thereafter unless notice by both parties are sent within 120 days prior to the end of said agreement. Rudolph Karundeng is a son of Hans Karundeng. However, on May 1, 2006, the Company accepted the resignation of Rudolph Karundeng as Chairman of the Board, but he continues to be a

director of the Company. Peter Frugone has been elected as Chairman of the Board until his successor is duly qualified and elected. Subsequent to his resignation, it was agreed that Rudolph Karundeng's annual salary is to be $500,000 as a director.

During the year ended December 31, 2010, the Company made cash payments to Hans Karundeng of $37,500 under his agreement. During the year ended December 31, 2010, the Company made no cash payments to Rudolph Karundeng under his agreement. During the year ended December 31, 2009, the Company made cash payments to Hans Karundeng of $122,700 under his agreement. During the year ended December 31, 2009, the Company made no cash payments to Rudolph Karundeng under his agreement. During the year ended December 31, 2008, the Company made cash payments to Hans Karundeng of $320,000 under his agreement. During the year ended December 31, 2008, the Company made no cash payments to Rudolph Karundeng under his agreement. During the year ended December 31, 2007, the Company received additional advances of $100,000 from Hans Karundeng under his agreement and made cash payments to him of $556,000. During the year ended December 31, 2007, the Company made cash payments of $7,000 to Rudolph Karundeng under his agreement. During the year ended December 31, 2006, the Company received additional advances of $61,787 from Hans Karundeng under his agreement. During the year ended December 31, 2006, the Company made cash payments of $62,174 to Rudolph Karundeng under his agreement. During the period from inception (November 15, 2005) to December 31, 2010, the Company made cash payments to Hans Karundeng and Rudolph Karundeng of $1,105,374 under the agreements.

[2] Management Agreement with Empire Advisory, LLC

Effective August 1, 2005, the Company entered into a Management Agreement with Empire Advisory, LLC ("Empire") under which Empire provides chief executive officer and administrative services to the Company in exchange for a) an annual fee of $300,000 for overhead expenses, b) $25,000 per month for reimbursable expenses, c) $1,000,000 per annum (subject to increases in subsequent years) for executive services, and d) a one-time fee of $150,000 for execution of the proposed transaction.

On May 18th, 2011 the agreement was extended through December 31st, 2016, and will follow the terms of the original agreement, and is automatically renewable thereafter unless notice by both parties are sent within 120 days prior to the end of said agreement.

During the year ended December 31, 2010, the Company made cash payments of $276,043 to Empire under the agreement. During the year ended December 31, 2009, the Company made cash payment of $992,570 to Empire under the agreement. During the year ended December 31, 2008, the Company made cash payments of $1,319,216 to Empire under the agreement. During the year ended December 31, 2007, the Company made cash payments of $1,140,529 to Empire under the agreement. During the year ended December 31, 2006, the Company made cash payments of $562,454 to Empire under the agreement. During the period from inception (November 15, 2005) to December 31, 2005, the Company made cash payments of $364,000 to Empire under this agreement. During the period from inception (November 15, 2005) to December 31, 2010, the Company made cash payments of $4,654,812 to Empire under this agreement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS AND OTHER MATTERS (CONTINUED)

[3] Litigation- predecessor entity stock holders

The Company was a party to a lawsuit where the plaintiff is alleged that he was entitled to $60,000 and 1,300,000 of common stock based upon CNE’s failure to compensate him for services related to identifying financing for CNE, based upon an agreement that was entered into between CNE and the plaintiff in April 2005. On November 28, 2007, the Company settled the lawsuit with the plaintiff. In full and final settlement of the claims asserted in the action, the Company has paid the plaintiff $10,000 in cash and issued the plaintiff 200,000 shares of the Company’s common stock on December 21, 2007. The settlement resulted in a loss on debt conversion of $2,000 during the year ended December 31, 2007 because an estimated liability had been recognized prior to 2007.

In May 2006, the Company was advised that it was alleged to be in default of a settlement agreement entered into in January of 2005 by CNE, its predecessor company, related to the release of unrestricted, freely-tradable, non-legend shares of stock. In August 2006, the plaintiffs, alleging the default, obtained a judgment in the 17th Judicial Circuit Court Broward County, Florida for approximately $1,000,000. On November 13, 2007, legal counsel engaged by Management commenced an action on the Company’s behalf in the above Circuit Court seeking to vacate and set aside the 2006 judgment asserting claims under Rule 1.540(b) of the Florida Rules of Civil Procedure. Our counsel’s evaluation is that the Company has only a limited chance of having the 2006 judgment opened by the Court because Florida law provides very narrow grounds for opening a judgment once a year has passed from its entry. The Courts are generally reluctant to disturb final judgments and the Company’s grounds for opening the judgment depend on the Court’s adopting a somewhat novel argument regarding such matters. If, however, the Court does open the default judgment, the Company will then have the opportunity to defend the 2006 action and, in such event, our counsel believes that the Company has a reasonable chance of succeeding in defending that claim, at least in part, based on the documents he has reviewed. As of December 31, 2010 and 2009, the Company has accrued $1,329,898 and $1,266,695, including accrued interest of $276,514 and $213,310, related to this matter.

On December 14, 2005, Empire Advisory received a $250,000 non-interest bearing advance from Butler Ventures, LLC the proceeds of which were used for the benefit of the Company and for which the liability was transferred to the Company. In repayment, the Company would repay the full amount of the note in converted securities and U.S. dollars on the earlier of March 31, 2006, without further notice or demand, or immediate payment in the event of default. On December 8, 2008, Butler filed a motion for summary judgment in lieu of complaint against Empire in the Supreme Court of the State of New York for failing to repay the loan on the maturity date. On January 29, 2009, Empire Advisory, LLC and Butler Ventures, LLC entered into Settlement Agreement and Mutual Release where the parties had agreed to resolve amicable the amounts due and owing to Butler by issuing to Butler common stock in Empire’s affiliated company, Arrow Resources Development, Inc. as well as by payment of all attorneys’ fees and expenses accrued to date. Empire Advisor shall cause the Company to issue to Butler shares of common stock in the Company. Butler agreed to extend until on or prior to March 31, 2009 for performance of all of Empire’s obligations. In consideration for this extension, Empire Advisor agreed to cause the Company to issue to Butler an additional 100,000 shares of the Company common stock. The Company defaulted on this extension. On June 17, 2009, Empire Advisory transferred the loan obligations to the Company, and the Company agreed to assume the loan obligations. On July 14, 2009, the Company issued 9,690,909 shares of common stock to Butler Ventures, LLC with a market value on the date of issuance of $533,000 in full settlement of the $250,000 note payable. 9,090,909 shares were issued in exchange for a senior note payable that has been assumed by the Company. 100,000 shares were issued in accordance with the aforementioned extension, and 500,000 shares were issued to Butler in consideration of Butler’s

agreement to forego its remedies related to the aforementioned default of the extension.

[4] Consulting/Marketing and Agency Agreements

On April 4, 2006, the Company entered into a consulting agreement with Dekornas GMPLH ("Dekornas") (a nonprofit organization in Indonesia responsible for replanting of trees in areas that were destroyed by other logging companies) in which the Company will provide financial consultancy services to Dekornas for an annual fee of $1.00 for the duration of the agreement. The term of the agreement is effective upon execution, shall remain in effect for ten (10) years and shall not be terminated until the expiration of at least one (1) year. As of December 31, 2010 , the Company has not recovered any revenue from this agreement.

In April of 2006, Arrow Resources Development, Ltd. entered into an agency agreement with APR to provides marketing and distribution services for timber resource products and currently has an exclusive marketing and sales agreement with APR to market lumber and related products from land leased by GMPLH which is operated by APR and its subsidiaries, located in Indonesia. Under the agreement Arrow Ltd. will receive a commission of 10% of gross sales derived from lumber and related products. As of December 31, 2010, the Company has recovered $52,000 of revenue from this agreement.

On April 14, 2006, the Company entered into a consulting agreement with P.T. Eucalyptus in which the Company will provide financial consultancy services to P.T. Eucalyptus for an annual fee, payable quarterly, equal to 10% of P.T. Eucalyptus' gross revenue payable commencing upon execution. The term of the agreement is effective upon execution, shall remain in effect for ninety-nine (99) years and shall not be terminated until the expiration of at least ten (10) years. As of December 31, 2010, the Company has not recovered any revenue from this agreement.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS AND OTHER MATTERS (CONTINUED)

On February 1, 2008, the Company entered into Independent Contractor Agreement with Charles A. Moskowitz of MoneyInfo. Inc. to provide consulting services to the Company in the lumber market development, ethanol market development, and compilation of market prices associated with lumber and ethanol and development of a database for the ongoing analysis of these markets. The term of this agreement is February 1, 2008 through July 31, 2008. As payment for the Consultant's services, the Company will issue 2,600,000 shares of common stock to Charles A. Moskowitz. The Company recorded consulting fees and services of $208,000 related to the 2,600,000 shares of common stock that are issuable to Charles A. Moskowitz as of December 31, 2008. As of December 31, 2010, the Company has not recovered any revenue from this agreement.

On March 13, 2008, the Company and Micro-Cap Review, Inc. ("Micro-Cap") executed an Advertising Agreement wherein the Company will pay Micro-Cap Review, Inc. 1,000,000 of restricted common shares to display advertisements and advertorial in the Micro-cap Review magazine and on http://www.microcapreview.com website on a rotating basis. The services began on March 13, 2008 and expired on June 30, 2008. On April 29, 2008, the Company issued 1,000,000 shares of unregistered restricted common stock to Micro-Cap Review, Inc. The Company recorded a marketing expense of $70,000 in consulting fees and services related to the issuance of the 1,000,000 shares of common stock as of December 31, 2008.

On March 15, 2008, the Company and Seapotter Corporation ("Seapotter") executed a Consulting Agreement wherein Seapotter would provide information technology support from March 15, 2008 to July 15, 2008 in exchange for $9,000 per month and 250,000 shares of common stock. On April 29, 2008, the Company issued 250,000 shares of unregistered restricted common stock to Charles Potter per the Consulting Agreement entered into by the Company on March 15, 2008. The Company recorded consulting fees and services of $17,500 related to the 250,000 shares of common stock that were issued to Seapotter on April 20, 2008.

On April 30, 2008, the Company entered into Independent Contractor Agreement with Ciolli Management Consulting, Inc. to provide advisory services in the land development, construction management, equipment acquisition and project management industries. As payment for the Consultant's services, the Company will issue a one-time, non-refundable fee of 1,000,000 unrestricted shares of common stock. As of December 31, 2008, the Company has expensed $60,000 related to the 1,000,000 shares of common stock that are were issued to Ciolli Management Consulting, Inc. on November 26, 2008.

On September 15, 2008, the Company entered into a Consulting Agreement with Infrastructure Financial Services, Inc. to assist and advise the Company in obtaining equity financing up to $5,000,000. As payment for the Consultant's services, the Company will pay a cash transaction fee of 7% upon closing of any equity financing the Consultants assist in obtaining.

On November 22, 2010, the Company entered into a Consulting Agreement with Franco, Inc. to provide market research and analysis services in the lumber and corn markets of Indonesia and Asia. As payment for the Consultant's services, the Company paid 6.5 million shares of Company common stock. As of December 31, 2010, the Company expensed $585,000 related to the market value of the 6.5 million shares using the Company's closing market price on November 22, 2010.

[5] (a) Stock Purchase Agreement

On August 2, 2006, the Company entered into a stock purchase agreement with APR wherein APR agreed to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $1.00 per share, making this a capital contribution of $15,000,000 in total. The stock will be delivered at the time the Company files for registration. APR is currently the principal shareholder of the Company, owning 352,422,778 shares or 52%. As of December 31, 2009, the Company has received $1,540,000 from APR towards the fulfillment of this agreement. As of December 31, 2010, the Company has received no additional funds.

On January 15, 2009, the Company entered into a stock purchase agreement with APR wherein APR agreed to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $.10 per share. On January 15, 2009, the Company received $85,000 from Hans Karundeng and Arrow Pacific Resources Group Limited for the purchase of 850,000 shares of common stock at $.10 per share pursuant to the APR to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $.10 per share. On January 20, 2009, the Company received $165,000 from Hans Karundeng and Arrow Pacific Resources Group Limited for the purchase of 1,650,000 shares of common stock at $.10 per share pursuant to the APR to purchase up to an aggregate amount of 15,000,000 shares of common stock in the Company for $.10 per share.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS AND OTHER MATTERS (CONTINUED)

(b) Private Placement Offering- Series A Convertible Preferred Stock

On November 20, 2007, the Board of Directors approved a private placement offering (the "Offering") approximating $2,000,000 to accredited investors at $1.00 per share of Series A Convertible Preferred Stock. The Offering was to consist of the Company's Series A Convertible Preferred Stock that will be convertible into our common stock. These securities are not required to be and will not be registered under the Securities Act of 1933 and will not be sold in the United States.. Each Series A Convertible Preferred Stock is convertible into 20 shares of the Company’s Common Stock. The holders of the preferred stock have no voting rights except as may be required by Delaware law, no redemption rights, and no liquidation preferences over the Common Stock holders absent registration or an applicable exemption from registration. On January 31, 2008, the Board of Directors approved an extension of the private placement offering until February 15, 2008, after which the offer was closed. As of September 30, 2009, the Company raised $355,000 from investors under this financing agreement. On November 3, 2009, the 355,000 Series A Convertible Preferred Stock were converted into 7,100,000 Common shares. As of December 31, 2010 and 2009, there were no Series A Convertible Preferred Stock outstanding.

(c) Private Placement Offering- Series C Convertible Preferred Stock

On May 15, 2008, the Board of Directors approved a private placement offering (the "Offering") approximating $2,000,000 to accredited investors at $1.00 per share of Series C Convertible Preferred Stock. The Offering will consist of the Company's Series C Convertible Preferred Stock that will be convertible into our common stock. These securities are not required to be and will not be registered under the Securities Act of 1933. Shares issued under this placement will not be sold in the United States, absent registration or an applicable exemption from registration. As of September 30, 2009, the Company received $25,000 from investors towards the fulfillment of the financing agreement. On November 3, 2009, the 25,000 Series C Convertible Preferred Stock were converted into 500,000 Common shares. As of December 31, 2010 and 2009, there was no Series C Convertible Preferred Stock outstanding.

[6] Delaware Corporate Status

The Company is delinquent in its filing and payment of the Delaware Franchise Tax Report and, accordingly, is not in good standing.

At December 31, 2010 and 2009, the Company has accrued an additional $420 and $420 for estimated unpaid Delaware franchise taxes incurred to date reportable during the year ended December 31, 2010 and 2009. As of December 31, 2010 accounts and accrued expenses payable includes aggregate estimated unpaid Delaware Franchise taxes of $186,261.

[7] 5 Year Table of obligations under [1] and [2] above:

The minimum future obligations for consulting fees and services under agreements outlined in [1] and [2] are as follows:

Years Ending Dec 31,	Amounts

2011	$ 5,169,649
2012	6,012,061
2013	7,065,076
2014	8,381,346
2015	10,026,682
Thereafter	12,083,352
	$ 47,738,166

The Company also engages certain consultants to provide services including management of the corporate citizenship program and investor relation services. These agreements contain cancellation clauses with notice periods ranging from zero to sixty days.

NOTE 11 – SPIN OFF AGREEMENT

On March 12, 2009, the Company entered into an agreement with a third party company to reinstate a Letter Agreement dated March 13, 2006 (the “Original Agreement”) and extend time to close on a contemplated spin-off. Pursuant to the Original Agreement, the Company will incorporate a new 100% owned Bermudan subsidiary that will be spun out to the Company’s shareholders. The third party company will put assets into the new subsidiary and assume 90% of the new subsidiary. The third party company paid the Company $250,000 for anticipated closing and transactional costs in March 2006 pursuant to the Original Agreement. It costs $50,000 to the Company to reinstate the Letter Agreement and to disclose reinstatement in its public filings by amendment. Therefore, the third party company paid the Company an additional $25,000 upon acceptance of the agreement and $25,000 on March 30, 2009.

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NOTE 12 - SUBSEQUENT EVENTS

On April 1, 2011, the Company executed a loan agreement with Marozzi, whereas Marozzi will provide funding as available to the Company up to $750,000. When the entire $750,000 has been funded to the Company, the principal amount and accrued interest is due 30 days thereafter. Interest will accrue at 4% per annum until all principal amounts are repaid. If entire $750,000 loan is not repaid in 30 days by cash or stock, the entire unpaid balance will be due and payable on demand at the option of the holder. Interest does not accrue per each individually funded amount. Of the $750,000 total commitment, Marozzi has advanced $192,480 as of May 20th, 2011. The principal amount and accrued interest is due 30 days after the entire $750,000 has been funded to the Company.

On April 25, 2011, the Company and its Board of Directors agreed to issue to Marozzi 30,000,000 shares of the Company’s common stock as settlement for the outstanding principal balance payable to Marozzi of $200,000. The Company’s stock price on April 25, 2011 was $0.04; therefore, the value of the 30,000,000 shares to be issued was $1,200,000, resulting in a loss on debt conversion of $1,000,000 to be reflected in the Company’s Statements of Operations during the second quarter of 2011.

On May 18th, 2011 the management agreement with Empire (See Note 10) was extended through December 31st, 2016, and will follow the terms of the original agreement, and is automatically renewable thereafter unless notice by both parties are sent within 120 days prior to the end of said agreement.

On May 18th, 2011 the engagement and consulting agreements with Hans Karundeng and Rudolph Karundeng (See Note 10) was extended through December 31st, 2016 , and will follow the terms of the original agreements, and is automatically renewable thereafter unless notice by both parties are sent within 120 days prior to the end of said agreements.

NOTE 13 - RESTATEMENT OF CURRENT YEAR'S FINANCIAL INFORMATION

There were several typographical, punctuation, numerical transposition and text errors in the Company’s originally filed Form 10-K for the year ended December 31, 2010. The correction of the aforementioned items resulted in no impact to the consolidated financial statements.

Exhibit Index

Exhibit No.	
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Principal Accounting Officer
32.1	Certification Pursuant to 18 U.S.C. §1350 of Chief Executive Officer
32.2	Certification Pursuant to 18 U.S.C. §1350 of the Principal Accounting Officer