

ARROW RESOURCES DEVELOPMENT INC  
Form 10-K  
April 15, 2010

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

- 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 1-9224

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

DELAWARE  
(State or Other Jurisdiction of Incorporation or Organization)

56-2346563  
(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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(Title of Class)

(Title of Class)

Check whether the issuer; (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B 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

Issuer's revenues for 2009, its most recent fiscal year, were \$0 from continuing operations.

The number of freely tradable shares not held by affiliates is 98,818,007.

As of April 13, 2010, the aggregate market value of voting stock held by non-affiliates of the Issuer was approximately \$1,976,360.

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The number of shares outstanding of each of the issuer's classes of common equity, as of April 13, 2010 are as follows:

Class	Outstanding at April 13, 2010
Common stock - par value \$0.00001	678,452,244

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

Forward Looking Statements

Certain statements in this Annual Report on Form 10-K 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 352,422,778 shares or 52%.

“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.

Arrow Resources Development, Inc. (“Arrow”) was incorporated under the laws of the State of Delaware in 1968. Unless the context requires otherwise, the term “Company,” “our,” or “we” refers to Arrow Resources Development, Inc.

#### 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 temporary 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](http://www.arrowrd.com).

#### INTRODUCTION

We used to be a telecommunications and recruiting company formally known as CNE Group, Inc. 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.

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 Infracomindo, 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. It is anticipated that this facility will be fully operational no later than the fourth quarter of 2010.

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 or around 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. 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.

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 Hampanan 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 Hampanan 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 has 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, 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, 2008, the Company has accrued \$1,203,492 related to this matter. As of December 31, 2009, the Company has accrued \$1,266,695, including accrued interest of \$213,310, related to this matter.

## HUMAN RESOURCES

As of December 31, 2009, 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 fees 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<sup>3</sup> /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, 2009, 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 approximately 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 \$1,500,000 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. The infrastructure requirements will take APR a maximum of one year to complete. Therefore, APR may not generate sustainable sales of its products until the third quarter of 2010.

#### 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 52% of the Company's stock. Hans Karundeng is the Chairman of APR. His son, Rudolph, is a Director of the Company and is an 8% 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 \$6,520,053 for the year ended December 31, 2009 and a net loss during the development stage from inception in November 15, 2005 through December 31, 2009 of \$146,744,021. The Company's operations are in the development stage, and the Company had 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.



Under certain circumstances we could incur an impairment loss that could adversely affect our stockholders' equity.

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, and our Company, specifically, 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.

Because we have fixed costs, any decline in our revenues could disproportionately and adversely affect our financial condition and operating results.

Significant portions of our costs are fixed, due in part to our fixed sales, engineering and product support, and manufacturing facilities. As a result, relatively small declines in revenue could disproportionately affect our operating results. Changes in product demand, among other things, could adversely affect our manufacturing capacity, which would adversely affect our business.

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:

- variations 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 17% 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, on a temporary basis, under a management agreement with Empire Advisory, LLC.

## Item 3. Legal Proceedings

The Company was a party to a lawsuit where the plaintiff 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 having a fair value of \$12,000, based on the public traded share price 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, 2008, the Company has accrued \$1,203,492 related to this matter. As of December 31, 2009, the Company has accrued \$1,266,695, including accrued interest of \$213,310, related to this matter.

## 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 not 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, 2009, 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 were 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 not 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, 2009, 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, 2009, none of the shares under this plan have been issued and the Company has accrued \$600,137 of cash and recorded additional paid-in capital of \$172,541 for stock compensation based on the fair value of 3,000,685 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 April 13, 2010 was approximately 321.

## Equity Sale Prices:

	Common Stock	
	High Sales Price	Low Sales Price
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
2008		
1st Quarter	\$ 0.08	\$ 0.03
2nd Quarter	0.16	0.04
3rd Quarter	0.13	0.04
4th Quarter	0.11	0.04

The number of freely tradable shares not held by affiliates is 98,818,007.

As of April 13, 2010, the aggregate market value of voting stock held by non-affiliates of the Issuer was approximately \$1,976,360.

## 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, 2009 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 2008, 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, 2009, the Company has generated \$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 carrying 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 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 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 September 30, 2009 up through November 19, 2009, 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.

In October 2008, the FASB issued FSP SFAS No. 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active", ("FSP 157-3"), to clarify the application of the provisions of SFAS 157 in an inactive market and how an entity would determine fair value in an inactive market. FSP 157-3 was effective upon issuance and applies to the Company's current financial statements. The application of the provisions of FSP 157-3 did not materially affect the Company's results of operations or financial condition for the year ended December 31, 2008.

In June 2008, FASB ratified Accounting Standards Codification No 815, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock". ASC 815 mandates a two-step process for evaluating whether an equity-linked financial instrument or embedded feature is indexed to the entity's own stock. Warrants that a company issues that contain a strike price adjustment feature, upon the adoption of ASC 815, results in the instruments no longer being considered indexed to the company's own stock. On January 1, 2009, the Company adopted ASC 815 and re-evaluated its issued and outstanding warrants that contain a strike price adjustment feature. The Company reclassified certain warrants from equity to a derivative liability and used the Black-Scholes valuation model to determine the fair market value of the warrants. Based upon the Company's re-evaluation, ASC 815 has had no material impact on the Company's condensed consolidated financial statements.

In June 2008, the FASB issued FASB Accounting Standards Codification No 260 "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." Under the FSP, unvested share-based payment awards that contain rights to receive nonforfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing EPS. The FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years, and did not expect to have a significant impact on the Company's results of operations, financial condition or cash flows.

In May 2008, the FASB issued FASB Accounting Standards Codification No 944-605, Financial Guarantee Insurance Contracts. Diversity exists in practice in accounting for financial guarantee insurance contracts by insurance enterprise in FASB Accounting Standards Codification No 944-605. This results in inconsistencies in the recognition and measurement of claim liabilities. This Statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. The adoption of FASB Accounting Standards Codification No 944-605 is not expected to have a material impact on the Company's financial position.

In April 2008, ASC issued ASC 350, "Determination of the Useful Life of Intangible Assets". This amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350. The guidance is used for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after adoption, and the disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, adoption. The Company does not believe ASC 350 will materially impact their financial position, results of operations or cash flows.

ASC 470-20, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("ASC 470-20") requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. ASC 470-20 is effective for fiscal years beginning after December 15, 2008 on a retroactive basis. The Company does not believe that the adoption of ASC 470-20 will have a material effect on its financial position, results of operations or cash flows.

In March 2008, ASC issued ASC 815, Disclosures about Derivative Instruments and Hedging Activities", ("ASC 815"). ASC 815 requires enhanced disclosures about an entity's derivative and hedging activities. These enhanced disclosures will discuss: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. ASC 815 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not believe that ASC 815 will have an impact on their results of operations or financial position.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

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, 2009, we incurred consulting fees of \$4,296,832, of which \$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. For the year ended December 31, 2008, we incurred consulting fees of \$4,229,796 of which, \$3,723,711 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

Revenue for the years ended December 31, 2009 was none and \$52,000 for the year ended December 31, 2008 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, 2009 and 2008 as the Company still is in development stage.

## OTHER EXPENSES

Compensation, consulting and related costs increased to \$4,296,832 for the year ended December 31, 2009 as compared to \$4,229,796 for the year ended December 31, 2008, \$4,229,796 for the period from inception (November 15, 2005) to December 31, 2007, and \$16,481,694 during the development stage for the period from inception (November 15, 2005) to December 31, 2009. 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 decreased to \$138,665 for the year ended December 31, 2009 and \$168,433 for the year ended December 31, 2008, \$554,177 for the period from inception (November 15, 2005) to December 31, 2007, and \$861,275 for the period from inception (November 15, 2005) to December 31, 2009.

Directors' compensation decreased to \$235,000 for the year ended December 31, 2009, \$277,500 for the year ended December 31, 2008 and \$772,678 for the period from inception (November 15, 2005) to December 31, 2009. The decrease was due to a 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 change is also due to fluctuating share prices.

Delaware franchise taxes amount were \$420 for the years ended December 31, 2009 and 2008, \$185,001 for the period from inception (November 15, 2005) to December 31, 2007 and \$185,841 for the period from inception (November 15, 2005) to December 31, 2009. 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, 2009, the Company has estimated unpaid Delaware franchise taxes for the years ended December 31, 2009, December 31, 2008, December 31, 2007, December 31, 2006 and 2005 in the amount of \$420, \$420, \$57,652, \$57,650 and \$69,699, respectively. The Company did not file their tax returns on time due to an administrative oversight. The Company hopes to file the delinquent tax returns in the second quarter of 2010 and pay the amount owned in full during the third quarter of 2010.

Total operating expenses during the development stage decreased to \$4,670,917 for the year ended December 31, 2009 and \$4,676,149 for the year ended December 31, 2008, \$8,954,422 for the period from inception (November 15, 2005) to December 31, 2007, and \$18,301,488 for the period from inception (November 15, 2005) to December 31, 2009.

The Company was a party to a lawsuit where the plaintiff 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 having a fair value of \$12,000, based on the public traded share price 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, 2008, the Company has accrued \$1,203,492 related to this matter. As of December 31, 2009, the Company has accrued \$1,266,695, including accrued interest of \$213,310, related to this matter.

## 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, 2009 and December 31, 2008 the Company had \$91 and \$16 of cash, respectively. We had losses of \$6,520,053 for the year ended December 31, 2009 and had zero revenue as of December 31, 2009. We had losses of \$5,360,576 for the year ended December 31, 2008 and had \$52,000 revenue as of December 31, 2008. In order for us to survive during the next twelve months we will need to secure approximately \$1,000,000 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, 2009, we had no off-balance sheet arrangements.

## OPERATING ACTIVITIES

We used \$2,438,057 of cash in our operating activities during the year ended December 31, 2009. We had a net loss of \$6,520,053. We had a decrease in stock-based directors' compensation to be issued of \$35,000, accounts payable and accrued expenses payable of \$2,400,868 mostly related to compensation and management fees, debt issue costs related to note payables of \$720,000, common stock to be issued for reset of previous subscription agreement by the Company of \$44,400, and common stock issued for debt conversion of \$772,000. In addition, we had a working capital deficiency of \$18,523,033 at December 31, 2009. We did not have any material commitments for capital expenditures as of December 31, 2009.

## INFLATION

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

## RECENT TRANSACTIONS

On March 3, 2010, the Company received a \$110,000 interest bearing advance from John Marozzi. The Company will pay interest at the interest rate of 10% which shall be payable at the time of repayment. The principal of this loan is mature and payable not later than March 3, 2011. The Company has 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 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.

## 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, 59, 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.

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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. McConnaughey, Jr.

John E. McConnaughey, Jr., 80, 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. McConnaughey 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. McConnaughey served on the board of Fortune Natural Resources Corporation from 2000 through January 30, 2004. On June 1, 2004, Fortune filed for 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. McConnaughey earned his M.B.A. in Marketing and Finance at Harvard’s Graduate School of Business Administration. Mr. McConnaughey 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. McConnaughey 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, 30, 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, 59, 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.

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## 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, 2009 covered by this amended Annual Report on Form 10-K. 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, 2009.

### 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, 2009 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.

Changes in Internal Control Over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the quarter ended December 31, 2009, 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.

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The directors and executive officers of the Registrant as of December 31, 2009 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 19 Taman Serasi Botanic Garden View #01-25	Director	2005 to Present
John E. McConaughy 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, 2009, 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, 2009 and December 31, 2008.

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation (\$)	Long-Term Compensation			LTIP Payouts (\$)	All other Compensation (\$)
		Salary (\$)	Bonus (\$)		Restricted Stock Award(s) (\$)	Number of Restricted Stock Award(s)	Underlying Securities Options/ SARs (#)		
Peter J. Frugone Chairman, CEO and Director	2009(1)	\$ -	\$ -	\$ 50,000	\$ -	-	-	\$ -	\$ 8,750(1)
	2008	-	-	50,000	-	-	-	-	19,375
Rudolph Karundeng Director	2009(2)	-	-	50,000	-	-	-	-	8,750(2)
	2008	-	-	50,000	-	-	-	-	19,375
John E. McConnaughy, Jr. Director	2009(3)	-	-	50,000	-	-	-	-	8,750(3)
	2008	-	-	50,000	-	-	-	-	19,375
James Rothenberg Director	2009(4)	-	-	50,000	-	-	-	-	8,750(4)
	2008	-	-	50,000	-	-	-	-	19,375

(1)As part of Chairman's compensation that was approved by the Board of Director on December 3, 2007, Mr. Frugone is entitled to 750,000 shares of the Company's Common Stock which has fair market value of \$43,125. At December 31, 2009, 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 750,000 shares of the Company's Common Stock which has fair market value of \$43,125. At December 31, 2009, 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 750,000 shares of the Company's Common Stock which has fair market value of \$43,125. At December 31, 2009, 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 has fair market value of \$31,239. At December 31, 2009, none of these shares were issued. Effective close of business December 31, 2009, Mr. Rothenburg resigned from the Board of Directors

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

As of April 13, 2010, there were 678,452,244 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	750,000	0.1%
Rudolph Karundeng(3)	Director	52,750,000	7.8%
John E. McConaughy Jr.(4)	Director	11,405,000	1.7%
James Rothenberg(3)	Director	552,740	0.1%
John Allen(6)	Former Director (1/1/07 - 2/28/07) Former Director (2/26/07 - 10/15/07)	39,726	0.0%
Robert Levinson(7)		158,219	0.0%
Arrow Pacific Resources Group Limited(8)		352,422,778	51.9%
AIS International Holdings Ltd.(9)		55,000,000	8.1%
World Ocean Development Corp.(10)		35,000,000	5.2%
Officers and Directors as a Group (4 persons)		65,457,740	9.6%

(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 750,000 common shares related to directors' compensation, none of which were issued as of December 31, 2009.

(3)Mr. Karundeng's address is 19 Taman Serasi, Botanic Garden View #01-25. Mr. Karundeng is entitled to 750,000 common shares related to directors' compensation, none of which were issued as of December 31, 2009. Mr. Karundeng also holds 52,000,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2009.

(4)Mr. McConaughy's address is 637 Valley Road, New Canaan Ct. Mr. McConaughy is entitled to 750,000 common shares related to directors' compensation, none of which were issued as of December 31, 2009. Mr. McConaughy also holds 10,655,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2009.

(5)Mr. Rothenberg is entitled to 552,740 common shares related to directors' compensation, none of which were issued as of December 31, 2009. 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, 2009.
- (7)Mr. Levinson is entitled to 158,219 common shares related to directors' compensation, none of which were issued as of December 31, 2009.
- (8)Arrow Pacific Resources Group Limited's address is 19 Taman Serasi, Botanic Garden View #01-25. Arrow Pacific Resources Group Limited currently holds 349,370,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2009.
- (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, 2009.
- (10)World Ocean Development Corp. currently holds 35,000,000 shares of the Company's restricted shares, all of which are not exercisable as of December 31, 2009.



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 2009 and 2008 incurred to KBL, LLP were \$70,212 and \$78,991. 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 audit related fees from KBL LLP in 2009 and 2008. 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 2009 and 2008. 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 2009 and 2008, 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: April 15, 2010

By: / S/ PETER J. FRUGONE  
Peter J. Frugone  
President and Chief Executive Officer

Dated: April 15, 2010

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)	April 15, 2010
/ S/ PETER J. FRUGONE Peter J. Frugone	Principal Accounting Officer (principal financial and accounting officer)	April 15, 2010
/ S/ JOHN E. McCONNAUGHY , JR . John E. McConnaughy, Jr.	Director	April 15, 2010

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES  
(A DEVELOPMENT STAGE COMPANY)  
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FOR THE YEAR ENDED DECEMBER 31, 2009

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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 sheet of Arrow Resources Development, Inc. and Subsidiaries (a development stage company) (“the Company”) as of December 31, 2009 and 2008, and the related consolidated statements of operations, cash flows, and changes in stockholders’ (deficit) equity, for the year ended December 31, 2009, and for the period from inception (November 15, 2005) to December 31, 2009. 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, 2009 and 2008, and the results of its operations and its cash flows during the development stage for the year ended December 31, 2009, and for the period from inception (November 15, 2005) to December 31, 2009 in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 and 6 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.

KBL, LLP  
Certified Public Accountants and Advisors  
April 15, 2010

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## ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

Consolidated Balance Sheets (during the development stage)

	December 31, 2009	December 31, 2008
<b>ASSETS</b>		
Current:		
Cash	\$ 91	\$ 16
Total current assets	91	16
Total assets	\$ 91	\$ 16
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>		
Current:		
Accounts and accrued expenses payable, including \$6,446,791 and \$5,019,628 due to Company shareholders and directors, respectively	\$ 7,765,910	\$ 5,587,742
Estimated liability for legal judgment obtained by predecessor entity shareholder	1,266,695	1,203,492
Due to related parties	7,401,519	5,890,687
Notes payable, including accrued interest of \$152,500 and \$20,000 at December 31, 2009 and December 31, 2008, respectively	2,089,000	1,228,000
Total liabilities	18,523,124	13,909,921
Commitments and contingencies	-	-
<b>STOCKHOLDERS' (DEFICIT)</b>		
Preferred stock, \$0.00001 par value, 6 million shares authorized, no shares issued or outstanding at December 31, 2009 and December 31, 2008	-	-
Preferred stock Series A, \$0.00001 par value, 2 million shares authorized, none and 355,000 shares to be issued at December 31, 2009 and December 31, 2008, respectively	-	355,000
Preferred stock Series C, \$0.00001 par value, 2 million shares authorized, none and 25,000 shares to be issued at December 31, 2009 and December 31, 2008, respectively	-	25,000
Common stock to be issued, \$0.00001 par value, 32,804,684 and 12,194,685 shares to be issued at December 31, 2009 and December 31, 2008, respectively	328	122
Common stock, \$0.00001 par value, 1 billion shares authorized, 678,452,244 and 655,243,240 issued and outstanding at December 31, 2009 and December 31, 2008, respectively	6,785	6,552
Additional paid-in capital	128,213,875	125,927,389
Accumulated deficit	(146,744,021)	(140,223,968)
Total stockholders' (deficit)	(18,523,033)	(13,909,905)
Total liabilities and stockholders' (deficit)	\$ 91	\$ 16

See accompanying notes to the consolidated financial statements.



## ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

## Consolidated Statement of Operations (During the Development Stage)

	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2007	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2009
Revenue	\$ -	\$ 52,000	\$ -	\$ 52,000
Operating expenses:				
Consulting fees and services, including \$4,161,526, \$3,723,711, \$7,555,470 and \$15,440,707 incurred to related parties, respectively	4,296,832	4,229,796	7,955,066	16,481,694
General and administrative	138,665	168,433	554,177	861,275
Directors' compensation	235,000	277,500	260,178	772,678
Delaware franchise taxes	420	420	185,001	185,841
Total operating expenses	4,670,917	4,676,149	8,954,422	18,301,488
Loss from operations during the development stage	(4,670,917)	(4,624,149)	(8,954,422)	(18,249,488)
Other income (expense):				
Income from spin-off	52,491	-	-	52,491
Income from forgiveness of debt	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 judgement obtained by predecessor entity shareholder	(63,203)	(150,107)	(1,053,385)	(1,266,695)
Penalty for default of notes payable	(578,000)	-	-	(578,000)
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	(250,000)	-	-	(250,000)
Expenses incurred as part of recapitalization transaction	-	-	(249,252)	(249,252)
Debt issue costs including interest expense, of which \$800,000, \$536,320, none and \$1,336,320 is to be satisfied in Company Common Stock and	(1,015,424)	(586,320)	-	(1,601,744)

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none, \$32,000, none, and \$32,000 incurred to related parties	(1,849,136)	(736,427)	(125,908,970)	(128,494,533)
Net loss	\$ (6,520,053)	\$ (5,360,576)	\$ (134,863,392)	\$ (146,744,021)
Basic and diluted net loss per weighted-average shares common stock outstanding	\$ (0.010)	\$ (0.008)	\$ (0.214)	\$ (0.232)
Weighted-average number of shares of common stock outstanding	662,865,179	650,970,699	631,654,538	633,667,055

See accompanying notes to the consolidated financial statements.

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## ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

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

	Series A Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock		Common Stock	
	Shares to be issued	Amount	Shares to be issued	Amount	Shares to be issued	Amount	Shares issued	Amount
Balance, November 14, 2005 pursuant to recapitalization transaction	--	\$ --	--	\$ --	--	\$ --	25,543,240	\$ 255
Common stock conversion and settlement of senior note pursuant to recapitalization transaction	--	--	--	--	--	--	624,000,000	6,240
Net loss for the period from November 15, 2005 to December 31, 2005	--	--	--	--	--	--	--	--
Balance, December 31, 2005	-	\$ -	-	\$ -	-	\$ -	649,543,240	\$ 6,495
Common stock to be issued for cash received by Company	--	--	--	--	985,000	10	--	--
Net loss for the year	--	--	--	--	--	--	--	--
Balance, December 31, 2006	-	\$ -	-	\$ -	985,000	\$ 10	649,543,240	\$ 6,495
Common stock to be issued for cash received by Company	--	--	--	--	500,000	5	--	--
Series A Convertible Preferred Stock to be issued for cash received	280,000	280,000	-	-	--	--	--	--

by Company									
Common stock issued in settlement of predecessor entity stockholder litigation	--	--	--	--	-	-	200,000	2	
Common stock to be issued for directors' compensation	--	--	--	--	1,000,685	10	--	--	
Net loss for the year	--	--	--	--	--	--	--	--	
Balance, December 31, 2007	280,000	\$ 280,000	-	\$ -	2,485,685	\$ 25	649,743,240	\$ 6,497	
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	3	250,000	3	
Common stock to be issued for directors' compensation	--	--	--	--	1,000,000	10	--	--	
Debt issue costs to be satisfied in Company									
Common Stock	--	--	--	--	4,704,000	47	3,000,000	30	
Common stock to be issued for purchase of common stock	--	--	--	--	1,000,000	10	--	--	
Common stock to be issued for consulting and marketing services	--	--	--	--	2,700,000	27	--	--	

Common stock issued for consulting and marketing services	--	--	--	--	--	--	--	2,250,000	23
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	
Series A Convertible Preferred Stock converted into common stock	(355,000)	(355,000)	-	-	--	--	7,100,000		71
Series C Convertible Preferred Stock converted into common stock	-	-	(25,000)	(25,000)	--	--	500,000		5
Common Stock to be issued for cash received by Company	--	--	--	--	2,500,000	25	--		--
Common stock to be issued for directors' compensation	--	--	--	--	1,000,000	10	--		--
Debt issue costs to be satisfied in Company Common Stock	--	--	--	--	16,000,000	160	--		--
Debt issue costs satisfied in Company Common Stock	--	--	--	--	-	-	1,000,000		10
Common stock issued for reset of previous subscription agreement	--	--	--	--	--	--	138,095		2
Common stock to be issued for reset of previous subscription agreement	--	--	--	--	1,109,999	11	-		-
	--	--	--	--	-	-	14,470,909		145

Common stock  
issued for debt  
conversion

Net loss for the  
year ended  
December 31,  
2009

Balance,  
December 31,  
2009

--	--	--	--	--	--	--	--	--	--		
0	\$	0	0	\$	0	32,804,684	\$	328	678,452,244	\$	6,785

See accompanying notes to the consolidated financial statements.

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## ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

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

	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, November 14, 2005 pursuant to recapitalization transaction	\$ (2,674,761)	\$ --	\$ (2,674,506)
Common stock conversion and settlement of senior note pursuant to recapitalization transaction	125,907,967	--	125,914,207
Net loss for the period from November 15, 2005 to December 31, 2005	--	(1,272,258)	(1,272,258)
Balance, December 31, 2005	\$ 123,233,206	\$ (1,272,258)	\$ 121,967,443
Common stock to be issued for cash received by Company	984,990	--	985,000
Net loss for the year	--	(3,514,445)	(3,514,445)
Balance, December 31, 2006	\$ 124,218,196	\$ (4,786,703)	\$ 119,437,998
Common stock to be issued for cash received by Company	499,995	--	500,000
Series A Convertible Preferred Stock to be issued for cash received by Company	--	--	280,000
Common stock issued in settlement of predecessor entity stockholder litigation	11,998	--	12,000
Common stock to be issued for directors' compensation	60,031	--	60,041
Net loss for the year	--	(130,076,689)	(130,076,689)
Balance, December 31, 2007	\$ 124,790,220	\$ (134,863,392)	\$ (9,786,650)
Series A Convertible Preferred Stock to be issued for cash received by Company	--	--	75,000
Series C Convertible Preferred Stock to be issued for cash received by Company	--	--	25,000
Common Stock issued and to be issued for cash received by Company	104,996	--	105,002
Common stock to be issued for directors' compensation	77,490	--	77,500
Debt issue costs to be satisfied in Company Common Stock	536,243	--	536,320
Common stock to be issued for purchase of common stock	49,990	--	50,000
Common stock to be issued for consulting and marketing services	245,969	--	245,996
Common stock issued for consulting and marketing services	122,481	--	122,504
Net loss for twelve months ended December 31, 2008	--	(5,360,576)	(5,360,576)
Balance, December 31, 2008	\$ 125,927,389	\$ (140,223,968)	\$ (13,909,905)
Series A Convertible Preferred Stock converted into common stock	354,929	--	-
Series C Convertible Preferred Stock converted into common stock	24,995	--	-
Common Stock to be issued for cash received by Company	249,975	--	250,000
Common stock to be issued for directors' compensation	34,990	--	35,000
Debt issue costs to be satisfied in Company Common Stock	719,840	--	720,000
Debt issue costs satisfied in Company Common Stock	79,990	--	80,000
Common stock issued for reset of previous subscription agreement	5,523	--	5,525
Common stock to be issued for reset of previous subscription agreement	44,389	--	44,400
Common stock issued for debt conversion	771,855	--	772,000
Net loss for the year ended December 31, 2009	--	(6,520,053)	(6,520,053)

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Balance, December 31, 2009 \$ 128,213,875 \$ (146,744,021) \$ (18,523,033)

See accompanying notes to the consolidated financial statements.

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## ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

## Consolidated Statement of Cash Flows (During the Development Stage)

	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2007	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2009
Net loss	\$ (6,520,053)	\$ (5,360,576)	\$ (134,863,392)	\$ (146,744,021)
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
Common stock to be issued for reset of previous subscription agreement	44,400	-	-	44,400
Debt issue costs to be satisfied in Company Common Stock	720,000	536,320	-	1,256,320
Debt issue costs satisfied in Company Common Stock	80,000			