

ARROW RESOURCES DEVELOPMENT INC
Form 10-Q
August 19, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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. 57 th Street, 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

(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

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subject to such filing requirements for the past 90 days. Yes No

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

The number of shares outstanding of each of the issuer's classes of common equity, as of August 17, 2009.

Class	Outstanding at August 17, 2009
Common stock - par value \$0.00001	666,072,264

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
FORM 10-Q
SIX MONTHS ENDED JUNE 30, 2009

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

Unaudited Consolidated Balance Sheets

	June 30, 2009	December 31, 2008
ASSETS		
Current:		
Cash	\$ 90	\$ 16
Total current assets	90	16
Total assets	\$ 90	\$ 16
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
Current:		
Accounts and accrued expenses payable, including \$5,817,491 and \$5,019,628 due to Company shareholders and directors, respectively	\$ 6,475,870	\$ 5,587,742
Estimated liability for legal judgment obtained by predecessor entity shareholder	1,235,094	1,203,492
Due to related parties	6,399,207	5,890,687
Notes payable, including accrued interest of \$20,769 and \$20,000 at June 30, 2009 and December 31, 2008, respectively	1,716,269	1,228,000
Total liabilities	15,826,440	13,909,921
Commitments and contingencies	-	-
STOCKHOLDERS' (DEFICIT)		
Preferred stock, \$0.00001 par value, 6 million shares authorized, no shares issued or outstanding at June 30, 2009 and December 31, 2008	-	-
Preferred stock Series A, \$0.00001 par value, 2 million shares authorized, 355,000 and 355,000 shares to be issued at June 30, 2009 and December 31, 2008	355,000	355,000
Preferred stock Series C, \$0.00001 par value, 2 million shares authorized, 25,000 and 25,000 shares to be issued at June 30, 2009 and December 31, 2008	25,000	25,000
Common stock, \$0.00001 par value, 1 billion shares authorized, 656,381,335 and 655,243,240 issued and outstanding at June 30, 2009 and December 31, 2008, respectively	6,564	6,552
Common stock to be issued, \$0.00001 par value, 17,304,684 and 12,194,685 shares to be issued at June 30, 2009 and December 31, 2008, respectively	174	122
Additional paid-in capital	126,392,250	125,927,389
Accumulated deficit	(142,605,338)	(140,223,968)

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Total stockholders' (deficit)	(15,826,350)	(13,909,905)
Total liabilities and stockholders' (deficit)	\$ 90	\$ 16

See accompanying notes to the consolidated financial statements.

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

Unaudited Consolidated Statement of Operations (During the Development Stage)

	For the Three Months Ended June 30, 2009	For the Three Months Ended June 30, 2008	For the Six Months Ended June 30, 2009	For the Six Months Ended June 30, 2008	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to December 31, 2008	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to June 30, 2009
Revenue	\$ -	\$ -	\$ -	\$ -	\$ 52,000	\$ 52,000
Operating expenses:						
Consulting fees and services, including \$989,519, \$888,613, \$1,979,038, \$1,777,225, \$11,279,181 and \$13,258,219 incurred to related parties, respectively	1,032,578	1,091,234	2,043,804	2,092,293	12,184,862	14,228,666
General and administrative	23,129	108,999	42,552	151,502	722,610	765,162
Directors' compensation	60,000	80,000	115,000	140,000	537,678	652,678
Delaware franchise taxes	105	105	210	210	185,421	185,631
Total operating expenses	1,115,812	1,280,338	2,201,566	2,384,005	13,630,571	15,832,137
Loss from operations during the development stage	(1,115,812)	(1,280,338)	(2,201,566)	(2,384,005)	(13,578,571)	(15,780,137)

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Other income (expense):						
Income from Spin-off	2,491	-	52,491	-	-	52,491
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	(15,801)	-	(31,602)	-	(1,203,492)	(1,235,094)
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)
Expenses incurred as part of recapitalization transaction	-	-	-	-	(249,252)	(249,252)
Debt issue costs including interest expense, of which none, \$216,320, \$150,000, \$216,320, \$536,320 and \$726,320 is to be satisfied in Company Common Stock and none, none, none, none, \$32,000 and \$32,000 incurred to related parties	(769)	(226,320)	(200,693)	(266,320)	(586,320)	(787,013)
	(14,079)	(226,320.00)	(179,804)	(266,320)	(126,645,397)	(126,825,201)
Net loss	\$ (1,129,891)	(1,506,658)	\$ (2,381,370)	\$ (2,650,325)	\$ (140,223,968)	\$ (142,605,338)
Basic and diluted net loss per weighted-average shares common stock outstanding	\$ (0.002)	(0.002)	\$ (0.004)	\$ (0.004)	\$ (0.220)	\$ (0.224)

Weighted-average number of shares of common stock outstanding	656,381,335	650,594,888	656,232,322	650,169,064	636,200,065	636,524,538
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See accompanying notes to the consolidated financial statements.

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

Unaudited 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 by	280,000	280,000	—	—	—	—	—	—

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	—	—	—	—	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	—	—	
	—	—	—	—	—	—	2,250,000	23	

Common stock issued for consulting and marketing services									
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	
Common Stock to be issued for cash received by Company	—	—	—	—	2,500,000	25	-	-	
Common stock to be issued for directors' compensation	—	—	—	—	500,000	6	—	—	
Debt issue costs to be satisfied in Company Common Stock	—	—	—	—	1,000,000	10	—	—	
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	-	-	
Net loss for six months ended June 30, 2009	—	—	—	—	—	—	—	—	—
Balance, June 30, 2009	355,000	\$ 355,000	25,000	\$ 25,000	17,304,684	\$ 174	656,381,335	\$ 6,564	

See accompanying notes to the consolidated financial statements.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES
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Unaudited 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	—	—	—