

ARROW RESOURCES DEVELOPMENT INC
Form 10-Q
May 18, 2012

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 March 31, 2012

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

Carnegie Hall Tower, 152 W. 57th Street, 27th Floor, New York, NY 10019

(Address of Principal Executive Offices) (Zip Code)

212-262-2300

(Issuer's Telephone Number, including Area Code)

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

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

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

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

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 May 15, 2012 is as follows:

Class	Outstanding
Common stock - par value \$0.00001	767,539,744

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

FORM 10-Q

THREE MONTHS ENDED MARCH 31, 2012

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Item 1. Financial Statements

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

Consolidated Balance Sheets (During the Development Stage)

	March 31, 2012 Unaudited	December 31, 2011 Unaudited
ASSETS		
Current:		
Cash	\$57	\$62
Total current assets	57	62
Total assets	\$57	\$62
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current:		
Accounts and accrued expenses payable, including \$10,101,791 and \$9,689,291 due to Company shareholders and directors, respectively	15,973,310	\$15,072,427
Estimated liability for legal judgment obtained by predecessor entity shareholder	1,408,902	1,393,103
Due to related parties	14,643,258	13,562,478
Notes payable, including accrued interest of \$214,518 and \$200,677, respectively	2,573,498	2,559,657
Total liabilities	34,598,968	32,587,665
Commitments and contingencies	-	-
STOCKHOLDERS' (DEFICIT) EQUITY		
Preferred stock, \$0.00001 par value, 6 million shares authorized, no shares issued or outstanding, respectively	-	-
Preferred stock Series A, \$0.00001 par value, 2 million shares authorized, no shares issued or outstanding, respectively	-	-
Preferred stock Series C, \$0.00001 par value, 2 million shares authorized, no shares issued or outstanding, respectively	-	-
Common stock, \$0.00001 par value, 1 billion shares authorized, 767,539,744 and 737,368,911 issued and outstanding, respectively	7,676	7,375
	351	650

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Common stock to be issued, \$0.00001 par value, 34,992,184 and 64,975,517 shares
to be issued, respectively

Additional paid-in capital	131,834,336	131,832,463
Accumulated deficit	(166,441,274)	(164,428,091)
Total stockholders' (deficit) equity	(34,598,911)	(32,587,603)
Total liabilities and stockholders' (deficit) equity	\$57	\$62

See accompanying notes to the unaudited consolidated financial statements.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

Unaudited Consolidated Statements of Operations (During the Development Stage)

	For the Three Months Ended March 31, 2012	For the Three Months Ended March 31, 2011	Accumulated During the Development Stage for the Period From Inception (November 15, 2005) to March 31, 2012
Revenue	\$-	\$-	\$52,000
Operating expenses:			
Consulting fees and services, including \$5,307,678, \$4,625,814, and \$25,374,199 incurred to related parties, respectively	1,428,285	1,212,939	28,463,864
General and administrative	15,275	14,702	1,129,313
Directors' compensation	39,375	43,125	1,179,553
Delaware franchise taxes	105	105	186,786
Total operating expenses	1,483,040	1,270,871	30,959,516
Loss from operations during the development stage	(1,483,040)	(1,270,871)	(30,907,516)
Other income (expense):			
Income from spin-off	-	-	52,491
Income from forgiveness of debt	-	-	5,000
Gain on write off of liabilities associated with predecessor entity not to be paid	-	-	395,667
Loss on legal judgment obtained by predecessor entity shareholder	(15,801)	(15,801)	(1,408,902)
Penalty for default of notes payable	(500,500)	(495,000)	(5,093,500)
Loss on write-off of marketing agreement	-	-	(125,000,000)
Loss on settlement of predecessor entity stockholder litigation	-	-	(2,000)
Loss on debt conversion	-	-	(2,532,500)
Expenses incurred as part of recapitalization transaction	-	-	(249,252)
Debt issue costs including interest expense, of which none, none and \$1,346,320 is to be satisfied in Company Common Stock and none, none, and \$32,000 incurred to related parties	(13,842)	(2,712)	(1,700,762)

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	(530,143)	(513,513)	(135,533,758)
Net loss	\$(2,013,183)	\$(1,784,384)	\$(166,441,274)
NET LOSS PER COMMON SHARE:			
Basic and Diluted	\$(0.003)	\$(0.003)	\$(0.260)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING -			
Basic and Diluted	765,729,946	704,952,244	640,556,689

See accompanying notes to the unaudited consolidated financial statements.

ARROW RESOURCES DEVELOPMENT, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

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

	Series A Convertible Preferred Stock		Series C Convertible Preferred Stock		Common Stock		Common Stock		Additional		Accumulated Deficit	Total
	Shares to be issued	Amount	Shares to be issued	Amount	Shares to be issued	Amount	Shares issued	Amount	Paid-in Capital			
Balance, November 14, 2005 pursuant to recapitalization transaction	--	\$--	--	\$--	--	\$--	25,543,240	\$255	\$(2,674,761)	\$--		\$(2,674,761)
Common stock conversion and settlement of senior note pursuant to recapitalization transaction	--	--	--	--	--	--	624,000,000	6,240	125,907,967	--		125,907,967
Net loss for the period from November 15, 2005 to December 31, 2005	--	--	--	--	--	--	--	--	--	--	(1,272,258)	(1,272,258)
Balance, December 31, 2005	-	\$-	-	\$-	-	\$-	649,543,240	\$6,495	\$123,233,206	\$-(1,272,258)		\$121,967,443
Common stock to be issued for cash received by Company	--	--	--	--	985,000	10	--	--	984,990	--		985,000
Net loss for the year	--	--	--	--	--	--	--	--	--	--	(3,514,445)	(3,514,445)
	-	\$-	-	\$-	985,000	\$10	649,543,240	\$6,495	\$124,218,196	\$-(4,786,703)		\$119,431,493

Balance, December 31, 2006											
Common stock to be issued for cash received by Company Series A	--	--	--	--	500,000	5	--	--	499,995	--	500,000
Convertible Preferred Stock to be issued for cash received by Company	280,000	280,000	--	--	--	--					