



# **ARRIS HOLDINGS INC.**

## **Interim Consolidated Financial Statements**

**For the three and nine months ended June 30, 2011**

(Unaudited - Expressed in Canadian Dollar)

## **NOTICE OF NO AUDITOR'S REVIEW OF INTERIM FINANCIAL STATEMENTS**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Arris Holdings Inc. for the three and nine months ended June 30, 2011 have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

The Company's independent auditors has not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor

# ARRIS HOLDINGS INC.

## Consolidated Statement of Operations and Comprehensive Loss

Unaudited-Expressed in Canadian Dollars

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Nine Months Ended June 30, 2011	October 31, 2009, Date of Incorporation to June 30, 2010
<b>Expenses</b>				
Consulting	\$ 15,000	\$ 10,500	\$ 45,050	\$ 10,500
Interest and bank charges	98	56	603	232
Office and administration	2,703	78	13,761	951
Occupancy cost	6,000	4,000	18,000	4,000
Professional fees	3,450	2,100	9,725	7,105
Trust and filing fees	4,598	3,731	11,296	14,927
Loss before other items	(31,849)	(20,465)	(98,435)	(37,715)
Gain (loss) from disposition of short term investments (Note 4)	(75,246)	—	(75,246)	641
Loss from market value adjustment of short term investment	(177,799)	(193,500)	(187,504)	(419,276)
<b>Net loss and comprehensive loss for the period</b>	<b>(284,894)</b>	<b>(213,965)</b>	<b>(361,185)</b>	<b>(456,350)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>	<b>21,583,372</b>	<b>19,583,372</b>	<b>20,630,991</b>	<b>13,591,282</b>

See accompanying notes to financial statements

<b>Shareholders' equity</b>		
Share capital (Note 3b)	1,724,000	1,544,000
Contributed surplus (Note 3e)	-	40,000
Deficit	(877,788)	(516,603)
	846,212	1,067,397
<b>Total Liabilities and Shareholders' equity</b>	<b>\$ 865,335</b>	<b>\$ 1,118,932</b>

Nature and continuance operation and basic of presentation (Note 1)

See accompanying notes to financial statements

Approved on behalf of the Board of Directors

" Chand Jagpal "  
Director

" Lucky Janda "  
Director

**ARRIS HOLDINGS INC.****Consolidated Statement of Shareholders' Equity****June 30, 2011**

Unaudited -Expressed in Canadian Dollars except for number of shares

	Number of Outstanding Shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Total Shareholders' Equity \$
Incorporation on October 30, 2009	1	1	—	—	1
Share cancellation	(1)	(1)	—	—	(1)
Share issuance - plan of arrangement	17,583,372	1,484,000	—	—	1,484,000
Share issuance - private placement	2,000,000	60,000	40,000	—	100,000
Net loss for the first year ended September 30, 2010	—	—	—	(516,603)	(516,603)
Balance, September 30, 2010	19,583,372	1,544,000	40,000	(516,603)	1,067,397
Share issuance - warrants exercise (Note 5c)	2,000,000	180,000	(40,000)		140,000
Net loss for the period	—	—	—	(361,185)	(361,185)
Balance, June 30, 2011	21,583,372	1,724,000	—	(877,788)	846,212

See accompanying notes to financial statements

**ARRIS HOLDINGS INC.**  
**Consolidated Statement of Cash Flows**  
Unaudited - Expressed in Canadian Dollars

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Nine Months Ended June 30, 2011	October 31, 2009, Date of Incorporation to June 30, 2010
<b>Cash (used in) provided by:</b>				
<b>Operating activities</b>				
Loss for the period	\$ (284,894)	\$ (213,965)	\$ (361,185)	\$ (456,350)
Items not involving cash				
Fair value adjustment of investments	177,799	193,500	187,504	419,276
Loss (gain) from disposition of investments	75,246	-	75,246	(641)
Changes in non-cash operating working capital				
HST receivable	3,464	(107)	2,035	(954)
Investments	9	(12,000)	(9,076)	(10,995)
Note receivable	-	(25,980)	-	(25,980)
Prepayment	-	12,000	-	-
Accounts payable and accrued liabilities	11,923	(6,350)	(21,054)	4,221
Cash used in operating activities	(16,453)	(52,902)	(126,530)	(71,423)
<b>Financing activities</b>				
Share cancellation	-	-	-	(1)
Share issuance (Note 3b)	-	-	140,000	100,001
Cash provided by financing activities	-	-	140,000	100,000
<b>Investing activities</b>				
Acquisition of resource property interests	(7,500)	-	(7,500)	-
Changes in note receivable	-	-	20,736	-
Cash used in investing activities	(7,500)	-	13,236	-
<b>Increase (decrease) in cash</b>	<b>(23,953)</b>	<b>(52,902)</b>	<b>26,706</b>	<b>28,577</b>
<b>Cash (bank indebtedness), beginning of period</b>	<b>39,301</b>	<b>81,479</b>	<b>(11,358)</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 15,348</b>	<b>\$ 28,577</b>	<b>\$ 15,348</b>	<b>\$ 28,577</b>
<b>Supplementary information:</b>				
Cash paid for interest expense	98	56	603	232
Cash paid for income taxes	-	-	-	-
<b>Non-cash transactions:</b>				
Issuance of shares for the acquisition of the investments	-	1,448,800	-	1,448,800

*See accompanying notes to financial statements*

# **ARRIS HOLDINGS INC.**

## **Notes to the Consolidated Financial Statements**

**For the Three and Nine Months Ended June 30, 2011**

**(Unaudited)**

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### **1. NATURE OF OPERATIONS AND BASIC OF PRESENTATION**

Arris Holdings Inc. (the “Company” or “AHI”) was incorporated on October 30, 2009 in British Columbia, Canada. The Company’s principal activity was the development of its investment in marketable securities. During the quarter ended June 30, 2011, the Company transferred its investment in marketable securities to its former subsidiary Cielo Gold Corp. through a corporate restructuring by way of a statutory plan of arrangement (Note 3). As a result, the Company has become an exploration stage company with its principal activities being the exploration and development of mineral properties (Note 6). The Company’s common shares started trading on the Canadian National Stock Exchange on April 14, 2009 under the symbol “AHI”, which symbol was subsequently changed to “AAF”. Additional information of the Company is available at [www.sedar.com](http://www.sedar.com).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company’s continuing operations, as intended, and its financial success may be dependent upon the extent to which it can discover mineralization and the economic viability of developing any such additional properties. The discovery of mineralization and the development of properties to the point where they may be sold, optioned or joint ventured may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. As an exploration phase company, the company does not anticipate producing revenues for some time, other than from the sale, optioning or joint venturing of any mineral properties it may acquire. The sale value of any mineralization discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the contained metals. These factors raise substantial doubt about the Company’s ability to continue as a going-concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These interim consolidated financial statements have been prepared in accordance with Canadian GAAP on interim financial statements. They do not include all the disclosures required for annual financial statements. These interim consolidated financial statements should be read in conjunction with the Company’s most recent audited financial statements for the year ended September 30, 2010, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Operating results for the three and nine months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the full year ending September 30, 2011 or for any other period.

These interim consolidated financial statements include the accounts of AHI and its two wholly owned subsidiaries: ARI Oil & Gas Ltd.,(inactive and incorporated on September 10, 2010), and Aeries Investments Inc. (inactive and incorporated on March 25, 2011). All significant inter-company transactions and transactions have been eliminated upon consolidation.

# **ARRIS HOLDINGS INC.**

## **Notes to the Consolidated Financial Statements**

**For the Three and Nine Months Ended June 30, 2011**

**(Unaudited)**

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### **2. CHANGES IN ACCOUNTING POLICIES**

Commencing January 1, 2011, the Company adopted the following new accounting policies:

#### **Business combination, Consolidated Financial Statements and Non-controlling Interest**

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”).

Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. The Company believes there are no material impacts on adoption of these three accounting standards.

New accounting standards issued by CICA which have not been adopted are summarized as follows:

#### **International financial reporting standards**

The Canadian Accounting Standards Board (“AcSB”) in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over a five-year transitional period.

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Due to the Company’s September 30 fiscal yearend, the Company will adopt IFRS commencing October 1, 2011 and will restate the financial statements (for comparative purposes) reported by the Company for the year ended September 30, 2011. The Company is currently in the process of executing an IFRS conversion plan. It is expected that there is no material impact to the financial reporting arising from the transition to IFRS.

### **3. CORPORATE RESTRUCTURING**

On March 1, 2011, the Company and its ex-wholly owned subsidiary Cielo Gold Corp. (“Cielo”), entered into an arrangement agreement (the “Arrangement Agreement”) to proceed with a corporate restructuring by way of a statutory plan of arrangement (the “Plan of Arrangement”) whereby Cielo would acquire an equity portfolio (the “Equity Portfolio”) of AHI in exchange for 21,583,372 common shares of Cielo (the “Cielo Shares”).

Cielo received conditional listing approval from the Exchange on June 9, 2011, which became the effective date of the Arrangement Agreement (the “Effective Date”).

# ARRIS HOLDINGS INC.

## Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2011

(Unaudited)

### 3. CORPORATE RESTRUCTURING (Continued)

On the Effective Date the Company completed the transfer of AHI's Equity Portfolio to Cielo in exchange for Cielo issuing the Cielo Shares to the Company as consideration for the Equity Portfolio. As a result, Cielo was spun out from AHI, ceased to be a subsidiary of AHI, and became a reporting issuer.

Details of the Equity Portfolio on the Effective Date are as follows:

	June 9, 2011 Carrying value of AHI being the Fair
<b>Publicly traded common shares:</b>	
Dessert Gold Ventures Inc. (300,000 shares)	330,000
Maxtech Ventures Inc. (440,000 shares)	352,000
Easymed Services Inc. (117,000 shares)	121,680
<b>Share purchase warrants of public company</b>	
Ona Power Corp. (2,800,000 share purchase warrants)	-
<b>Cash:</b>	5,906
	809,586

Subsequent to the quarter ended June 30, 2011, the Arrangement Agreement received final approval from the Canadian National Stock Exchange on July 18, 2011. Consequently, AHI and Cielo completed the Arrangement Agreement and proceeded with the distribution of the Cielo Shares to the AHI's shareholders of record as at May 2, 2011 (the "Share Distribution Record Date"). Those shareholders of record on the Share Distribution Record Date would receive their pro-rata share of the Cielo Shares whereby each AHI's shareholder will receive one common share in the capital of Cielo for each AHI's share held as of the Share Distribution Record Date. The Cielo Shares were delivered to AHI's shareholders commencing July 28, 2011 (Note 5b).

### 4. INVESTMENTS

The continuity of the Company's investments as at June 30, 2011 is as follows:

Sept-30-2010			Addition		Disposition		June-30-2011		
Quantity	Cost		Quantity	Amount	Quantity	Amount	Quantity	Fair Value	
	\$			\$		\$		\$	
<b>Publicly traded common shares</b>									
Dessert Gold Ventures Inc.	300,000	240,000	-	-	300,000	330,000	-	-	(A)
Maxtech Ventures Inc.	440,000	264,000	-	-	440,000	352,000	-	-	(A)
Ona Power Corp.	2,998,000	509,236	200,000	9,085	3,198,000	164,594	-	-	(B)
Global Uranium Corp.	100,000	7,800	-	-	-	-	100,000	-	(C)
Easymed Services Inc.	-	-	117,000	158,679	117,000	121,680	-	-	(A)
<b>Share purchase warrants of publicly traded shares</b>									
Global Uranium Corp.	100,000	4,200	-	-	-	-	100,000	-	(C)
Ona Power Corp.	2,800,000	470,400	-	-	2,800,000	-	-	-	(A)
<b>Cielo Gold Shares (Note 3)</b>									
Cielo Gold Corp.			21,583,372	809,586	-	-	21,583,372	809,586	(D)
	1,495,636			977,350		968,274		809,586	



# ARRIS HOLDINGS INC.

## Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2011

(Unaudited)

### 4. INVESTMENTS (Continued)

- (A) The disposition of the shares and options is a result of transferring the Equity Portfolio to Cielo in accordance with the Arrangement Agreement that is discussed in Note 3. There is no gain or loss related to this transaction.
- (B) All of Ona Power Corp.'s shares were sold for cash in open market at a loss of \$75,246.
- (C) The fair value of Global Uranium's shares and options was \$nil as at June 30, 2011 because the trading of Global Uranium's common shares have been halted since September 28, 2010.
- (D) Commencing July 28, 2011, these Cielo Shares have been delivered to AHI's shareholders as of the Share Distribution Record Date (Note 5b)

The fair value of Ona Power Corp.'s share purchase warrants as at June 9, 2011 is established by using the valuation technique, the Black-Scholes Option Pricing Model, with the following assumptions:

	Assumptions used
<b>Risk free interest rate</b>	1.40%
<b>Expected dividend rate</b>	Nil
<b>Expected volatility</b>	100% / year
<b>Expected life</b>	0.18 years
<b>Exercise price</b>	\$0.2/share

### 5. CAPITAL STOCK

- a. Authorized: unlimited number of common shares and Class A and Class B preferred shares without par value.
- b. Issued and outstanding:

In accordance with the Arrangement Agreement, the Company created a new class of common shares (the "New Common Share") and a new class of preferred shares (the "Class A Preferred Shares"). At the Effective Date, each common share of the Company was exchanged into one New Common Share and one Class A preferred share. The class of Common Shares was eliminated and cancelled upon the completion of this share exchange. The continuity of the Company's share capital as at June 30, 2011 is as follows:

Common Share	Number	Amount (\$)
Balance, September 30, 2010	19,583,372	1,544,000
Issuance –warrant exercise (Note 5(d))	2,000,000	180,000
Cancellation – Arrangement Agreement	(21,583,372)	(1,724,000)
<b>Balance, June 30, 2011</b>	<b>-</b>	<b>-</b>

**ARRIS HOLDINGS INC.**

## Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2011

(Unaudited)

**5. CAPITAL STOCK (Continued)**

## b. Issued and outstanding (continued)

<b>New Common Share</b>	<b>Number</b>	<b>Amount (\$)</b>
Balance, September 30, 2010	-	-
Issuance – Arrangement Agreement	21,583,372	914,414
<b>Balance, June 30, 2011</b>	<b>-</b>	<b>-</b>
<b>Class A Preferred Shares (i)</b>		
Balance, September 30, 2010	-	-
Issuance – Arrangement Agreement	21,583,372	809,586
<b>Balance, June 30, 2011</b>	<b>21,583,372</b>	<b>809,586</b>
<b>Share capital common and preferred shares, June 30, 2011</b>		<b>1,724,000</b>

(i) Subsequent to the quarter ended June 30, 2011, the Company has redeemed all the outstanding Class A Preferred Shares with the distribution of the Cielo Shares (Note 4) commencing July 28, 2011. Upon the completion of the redemption, the Class A Preferred Shares have been cancelled and eliminated.

## c. Share purchase warrant:

Two million (2,000,000) of the Company's outstanding share purchase warrants were exercised into common shares in February, 2011 for gross proceeds totalling \$140,000. As a result, \$180,000 was credited to the Company's share capital to account for the \$140,000 gross proceeds received and the \$40,000 previously allocated to the account of contributed surplus (Note 5e) upon the issuance of these warrants.

The continuity of outstanding share purchase warrants as at June 30, 2011 is summarized as follows:

	<b>Number of Warrants</b>	<b>Exercise Price (\$)/share</b>
Outstanding Warrants, September 30, 2010	2,000,000	0.07
Warrants exercise	(2,000,000)	0.07
<b>Outstanding Warrants, June 30, 2011</b>	<b>-</b>	<b>-</b>

## d. Stock Options:

The Company has not granted any stock options since inception and there were no options outstanding as at June 30, 2011.

## e. Contributed surplus:

The continuity of contributed surplus as at June 30, 2011 is summarized as follows:

	<b>Amount (\$)</b>
Balance, September 30, 2010	40,000
Warrants exercise	(40,000)
<b>Balance, June 30, 2011</b>	<b>-</b>

**ARRIS HOLDINGS INC.**

## Notes to the Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2011

(Unaudited)

**6. RESOURCE PROPERTY INTERESTS**

On March 22, 2011 the Company acquired five mineral claims (the “Maggie Gold Property”) located near Squamish, British Columbia from Choice Gold Corp. for cash consideration of \$7,500.

On February 9, 2011, the Company acquired two mineral claims (the “Gold Hill Property”) covering areas located in Kamloops, British Columbia, through Cielo (its former wholly owned subsidiary), for \$5,000. In connection with this transaction, Cielo Corp. borrowed \$5,000 (Note 7) from AHI to complete this acquisition.

On June 9, 2010, Cielo was spun out from AHI and ceased to be a wholly subsidiary of the Company (Note 3). As a result The Midge Property (the only property owned by Cielo) was deconsolidated from the Company’s assets and the Company has recorded a disposition of the resources property interests at its carrying value (also the cost) accordingly. No gain or loss is recorded.

The Company has not implemented any exploration activities since acquisition and has not incurred exploration cost for both the Midge Property and the Maggie Gold Property. The Continuity of the resources properties is as follows:

	<b>Acquisition Cost (\$)</b>	<b>Accumulated Deferred Exploration Cost (\$)</b>	<b>Total (\$)</b>
<b>The Maggie Gold Property</b>			
Balance, September 30, 2010	-	-	-
Changes during the period	7,500	-	7,500
Balance, June 30, 2011	7,500	-	7,500
<b>The Midge Property</b>			
Balance, September 30, 2010	-	-	-
Acquisition (February, 2011)	5,000	-	5,000
Disposition (June 9, 2011)	(5,000)	-	(5,000)
Balance, June 30, 2011	-	-	-
<b>Total, June 30, 2011</b>	<b>7,500</b>	<b>-</b>	<b>7,500</b>

**7. NOTE RECEIVABLE**

Details of the note receivable as at June 30, 2011 are as follows:

<b>Amount</b>	<b>Interest Rate</b>	<b>Terms</b>	<b>Collateral</b>	
\$ 5,000	Non-interest bearing	February 2, 2012	Un-secured	(A)
\$ 25,000	Non-interest bearing	On-demand	Un-secured	(B)

(A) The Company lent Cielo Gold Corp., a former subsidiary (Note 3) \$5,000 in February.

(B) The borrower is an un-related individual.

# **ARRIS HOLDINGS INC.**

## **Notes to the Consolidated Financial Statements**

**For the Three and Nine Months Ended June 30, 2011**

**(Unaudited)**

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### **8. RELATED PARTY TRANSACTIONS**

On May 1, 2010, AHI entered into a lease agreement and a consulting agreement with Cabmerl Industries Ltd. ("Cabmerl"), an entity that shares a common director with AHI. The monthly rent, and consulting fee are \$2,000 and \$5,000 respectively. The terms of these two agreements are not fixed and can be terminated with thirty days notice. During the nine months ended June 30, 2011, AHI was charged \$18,000 (2010-\$4,000) rent and \$45,000 (2010-\$10,000) consulting fees by Cabmerl. The transactions with Cabmerl have occurred in the normal course of operations and have been measured at exchange amounts agreed by both parties. As at June 30, 2011, the Company's accounts payable and accrued liabilities balance included a \$12,000 payable balance owing to Cabmerl (September 30, 2010 -\$27,300). This related-party payable is un-secured and non-interest bearing.

### **9. SUBSEQUENT EVENTS**

The Company does not have subsequent events to report other than the final approval of the Arrangement Agreement and the distribution of Cielo Shares that are discussed in Note 3, 4 and 5 to these unaudited interim financial statements for the three and nine months ended June 30, 2011.