

Edgar Filing: Eco-Trade Corp. - Form 10-K/A

Eco-Trade Corp.  
Form 10-K/A  
January 19, 2012

United States  
Securities and Exchange Commission  
Washington, D.C. 20549

Amendment No. 2 to  
Form 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITIONAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 001-12000

ECO-TRADE CORP.

(Exact name of registrant as specified in charter)

Registrant's telephone number, including area code: (803) 699-4940

9270 Two Notch Road, Suite 4,  
Columbia, SC 29223

(Address of principal executive offices)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-3696015  
(I.R.S. Employer  
Identification No.)

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

Securities registered under Section 12(g) of the Exchange Act: Common Stock, par value \$0.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the  
Act. Yes  No

Check whether the issuer is not required to file reports pursuant to Section 13 or 15 (d) of the Exchange Act.

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the  
Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained  
herein, and will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K .

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes  No

The aggregate market value of the registrant’s common stock (the only class of voting stock) held by non-affiliates of the Company as of December 31, 2010 was about \$377,485, based on the closing price of the registrant’s common stock on such date of \$0.21 as reported by the Over the Counter Bulletin Board .

At March 31, 2011, 1,802,718 shares of common stock were issued and outstanding.

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EXPLANATORY NOTE

Eco-Trade Corp. (the “Company”) is filing this Amendment No. 2 on Form 10-K/A (this “Amendment No. 2”) to reflect the effects of reporting errors. These errors had no impact on the financial statements of the Company. For ease of reference, this Amendment No. 2 amends Item 9A. Controls and Procedures, Item 11. Executive Compensation, and Exhibit 31.1 .

In addition, as required by Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended, the Company's principal executive officer and principal financial officer have provided new Rule 13a-14(a) certifications and Section 1350 certifications in connection with this Amendment No. 2 .

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## TABLE OF CONTENTS

	Page
<b>PART I</b>	
ITEM 1. BUSINESS	3
ITEM 1A. RISK FACTORS	4
ITEM 1B. UNRESOLVED STAFF COMMENTS	4
ITEM 2. PROPERTIES	4
ITEM 3. LEGAL PROCEEDINGS	5
ITEM 4. (Removed and Reserved)	6
<b>PART II</b>	
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	7
ITEM 6. SELECTED FINANCIAL DATA	13
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	14
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	16
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	16
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	16
ITEM 9A. CONTROLS AND PROCEDURES	17
ITEM 9B. OTHER INFORMATION	18
<b>PART III</b>	
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	19
ITEM 11. EXECUTIVE COMPENSATION	21
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	26
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE	27
ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES	28
ITEM 15. EXHIBITS	29
<b>SIGNATURES</b>	<b>32</b>

## Item 1. Business

### History of Business

Eco-Trade Corp. (f/k/a Yasheng Eco-Trade Corporation), is a Delaware corporation and was organized on November 9, 1992. It was a development stage company through December 1993. Eco-Trade Corporation and its consolidated subsidiaries are collectively referred to herein as “Eco-Trade” or the “Company”.

Effective December 8, 2010, the Company changed its name to “Eco-Trade Corp.” and effected a reverse-split of its issued and outstanding shares of common stock on a 100:1 basis pursuant to that certain Certificate of Amendment to the Restated Certificate of Incorporation, as amended. Further, the Company’s symbol been changed to “BOPT”. FINRA implemented the name change, reverse split and symbol change effective December 9, 2010.

The Company’s headquarters and operational offices are located in Columbia, South Carolina.

### Going Concern

The accompanying consolidated financial statements included in this Annual Report on Form 10-K include an opinion from Robinson, Hill & Co., the Company’s independent auditors, that there is substantial doubt as to our ability to continue as a going concern. The financing of the Company’s projects is dependent on the ability to raise capital. The sub-prime crisis may affect the availability and terms of financing available to the Company for the completion of its projects, and the availability and terms of financing may affect the Company’s ability to obtain relevant financing for its ongoing operations as well. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Business Strategy

Our business plan since 1993 has been identifying, developing and operating companies within emerging industries for the purpose of consolidation and sale if favorable market conditions exist. Although the Company primarily focuses on the operation and development of its core businesses, the Company pursues consolidations and sale opportunities in a variety of different industries, as such opportunities may present themselves, in order to develop its core businesses and additional areas outside of its core business. The Company may invest in other unidentified industries that the Company deems profitable. If the opportunity presents itself, the Company will consider implementing its consolidation strategy with its subsidiaries and any other business that it enters into a transaction. In January 2009, the Company commenced the development of a logistics center in Southern California.

In January 2009, the Company commenced the development of a logistics center in Southern California. Our mission is to develop an Asian Pacific Cooperation Zone in Southern California to enhance and enable increased trade between the United States and China. The facility would provide a “Gateway to China” through a centralized location for the marketing, sales, customer service, product completion for “Made in the USA” products and distribution of goods imported from China. It would also promote Joint Ventures and exporting opportunities for US companies. During 2009, the Company entered into series of agreements with Yasheng Group, Inc., a California corporation (“Yasheng”). Pursuant to these series of agreements, Yasheng agreed to transfer certain assets and know-how for the development of a logistics center and eco-trade cooperation zone (the “Project”). As part of the Company’s due diligence and closing procedures, the Company requested that Yasheng-BVI (Yasheng’s alleged parent company) provide a current legal opinion from a reputable Chinese law firm attesting to the fact that no further regulatory approval is required from the Chinese government as well as other material conditions to close the transaction. On November 3, 2009, the Company sent Yasheng and Yasheng-BVI a formal letter demanding various closing items. However, Yasheng and Yasheng-BVI failed to deliver the requested items. On November 9, 2009, Yasheng and

Yasheng-BVI sent a termination notice to the Company advising that the definitive Agreement had been terminated pursuant to the termination provision in the Agreement.

As Yasheng failed to enter into a definitive agreement with the Company, we may lose a significant source of potential clients for the logistics center. As such, the Company would be required to develop additional sources of clients and develop a significant sales force to achieve favorable results. On April 5, 2010, the Company issued a formal request to Yasheng demanding the surrender of the 500,000 shares issued to them as well as reimbursement to the Company for its expenses associated with the transaction in the amount of \$348,240. To date, the formal request was not answered by Yasheng, and as such on September 30, 2010, the Company's Board of Directors voted to cancel the 500,000 shares. The shares have not been returned to the Company, however, and are therefore not cancelled. The Company will continue to contest the validity of the shares.

The Company's holdings in its subsidiaries at December 31, 2010 were as follows:

100% of DCG – discontinued operations

100% of Vortex Ocean One, LLC - discontinued operations

On April 15, 2010, the Company sold all its holdings in Micrologic for consideration of \$20,000.

On June 30, 2010, the Company entered into a Joint Venture Agreement (the "Agreement") with CMARK International, Inc. ("CMARK"), for the purpose of creating a jointly owned company to be named "Government Logistics Financing Group" or such other acceptable name ("Newcorp"), that will assist in implementing and servicing an existing backlog of services provided by CMARK in the areas of construction, interior systems and hospitality operations primarily to the U.S. Federal government and U.S. Federal government prime contractors. The authorized capital of Newcorp will consist of 100,000 shares of Common Stock, par value \$0.0001 per share. Upon creation of Newcorp, the Company will subscribe for 50 shares at an aggregate purchase price of \$1,000, and CMARK will subscribe for 50 shares at an aggregate purchase price of \$1,000. Newcorp will have a Board of Directors consisting of two members, one being designated by the Company and the other being designated by CMARK. Said Agreement has not been consummated to date, as CMARK did not provide the Company with audited financial statements.

The Company's core business is the development of a logistics center in Southern California. In addition to continuing to pursue its ongoing core business, the Company has identified a promising potential business combination that stemmed from the need to hedge currencies.

#### Employees

As of December 31, 2010, the Company employed one full-time employee in executive and administrative functions. We believe that our relationship with our employee is good.

#### Item 1A. Risk Factors

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

#### Item 1B. Unresolved Staff Comments.

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

#### Item 2. Properties

The Company head office was located at 9107 Wilshire Blvd., Suite 450, Beverly Hills, CA 90210, on a month-to-month basis. The Company notified the landlord that effective December 1, 2009 it will terminate and vacate the premises. The Company's operational office (and headquarters from December 1, 2009 to June 2010) was located at 1061 ½ N Spaulding Ave, West Hollywood, CA 90046, paying \$2,500 per month (which lease term ends June 2011). Effective June 2010, based on a change of control per the Trafalgar settlement agreement, the Company is operating only from its operational offices located at 9270 Two Notch Road, Suite 4, Columbia, SC 29223. The Company will pay no rent until participation in lease expenses has been established.

### Item 3. Legal Proceedings

From time to time, we are a party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not involved currently in legal proceedings other than detailed below that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

Trafalgar Capital Specialized Investment Fund, Luxembourg - The Company via series of agreements (directly or via affiliates) with European based alternative investment fund - Trafalgar Capital Specialized Investment Fund, Luxembourg (“Trafalgar”) established a financial relationship which should create a source of funding to the Company and its subsidiaries (see detailed description of said series of agreements in the Company filing). The Company position is that the DCG transactions (among others) would not have been closed by the Company unless Trafalgar had provided the needed financing needed for the drilling program. On April 14, 2009, the Company filed a complaint in Superior Court of California, County of Los Angeles, and Case No. BC 411768 against Trafalgar Capital Specialized Investment Fund, Luxembourg and its affiliates (which was served on June 5, 2009 via registered mail and on September 10, 2009 in personal service), alleging breach of contract and fraud and alleged damages in the amount of \$30,000,000. On or about August 2008, Trafalgar obtained a default judgment against the Company in a lawsuit brought by it (but never served on the Company) in Florida (Case No. 09-60980) for \$2,434,196.06. The Company appealed said judgment, based on non-service and its appeal was granted on April 9, 2010 so this judgment been vacated. On April 15, 2010 effective December 31, 2009 the company and Trafalgar settled all outstanding disputes. The parties agreed that the debts owe to Trafalgar will be set as \$3,000,000 with maturity of 30 months from date of issuing carry a 7% annual interest. Under the terms of the settlement, Trafalgar will be issued Preferred Stock of the Company, which is convertible to common shares at the option of the holders, into 6,000,000 common shares of the Company (post reverse 100:1), at any time upon written notice to the company; this is more than the total authorized shares of the Company. In the event of conversion of the note, the Company will authorize more shares to be issued at that point (at the time, the parties acknowledged that the Company did not have sufficient authorized shares to achieve said issuance). Trafalgar will appoint 4 directors to the Company’s Board of Directors. Under the terms of the settlement, Trafalgar agreed to continue and pursue the core business of the Company. Trafalgar has subsequently contractually agreed to restrict its ability to convert the preferred stock and receive shares of Common Stock such that the number of shares of Common Stock held by them and their affiliates after such conversion or exercise does not exceed 9.99% of the Company’s then issued and outstanding shares of common stock. Trafalgar assigned 50,000 shares of E Preferred Stock to Trafalgar Capital Advisors LLC. In 2010, the Trafalgar debt and its ownership of Series E Preferred Stock was sold, in a private transaction to which the Company is not a party, by Trafalgar to a third party, Sagi Collateral Ltd (“Sagi”), a Private Company Number 514169697, which is controlled by Alexander Smirnov. As such, all balances that Trafalgar owned (300,000 shares of Series E Preferred stock, as well as \$264,139 of short-term debt) are currently owned by Sagi. As of December 31, 2010, the Company has recorded \$84,575 of dividend expense for the Series E Preferred shares.

Verge Bankruptcy & Rusk Litigation - On January 23, 2009, Verge Living Corporation (the “Debtor”), a former wholly owned subsidiary of Atia Group Limited (“AGL”), a former subsidiary of the Company, filed a voluntary petition (the “Chapter 11 Petitions”) for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of California (the “Bankruptcy Court”). The Chapter 11 Petitions are being administered under the caption In re: verge Living Corporation, et al., Chapter 11 Case No. ND 09-10177 (the “Chapter 11 Proceedings”). The Bankruptcy Court assumed jurisdiction over the assets of the Debtors as of the date of the filing of the Chapter 11 Petitions. . On April 28, 2009, Chapter 11 Proceedings changed venue to the United States Bankruptcy Court for the District of Nevada, Chapter 11 Case No BK-S-09-16295-BAM. As Debtor as well as its parent AGL were subsidiaries of the Company at time when material agreements where executed between the parties, the Company may become part of the proceeding. In August 2008, Dennis E. Rusk Architect LLC and Dennis E. Rusk, (“Rusk”) were terminated by a former affiliate of the Company. Rusk filed a lawsuit against the Debtor, the Company and multiple other parties in Clark County, Nevada, Case No. A-564309. The Rusk parties seek monetary

damages for breach of contract. The Company has taken the position that the Company will have no liability in this matter as it never entered an agreement with Rusk. The court handling the Verge bankruptcy entered an automatic stay for this matter. On or about October 28, 2009 the parties settled said complaint, where the other parties agreed to pay the Rusk parties the sum of \$400,000. The amount of \$37,500 was advanced by the other parties to the Rusk parties. The Company's Board of Directors agreed to issue to the other parties 40,000 shares of the Company, as the Company participation in said settlement, which was done on October 2008. The shares of common stock were issued in connection with this transaction in a private placement transaction made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and Rule 506 promulgated there under. Each of the Penalty Holders is an accredited investor as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933.

Yalon Hecht - On February 14, 2007, the Company filed a complaint in the Superior Court of California, County of Los Angeles against Yalon Hecht, a foreign attorney alleging fraud and seeking the return of funds held in escrow, and sought damages in the amount of approximately 250,000 Euros (approximately \$316,000 as of the date of actual transferring the funds), plus interest, costs and fees. On April 2007, Mr. Hecht returned \$92,694 (70,000 Euros on the date of transfer) to the Company which netted \$72,694. On June 2007, the Company filed a claim seeking a default judgment against Yalon Hecht. On October 25, 2007, the Company obtained a default judgment against Yalon Hecht for the sum of \$249,340.65. On February 7, 2011, the Company retained domestic Israeli counsel to try to collect on the aforementioned judgment amount.

Vortex One - The Company via Vortex One commended its DCG's drilling program, where Vortex One via its former member, was the first cash investor. Since said cash investment was done in July 2008, the Company defaulted on terms, period and presentations (based on third parties presentations). Based on series of defaults of third parties, Vortex One entered into a sale agreement with third parties regarding specific 4 wells assignments. Per the terms of the sale, Vortex One and the Company should be paid commencing May 1, 2009. Vortex One and the Company agreed to give the Buyer a one-time 60 days extension, and put them on notice for being in default on said notes. To date the operator of the wells paid Vortex One (on behalf of the Buyer) per the terms of the agreement 3 payments (for the months of April, May and July 2009 – Operator did not pay for the month of June 2009) amounting to \$13,093.12. Vortex One position is that the Buyer as well as the operator is under breach of the Sale agreement and the Note's terms, and notice has been issued for default. In lieu of the non material amount, no provision was made to income of \$2,617 (20% the Company share per the operating agreement) until the Company finishes its investigation of the subject.

On July 1, 2008, DCG entered into a Drilling Contract (Model Turnkey Contract) ("Drilling Contract") with Ozona Natural Gas Company LLC ("Ozona"). Pursuant to the Drilling Contract, Ozona has been engaged to drill four wells in Crockett County, Texas. The drilling of the first well commenced immediately at the cost of \$525,000 and the drilling of the subsequent three wells scheduled for as later phase, by Ozona and Mr. Mustafoglu, as well as the wells locations. Based on Mr. Mustafoglu negligence and executed unauthorized agreements with third parties, the Company may have hold Ozona and others responsible for damages to the Company with regards to surface rights, wells locations and further charges of Ozona which are not acceptable to the Company. The Company did not commence legal acts yet, and evaluate its rights with its legal consultants.

Wang - On August 4, 2009, the Company filed a Form 8-K Current Report with the Securities and Exchange Commission advising that Eric Ian Wang ("Wang") was appointed as a director of the Company on August 3, 2009. Mr. Wang was nominated as a director at the suggestion of Yasheng which approved the filing of the initial Form 8-K. On August 5, 2009, Mr. Wang contacted the Company advising that he has not consented to such appointment. Accordingly, Mr. Wang has been nominated as a director of the Company but has not accepted such nomination and is not considered a director of the Company. Mr. Wang's nomination was subsequently withdrawn. Furthermore, although no longer relevant, Mr. Wang's work history as disclosed on the initial Form 8K was derived from a resume provided by Mr. Wang. Subsequent to the filing of the Form 8-K, Mr. Wang advised that the disclosure regarding his work history was inaccurate. As a result, the disclosure relating to Mr. Wang's work history should be completely disregarded. The Company believe that at the time that these willful, malicious, false and fraudulent representations were made by Wang to the company, Wang knew that the representations were false and that he never intended to be appointed to the board. The company informed and believe the delivery of the resumes, and the later demand for a retraction of the resumes, were part of a scheme (with others) to injure the business reputation of the company to otherwise damages its credibility such that the Company would have a lesser bargaining position in the finalization of the documents relating to the Yasheng transaction. As such the Company filled on September 2009 a complaint against Wang in California Superior Court – San Bernardino County – Case No.: CIVRS909705. On or about January 4, 2010 the parties settled all their adversaries. Under said settlement, Wang represents, warrants, and agrees that the information about him that was contained in the 8K Filing and other disclosure documents was supplied by him. Any alleged inaccuracies, misrepresentations, and/or misstatements in the 8K Filing and other disclosure documents,

regarding his resume, background and/or qualifications, if any exist, were based upon the information he provided to the Company.

Sharp - On October 19, 2009, George A. Sharp (“Sharp”) filed a Complaint in the San Diego Superior Court, Case No. 37-2009-00100574-CU-MC-CTL (the “Case”) against the Company. On December 29, 2009, Sharp filed a First Amended Complaint in the Case. On January 15, 2010, the Court in the San Diego Superior Court granted the motion of the Company to transfer the Case to the Los Angeles Superior Court. The Case was assigned Case Number BC434061 in the Los Angeles Superior Court on or about March 24, 2010. On June 2, 2010, the Company entered into a settlement agreement and release of claims (the “Sharp Agreement”) with Sharp for the purpose of resolving the Case. Under the terms of the Sharp Agreement, the parties agreed to settle the action pursuant to which the Company will pay Sharp \$25,000 (the “Funds”) on or before June 3, 2010, which was paid. Upon receipt of the Funds, Sharp will provide an executed Request for Dismissal with prejudice. Additionally, Sharp has agreed to cease and desist from contacting shareholders of the Company and communicating in any manner regarding the Company. In August 2010, the Company’s agent of service was served with a complaint by Sharp against the Company for breach of agreement. The complaint was filed with the Superior Court of California, in the County of Los Angeles – Case Number 10K15452. The Company intends to defend itself vigorously, and believes that the complaint for violation of the non-disparagement clause of the Sharp Agreement is without merit.

Item 4. (Removed and Reserved).

## PART II

## Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

## Market Information

During 2008, the Company elected to move from The NASDAQ Stock Market to the OTCBB to reduce, and more effectively manage, its regulatory and administrative costs, and to enable Company's management to better focus on its business. The Company then traded on the OTCBB under the symbol VXRC. On February 24, 2009, the Company symbol was changed from VTEX to VXRC. Before that, the Company's common stock was traded on the NASDAQ Capital Market ("NASDAQ") under the symbol "EMVL". On July 15, 2009 the Company changed its name from "Vortex Resources Corp." to Yasheng Eco-Trade Inc. and changed the Company symbol into "YASH".

Effective December 8, 2010, the Company changed its name to "Eco-Trade Corp." and the symbol changed to "BOPT". The following table sets forth the high and low bid prices for the Company's common stock during the periods indicated as reported by NASDAQ or OTCBB.

Quarter Ended:	High (\$)	Low (\$)
2009		
March 31, 2009	\$ 1.00	\$ 0.54
June 30, 2009	0.95	0.69
September 30, 2009	0.18	0.15
December 31, 2009	0.03	0.02
2010		
March 31, 2010	\$ 2.84	\$ 0.64
June 30, 2010	1.50	0.35
September 30, 2010	0.50	0.26
December 31, 2010	0.78	0.21

## Holders of Common Stock

As of December 31, 2010, the Company had 1,802,718 shares of common stock outstanding and 119 shareholders of record.

## Dividends

It has been the policy of the Company to retain earnings, if any, to finance the development and growth of its business.

## Equity Compensation Plan Information

## 2004 Incentive Plan

## A) Stock option plans

In 2004, the Board of Directors established the “2004 Incentive Plan” (“the Plan”), with an aggregate of 800,000 shares of common stock authorized for issuance under the Plan. The Plan was approved by the Company’s Annual Meeting of Stockholders in May 2004. In 2005, the Plan was adjusted to increase the number of shares of common stock issuable under such plan from 800,000 shares to 1,200,000 shares. The adjustment was approved at the Company’s Annual Meeting of Stockholders in June 2005. The Plan provides that incentive and nonqualified options may be granted to key employees, officers, directors and consultants of the Company for the purpose of providing an incentive to those persons. The Plan may be administered by either the Board of Directors or a committee of two directors appointed by the Board of Directors (the “Committee”). The Board of Directors or Committee determines, among other things, the persons to whom stock options are granted, the number of shares subject to each option, the date or dates upon which each option may be exercised and the exercise price per share. Options granted under the Plan are generally exercisable for a period of up to ten years from the date of grant. Incentive options granted to stockholders that hold in excess of 10% of the total combined voting power or value of all classes of stock of the Company must have an exercise price of not less than 110% of the fair market value of the underlying stock on the date of the grant. The Company will not grant a nonqualified option with an exercise price less than 85% of the fair market value of the underlying common stock on the date of the grant.

## (b) Other Options

As of December 31, 2010, there were 330,000 options outstanding with a weighted average exercise price of \$3.77.

No options were exercised during the fiscal years ended December 31, 2010 and 2009.

The following table summarizes information about shares subject to outstanding options as of December 31, 2010, which was issued to current or former employees, consultants or directors pursuant to the 2004 Incentive Plan and grants to Directors:

Number Outstanding	Options Outstanding		Options Exercisable		
	Range of Exercise Prices	Weighted-Average Exercise Price	Weighted-Average Remaining Life in Years	Number Exercisable	Weighted-Average Exercise Price
100,000	\$ 4.21	\$ 4.21	1.79	\$ 100,000	\$ 4.21
30,000	\$ 4.78	\$ 4.78	2.32	\$ 30,000	\$ 4.78
200,000	\$ 3.40	\$ 3.40	3.31	\$ 150,000	\$ 3.40
				\$	
330,000	\$ 3.40-4.78	\$ 3.77	2.66	\$ 280,000	\$ 3.84

## (c) Warrants – Expired on June 2010

On June 7, 2005, the Company granted 100,000 warrants to a consulting company as compensation for investor relations services at exercise prices as follows: 40,000 warrants at \$3.50 per share, 20,000 warrants at \$4.25 per share, 20,000 warrants at \$4.75 per share and 20,000 warrants at \$5 per share. The warrants have a term of five years and increments vest proportionately at a rate of a total 8,333 warrants per month over a one year period. The warrants are being expensed over the performance period of one year. In February 2006, the Company terminated its contract with

the consultant company providing investor relation services. The warrants granted under the contract were reduced time-proportionally to 83,330, based on the time in service by the consultant company.

As part of some Private Placement Memorandums the Company issued warrants that can be summarized in the following table:

Name	Date	Terms	No. of Warrants	Exercise Price
Party 1	3/30/2008	2 years from Issuing	200,000	\$ 1.50
Party 1	3/30/2008	2 years from Issuing	200,000	\$ 2.00
Party 2	6/05/2008	2 years from Issuing	300,000	\$ 1.50
Party 3	6/30/2008	2 years from Issuing	200,000	\$ 1.50
Party 4	9/5/2008	2 years from Issuing	200,000	\$ 1.50

None of the warrants were exercised to the date of this filing.

Cashless Warrants-Expired on September 2010:

On September 5, 2008 the Company entered a short term loan memorandum, with Mehmet Haluk Undes a third party, for a short term loan (“bridge”) of up to \$275,000 to bridge the drilling program of the Company. As a consideration for said facility, the Company grants the investor with 100% cashless warrants coverage for two years at exercise price of 1.50 per share. The investor made a loan of \$220,000 to the company on September 15, 2008, that was paid in full on October 8, 2008. Accordingly the investor is entitled to 200,000 cashless warrants as from September 15, 2008 at exercise price of \$1.50 for a period of 2 years. The Company contests the validity of said warrants.

(d) Shares

On July 23, 2009, the Company issued 465 shares of its common stock 0.001 par value per share, to Stephen M. Fleming, the Company’s securities counsel pursuant to the 2008 Employee Stock Incentive Plan,

Following the above securities issuance, the 2008 Plan was closed, and no more securities can be issued under this plan.

Common Stock:

On January 23, 2009, the Company completed the sale of 500 shares of the Company’s common stock to one accredited investor for net proceeds of \$75,000 (or \$0.15 per common share). The shares of common stock were issued in connection with this transaction in a private placement transaction made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and Rule 506 promulgated there under. The investor is an accredited investor as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933.

On March 5, 2009, the Company and Yasheng Group implemented an amendment to the Term Sheet pursuant to which the parties agreed to explore further business opportunities including the potential lease of an existing logistics center located in Inland Empire, California, and/or alliance with other major groups complimenting and/or synergetic to the Company/Yasheng JV as approved by the board of directors on March 9, 2009. Further, in accordance with the amendment, the Company issued 500,000 shares to Yasheng and 384,615 shares to Capitol Properties in consideration for exploring the business opportunities, and providing –intellectual property and know-how. The shares of common stock were issued based on the Board consent on March 9, 2009, in connection with this transaction in a private transaction made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and/or Rule 506 promulgated there under. Yasheng and Capitol are accredited investors as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933. The Company calculated its expenses associated with the transaction to be \$348,240, and expensed that amount on the income statement. As Yasheng failed to enter into a

definitive agreement with the Company, we may lose a significant source of potential clients for the logistics center. As such, the Company would be required to develop additional sources of clients and develop a significant sales force to achieve favorable results. On April 5, 2010, the Company issued a formal request to Yasheng demanding the surrender of the 500,000 shares issued to them as well as reimbursement to the Company for its expenses associated with the transaction in the amount of \$348,240. To date, said formal request was not answered by Yasheng, and as such on September 30, 2010, the Company's Board of Directors voted to cancel the 500,000 shares. The shares were subsequently cancelled.

As reported by the Company on its Form 10-Q filed on November 14, 2008, Star Equity Investments, LLC (“Star”) entered, on September 1, 2008, into that certain Irrevocable Assignment of Promissory Note, which resulted in Star being a creditor of the Company with a loan payable by the Company in the amount of \$1,000,000 (the “Debt”). No relationship exists between Star and the Company and/or its affiliates, directors, officers or any associate of an officer or director. On March 11, 2009, the Company entered and closed an agreement with Star pursuant to which Star agreed to convert all principal and interest associated with the Debt into 85,000 shares of common stock and released the Company from any further claims.

On October 1, 2008, the Company entered into a short term note payable (6 month maturity) with a foreign Company, a third party, for \$330,000. The note had 12% interest commencing October 1, 2008 and can be converted (including interest) into common shares of the Company at an established conversion price of \$0.015 per share. Holder has advised that it has no desire to convert the Note into shares of the Company’s common stock at \$1.50 per share at this time as the Company’s current bid and ask is \$0.23 and \$0.72, respectively, and there was virtually no liquidity in the Company’s common stock. The Company was in default on the Note, and Holder has threatened to commence litigation if it not paid in full. The Company did not have the cash resources to pay off the Note due to current capital constraints. Holder has agreed that it is willing to convert the Note if the conversion price is reset to \$0.04376 resulting in the issuance of 80,000 shares of common stock (the “Shares”) of the Company. The parties entered a settlement agreement in May 2009. The agreement with Holder was approved by the Board of Directors where Mr. Yossi Attia has abstained from voting due to a potential conflict of interest.

On July 15, 2009 TAS which owned Series B preferred shares, converted the Series B Preferred Shares to 75,000 common stock 0.001 par values per share.

On July 23, 2009, the Company issued 465 shares of its common stock 0.001 par value per share, to Stephen M. Fleming, the Company’s securities counsel pursuant to the 2008 Employee Stock Incentive Plan registered on Form S-8 Registration.

On August 17, 2009, the Company entered into a Subscription Agreement with an accredited investor pursuant to which the investor agreed to acquire up \$400,000 in shares of common stock of the Company at a per share purchase price equal to the average closing price for the five trading days prior to close. On August 17, 2009, the accredited investor purchased 3,509 restricted shares of common each at \$0.57 per share for an aggregate purchase price of \$200,000, which was paid in cash. On August 31, 2009, the accredited investor purchased an additional 1,501 shares of common stock at \$.3332 per share for an aggregate purchase price of \$50,000, which was paid in cash. On September 4, 2009, an accredited investor purchased 5,747 restricted shares of common each at \$.22136 per share for an aggregate purchase price of \$127,219.48, which was paid in cash. The shares of common stock were offered and sold to the accredited investor in a private placement transaction made in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and/or Rule 506 promulgated thereunder. The investor is an accredited investor as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933.

On October 22, 2009, the Company issued Corporate Evolutions, Inc. 5,000 shares of common stock. Corporate Evolutions, Inc. provides investor relation services to the Company and is an accredited investor as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933. The shares were issued in reliance upon exemptions from registration pursuant to Section 4(2) under the Securities Act of 1933 and/or Rule 506 promulgated thereunder.

On or around October 28, 2009 the Company and all other parties settled the Rusk dispute for \$400,000 to be paid within 75 days from settlement. As the Company does not have sufficient funds to pay the Settlement Amount, and Emvelco RE Corp. (“Emvelco RE Corp.”) has agreed indemnify the Company and pay the Settlement Amount if the Company issues Emvelco RE 400,000 shares of common stock of the Company (the “Shares”), the Company authorized to issue Emvelco RE the Shares which shall be issued under Section 4(2) of the Securities Act of 1933, as

amended, and which shall be considered validly issued and duly authorized.

On December 30, 2009, the Company entered into a Preferred Stock Purchase Agreement dated as of December 30, 2009 (the "Agreement"). Pursuant to the Agreement, the Company agreed to pay the Investor a commitment fee of \$250,000 (the "Commitment Fee"), payable at the earlier of the six monthly anniversary of the execution of the Agreement or the first tranche. The Company has the right to elect to pay the Commitment Fee in immediately available funds or by issuance of shares of Common Stock. As such the Company issued to the Investor 100,000 shares of Common Stock of the Company, in a transaction made pursuant to Section 3(a)(9) of the Securities Act of 1933.

On December 30, 2009, the Company entered into an Exchange Agreement with Moran Atias (“Atias”) whereby the Company and Ms. Atias exchanged \$100,000 of a promissory note in the amount of \$250,000 held by Ms. Atias into 119,033 shares of Common Stock of the Company, in a transaction made pursuant to Section 3(a)(9) of the Securities Act of 1933. The promissory note, of which a portion was converted by Ms. Atias, was initially issued on August 8, 2008.

On January 20, 2010, the Company, in an effort to reduce outstanding debt of the Company, entered into an Exchange Agreement with Moran Atias (“Atias”) whereby the Company and Ms. Atias exchanged \$100,000 of a promissory note in the amount of \$250,000 held by Ms. Atias into 130,000 shares of common stock of the Company, in a transaction made pursuant to Section 3(a)(9) of the Securities Act of 1933. The promissory note, of which a portion was converted by Ms. Atias (see above), was initially issued on August 8, 2008. The Company’s issuance of the securities described in the preceding sentence is exempt from registration under the Securities Act of 1933 pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933 for a transaction not involving a public offering of securities. After the date of this conversion, Ms. Atias still held a note payable by the Company for \$50,000.

On March 23, 2010, the Company issued 80,000 shares of its common stock for accounts payable of \$37,860 to Donfeld, Kelley & Rollman (“Kelley”), the Company lawyer, as partial payment for legal fees due. The promissory note, which was converted by Kelley, was issued on August 30, 2009. The Company’s issuance of the securities described in the preceding sentence is exempt from registration under the Securities Act of 1933 pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933 for a transaction not involving a public offering of securities. The adjusting mechanism of his Note is still in effect. The remaining balance due to Kelley of \$30,650 was forgiven.

On April 10, 2010, the Company, in an effort to reduce outstanding debt of the Company, entered into an Exchange Agreement with Ms. Atias whereby the Company and Ms. Atias exchanged the remaining balance of \$50,000 from a promissory note in the amount of \$250,000 held by Ms. Atias, into 127,143 shares of common stock of the Company, in a transaction made pursuant to Section 3(a)(9) of the Securities Act of 1933. The promissory note, of which a portion had already been converted by Ms. Atias, was initially issued on August 8, 2008. The Company’s issuance of the securities described in the preceding sentence is exempt from registration under the Securities Act of 1933 pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933 for a transaction not involving a public offering of securities. After the agreement was consummated, the Company paid the Atias note in full.

On April 10, 2010, the Company, in an effort to reduce outstanding debt of the Company, entered into an Exchange Agreement with Mrs. Priscilla Dunckel whereby the Company and Mrs. Dunckel exchanged \$20,000 of a promissory note in the amount of \$20,000 held by her into 50,857 shares of common stock of the Company, in a transaction made pursuant to Section 3(a)(9) of the Securities Act of 1933. The Company’s issuance of the securities described in the preceding sentence is exempt from registration under the Securities Act of 1933 pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933 for a transaction not involving a public offering of securities. On April 10, 2010, via an exchange agreement, Mrs. Dunckel’s note was paid off in full.

#### Preferred Stock:

Series A and B were converted in 2009 into common stock.

Series C - On November 26, 2009, the Company issued 210,087 shares of Series C Preferred Stock for aggregate consideration of \$5,000. Each six hundred shares of Series C Preferred Stock is convertible into one post-reverse-split share of common stock; provided, however, in the event that the shares of Series C Preferred Stock have been outstanding for a period of one year, then it shall be automatically converted into shares of common stock in

accordance with the aforementioned conversion formula. At December 31, 2010, the Series C Preferred shares have been converted to post-reverse-split common stock, and the conversion has been given full effect in the financial statements below. The Company issued the securities to one non-U.S. persons (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

Series E and Series F—

The Company entered into a Securities Purchase Agreement (the “Trafalgar Agreement”) with Trafalgar Capital Specialized Investment Fund, Luxembourg (“Trafalgar”) on September 25, 2008 for the sale of up to \$2,750,000 in convertible notes (the “Notes”). Pursuant to the terms of the Agreement, the Company and Trafalgar closed on the sale and purchase of \$1,600,000 in Notes on September 25, 2008. The Buyer exercised its option to close on a second financing for \$400,000 in Notes on October 28, 2008. On April 15, 2010 the parties settled their outstanding disputes. Based on said settlement which was declared effective as of December 31, 2009, the parties agreed that Trafalgar will convert its notes (at agreed amount of \$3,000,000) into a new class of Series E Preferred Stock (“E Preferred Stock”).

Each share of E Preferred Stock is convertible, at any time at the option of the holder, into 20 shares of Common Stock. Holders of the E Preferred Stock are entitled to receive, when declared by the Company’s board of directors, annual dividends of \$0.70 per share of B Preferred Stock paid annually (equates to a 7% annualized return). Such dividends may be paid, at the election of the Company, either (i) in cash or (ii) in restricted shares of Common Stock. In the event that the Company elects to issue shares of Common Stock in connection with the dividend on the E Preferred Stock, such dividend shares shall be determined by dividing the dividend amount by 110% of the volume-weighted average price of the common stock for the 20 trading days immediately preceding the record date for payment of such dividend (the “Dividend VWAP”); provided, however, if the Company is unable to determine the Dividend VWAP, then such dividend shall be determined by dividing the dividend amount by the average of the three highest closing bid prices during the 20 trading days immediately preceding the record date for payment of such dividend.

In addition to any voting rights provided by law, holders of the E Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company’s Board of Directors. Each share of E Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the E Preferred Stock may be converted on the record date for determining stockholders entitled to vote.

In the event of any liquidation or winding up of the Company, the holders of E Preferred Stock will be entitled to receive, in preference to holders of Common Stock, an amount equal to the original purchase price per share, plus interest of 15%.

Trafalgar has contractually agreed to restrict its ability to convert the preferred stock and receive shares of Common Stock such that the number of shares of Common Stock held by them and their affiliates after such conversion or exercise does not exceed 9.99% of the Company’s then issued and outstanding shares of common stock. Trafalgar assigned 50,000 shares of E Preferred Stock to Trafalgar Capital Advisors LLC. In 2010, the Trafalgar debt and its ownership of Series E Preferred Stock was sold, in a private transaction to which the Company is not a party, by Trafalgar to a third party, Sagi Collateral Ltd (“Sagi”), a Private Company Number 514169697, which is controlled by Alexander Smirnov. As such, all balances that Trafalgar owned (300,000 shares of Series E Preferred stock, as well as \$264,139 of short-term debt) are currently owned by Sagi. As of December 31, 2010, the Company has recorded \$84,575 of dividend expense for the Series E Preferred shares.

The Company entered into letter agreements with each of Jeffrey Sternberg, Gerry Weinstein, Andre Lauzier and William Lieberman, directors of the Company, whereby each of the directors agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the “F Preferred Stock”).

Each share of F Preferred Stock is convertible, at any time at the option of the holder, into 5 shares of Common Stock. Holders of the F Preferred Stock are not entitled to receive dividends and do not have liquidation rights.

In addition to any voting rights provided by law, holders of the F Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of F Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the F Preferred Stock may be converted on the record date for determining stockholders entitled to vote multiplied by 10.

On October 25, 2010, Andre Lauzier, Jeffrey Stenberg, and Gerry Weinstein resigned from the Board of Directors, and agreed to surrender their Series F Preferred shares to the Company for cancellation. As a result of this event, Mr. Lieberman is the sole director of the Company, is the sole remaining holder of the 10,000 Series F Preferred shares still outstanding after the event, and no longer holds voting control of the Company.

Commitment of Issuance of Preferred Stock:

Series D – Not issued yet - On December 30, 2009, the Company entered into a Preferred Stock Purchase Agreement dated as of December 30, 2009 (the “Agreement”) with Socius Capital Group, LLC, a Delaware limited liability company d/b/a Socius Life Sciences Capital Group, LLC including its designees, successors and assigns (the “Investor”). Pursuant to the Agreement, the Company will issue to the Investor up to \$5,000,000 of the Company’s newly created Series D Preferred Stock (the “Preferred Stock”). The purchase price of the Preferred Stock is \$10,000 per share. The shares of Preferred Stock that are issued to the Investor will bear a cumulative dividend of 10.0% per annum, payable in shares of Preferred Stock, will be redeemable under certain circumstances and will not be convertible into shares of the Company’s common stock (the “Common Stock”). Subject to the terms and conditions of the Agreement, the Company has the right to determine (1) the number of shares of Preferred Stock that it will require the Investor to purchase from the Company, up to a maximum purchase price of \$5,000,000, (2) whether it will require the Investor to purchase Preferred Stock in one or more tranches, and (3) the timing of such required purchase or purchases of Preferred Stock. The terms of the Preferred Stock are set forth in a Certificate of Designations of Preferences, Rights and Limitations of Series D Preferred Stock (the “Preferred Stock Certificate”) that the Company filed with the Delaware Secretary of State on December 18, 2009. Pursuant to the Agreement, the Company agreed to pay the Investor a commitment fee of \$250,000 (the “Commitment Fee”), payable at the earlier of the six monthly anniversary of the execution of the Agreement or the first tranche. The Company has the right to elect to pay the Commitment Fee in immediately available funds or by issuance of shares of Common Stock. Concurrently with its execution of the Agreement, the Company issued to the Investor a warrant (the “Warrant”) to purchase shares of Common Stock with an aggregate exercise price of up to \$6,750,000 depending upon the amount of Preferred Stock that is purchased by the Investor. Each time that the Company requires the Investor to purchase shares of Preferred Stock, a portion of the Warrant will become exercisable by the Investor over a five-year period for a number of shares of Common Stock equal to (1) the aggregate purchase price payable by the Investor for such shares of Preferred Stock multiplied by 135%, with such amount divided by (2) the per share Warrant exercise price. The initial exercise price under the Warrant is \$0.022 per share of Common Stock. Thereafter, the exercise price for each portion of the Warrant that becomes exercisable upon the Company’s election to require the Investor to purchase Preferred Stock will equal the closing price of the Common Stock on the date that the Company delivers its election notice. The Investor is entitled to pay the Warrant exercise price in immediately available funds, by delivery of cash, a secured promissory note or, if a registration statement covering the resale of the Common Stock subject to the Warrant is not in effect, on a cashless basis. Pursuant to the Agreement, the Company agreed to file with the Securities and Exchange Commission a registration statement covering the resale of the shares of Common Stock that are issuable to the Investor under the Warrant and in satisfaction of the Commitment Fee.

Treasury Stock:

In June 2006, the Company’s Board of Directors approved a program to repurchase, from time to time, at management’s discretion, up to 7,000 shares of the Company’s common stock in the open market or in private transactions commencing on June 20, 2006 and continuing through December 15, 2006 at prevailing market prices. Repurchases will be made under the program using our own cash resources and will be in accordance with Rule 10b-18 under the Securities Exchange Act of 1934 and other applicable laws, rules and regulations. A licensed Stock Broker Firm is acting as agent for our stock repurchase program. Pursuant to the unanimous consent of the Board of Directors in September 2006, the number of shares that may be purchased under the Repurchase Program was increased from 7,000 to 15,000 shares of common stock and the Repurchase Program was extended until October 1, 2007, or until the increased amount of shares is purchased.

As of December 31, 2010 the Company has 10 treasury shares in its possession (which been purchased in the open market per the above program) scheduled to be cancelled.

Item 6. Selected Financial Data.

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Item 7. Management’s Discussion And Analysis Of Financial Condition And Results Of Operations

The following discussion of the results of our operations and financial condition should be read in conjunction with our financial statements and the related notes, which appear elsewhere in this annual report.

Results of Operations

Year Ended December 31, 2010 compared to Year Ended December 31, 2009

Due to the new financial investment in developing a logistics center in 2009 and 2010, and the discontinuation of Gas and Oil activity, which commenced in May 2008, the consolidated statements of operations for the years ended December 31, 2010 and 2009 are not comparable. This section of the report, should be read together with Notes of the Company consolidated financials especially - Change in the Reporting Entity: In accordance with Financial Accounting Standards, FAS 154, Accounting Changes and Error Corrections, now ASC Topic 250, when an accounting change results in financial statements that are, in effect, the statements of a different reporting entity, the change shall be retrospectively applied to the financial statements of all prior periods presented to show financial information for the new reporting entity for those periods. Previously issued interim financial information shall be presented on a retrospective basis.

The consolidated statements of operations for the years ended December 31, 2010 and 2009 are compared (subject to the above description) in the sections below:

Revenues

The following table summarizes our revenues for the year ended December 31, 2010 and 2009:

Year ended December 31,	2010	2009
Total revenues	\$ —	\$ —

In 2010 and 2009, revenues from continuing operations were \$0.

Cost of revenues

The following table summarizes our cost of revenues for the year ended December 31, 2010 and 2009:

Year ended December 31,	2010	2009
Total cost of revenues	\$ —	\$ —

The cost of revenues in connection with the conveyance of the Company’s interest in Micrologic was zero, as it was depreciated in prior financials.

Compensation and related costs

The following table summarizes our compensation and related costs for the year ended December 31, 2010 and 2009:

Year ended December 31,	2010	2009
Compensation and related costs	\$ 347,573	\$ 410,156

Overall compensation and related costs decreased by about 15%, or \$62,583, primarily as the result of reduction of employees and officers’ salaries.



Consulting, professional and director fees

The following table summarizes our consulting, professional and director fees for the year ended December 31, 2010 and 2009:

Year ended December 31	2010	2009
Consulting, professional and director fees	\$ 225,195	\$ 790,373

Overall consulting, professional and director fees decreased by about 72%, or \$565,178, due mostly to downsizing of the business, which caused lower spending on outside consultants. Certain director fees were paid in stock rather than cash, which were later converted to notes payable.

Other selling, general and administrative expenses

The following table summarizes our other selling, general and administrative expenses for the year ended December 31, 2010 and 2009:

Year ended December 31	2010	2009
Other selling, general and administrative expenses	\$ 51,354	\$ 203,670

Other selling, general and administrative expenses increased by 75%, or \$152,316, from 2009 to 2010, due mostly to downsizing of the business.

The following table summarizes our other expenses for the year ended December 31, 2010 and 2009:

Year ended December 31,	2010	2009
Other expenses	\$	—\$ 348,240

These expenses in 2009, which did not occur in 2010, are expenses incurred in connection with the Yasheng transaction.

Net interest income (expense)

The following table summarizes our net interest expense for the year ended December 31, 2010 and 2009:

Year ended December 31,	2010	2009
Interest income	\$	—\$ 171,567
Interest expense	\$ (316,515)	\$ (3,280,731)
Net interest income (expense)	\$ (316,515)	\$ (3,109,164)

The decrease in interest income is attributable to the Company having sold its real estate assets in 2008, thereby reducing the Company's base of properties which entitled it to receive interest income in 2009, and eliminating that interest income in 2010.

The decrease in interest expense from 2009 to 2010 is primarily due to the fact that the Company has repaid its loans and has not taken out any new ones during that time. Also, the Trafalgar convertible note was converted into Series E Preferred Stock on or around August 6, 2010.

The following table summarizes our operating results from discontinued operations for the year ended December 31, 2010 and 2009:

Year ended December 31,	2010	2009
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Revenue from discontinued operations	\$	20,000	\$	—
Bad debt expense from discontinued operations	\$	(1,544,690)	\$	—
Minority interest in discontinued operations	\$	—	\$	160,000
Net loss from discontinued operations	\$	(1,524,690)	\$	160,000

The increase in the net loss from discontinued operations is attributable to the write-off of notes receivable from discontinued operations in 2010.

## Liquidity and Capital Resources

As of December 31, 2010, our cash, cash equivalents and marketable securities were \$0 (in 2009 it was \$85.789), a decrease of approximately \$85.789 from the end of fiscal year 2009. The decrease in our cash, cash equivalents and marketable securities is primarily the result of operating our business.

Cash flow used by operating activities for the year ended December 31, 2010 was \$85,789 and cash flow used by operating activities in 2009 was \$690,279. The net (comprehensive) loss in 2010 was lower than in 2009 (\$2.5MM in 2010 v. \$6.7MM in 2009). The business was resized during 2010, which lowered the use of cash needed to fund operations. The Company also accrued approximately \$85,000 in 2010 for its dividend on Series E Preferred shares.

Cash flow provided by investing activities for the year ended December 31, 2010 was \$0 and cash flow provided by investing activities in 2009 was \$25,000. In 2009, the Company sold its interest of a minority interest, and in connection with that transaction, the buyer agreed to pay the intermediary's fee of \$25,000.

Cash provided by financing activities in the year ended December 31, 2010 was \$0, and cash flow provided by financing activities was \$627,165 for the year ended December 31, 2009. In 2009, the Company received \$170,000 in proceeds from the issuance of notes payable and the Company issued stock and received cash proceeds of approximately \$457,000.

In the event the Company makes future acquisitions or investments, additional bank loans or fund raising may be used to finance such future acquisitions. The Company may consider the sale of non-strategic assets. The Company currently anticipates that its available cash resources will not be sufficient to meet its prior anticipated working capital requirements, though it will be sufficient manage the existing business of the Company without further development.

## Plan of operation

The Company's core business is the development of a logistics center in Southern California. In addition to continuing to pursue its ongoing core business, the Company has identified a promising potential business combination that stemmed from the need to hedge currencies.

The above efforts are subject to obtaining adequate financing on acceptable terms. The Company's present cash reserves and monetary assets are not sufficient to carry out its plan of operation without additional financing. The Company is currently attempting to arrange for financing through mezzanine arrangements, debt or equity that would enable it to proceed with its plan of investment operation. However, there is no guarantee that we will be able to close such financing transaction or, if financing is available, that the terms will be acceptable to the Company.

## Item 7. Quantitative And Qualitative Disclosures About Market Risk

7A.

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

## Item 8. Financial Statements and Supplementary Data.

The audited Consolidated Financial Statements of the Company for the years ended December 31, 2010 and December 31, 2009, are included herein beginning with the index hereto on page F-1 .

## Item 9. Changes In and Disagreements With Accountants On Accounting And Financial Disclosure

None.

16

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Item Controls And Procedures  
9A.

Evaluation of Disclosure Controls and Procedures

The Securities and Exchange Commission defines the term “disclosure controls and procedures” to mean a company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer’s management, including its chief executive and chief financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to chief executive and chief financial officers to allow timely decisions regarding disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms, and that such information is accumulated and communicated to our management, including our certifying officer, to allow timely decisions regarding the required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting

The management of the Company is responsible for the preparation of the financial statements and related financial information appearing in this Annual Report on Form 10-K. The financial statements and notes have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The management of the Company is also responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. A company's internal control over financial reporting is defined as 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 generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets;
- Provide reasonable assurance that our transactions are recorded as necessary to permit preparation of our financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Management, including the Chief Executive Officer and Chief Financial officer, does not expect that the Company's disclosure controls and internal controls will prevent all error and all fraud. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable, not absolute, assurance that the objectives of the control system are met and may not prevent or detect misstatements. Further, over time, control may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate.

With the participation of the Chief Executive Officer and Chief Financial Officer, our management evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2010 based upon the framework in Internal Control –Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management has concluded that, as of December 31, 2010, the Company had material weaknesses in its internal control over financial reporting. Specifically, management identified the following material weaknesses at December 31, 2010:

1. Lack of a functioning audit committee, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures;
2. Lack of segregation of duties over financial transaction processing and reporting;
3. Ineffective controls and insufficient written policies and procedures over the period end financial disclosure and reporting processes.

As a result of the material weakness described above, management has concluded that, as of December 31, 2010, we did not maintain effective internal control over financial reporting, involving the preparation and reporting of our financial statements presented in conformity with GAAP.

We understand that remediation of material weaknesses and deficiencies in internal controls is a continuing work in progress due to the issuance of new standards and promulgations. However, remediation of any known deficiency is among our highest priorities. Our management will periodically assess the progress and sufficiency of our ongoing initiatives and make adjustments as and when practical and necessary.

This annual report does not include an attestation report of our 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 the rules of the SEC that permit us to provide only management's report in this annual report.

#### Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item Other Information.

9B.

None.

## PART III

## Item 10. Directors, Executive Officers and Corporate Governance.

All directors of our Company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our Company are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

Name	Age	Position
William Lieberman	34	Director, Chief Executive Officer, Principal Financial Officer and President

## Business Experience

The following is a brief account of the education and business experience during at least the past five years of each director, executive officer and key employee of our Company, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

William Lieberman, our sole executive officer and director, is 34 years old. Mr. Lieberman is the former President of Trilliant Exploration Corp., a gold mining operation with assets in southern Ecuador and nearly 200 employees in full scale mining production with reserves of nearly 1.2 million oz. Since 2008 He worked closely and was intimately involved in all stages of financing and development of Trilliant Exploration and his efforts resulted in the closing of nearly \$3MM venture capital and private equity investment. Beginning in 2005, Mr. Lieberman served as Vice President of Resource Polymers, Inc of Toronto, Canada. Mr. Lieberman holds a Masters in Business Administration (MBA) from Hult International Business School, and a Bachelor of Arts in Political Science from the University of Western Ontario. He is fluent in Spanish and has worked in Ecuador, Costa Rica, The Bahamas, Germany, the Czech Republic, Romania and Mexico as a former international journalist.

The following directors resigned on or around June 1, 2010:

Gerald Schaffer (former Director)— On May 31, 2010 as consideration for accrued Directors Fees, which were not paid, the Company signed a Note Payable for \$133,344 payable to Mr. Schaffer (who resigned from the Board on June 11, 2010) due on May 30, 2011 at 12% per annum. Said Note in the amount of \$133,344 is convertible to 150,000 common shares of the Company, which per an adjustment mechanism may increase the amount of shares to be issued, if converted. The Note's adjustment mechanism states that the number of Conversion Shares issuable to the Lender shall be adjusted such that the aggregate number of Exchange Shares issuable to the Holder is equal to (a) 150,000 plus the actual legal fees and costs incurred by the Lender and the Lender's successors, designees and assigns, divided by (b) 75% of the volume-weighted average price for the 20 trading days following delivery of the Conversion Shares, calculated by dividing the aggregate value of Common Stock traded on its trading market (price multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on the trading market for such trading day. If this adjustment requires the issuance of additional Conversion Shares to the Lender (i.e. if a total issuance of more than 150,000 shares is required), such additional Conversion Shares shall be issued to the Lender or its designee within one business day. If this adjustment requires the return of Conversion Shares to the Borrower (i.e. if an aggregate issuance of less than 150,000 shares is required), such Conversion Shares shall be promptly returned to the Borrower.

Stewart Reich (former director) – On May 31, 2010 as consideration for accrued Directors Fees, which were not paid, the Company signed a Note Payable for \$149,177 payable to Mr. Reich (who resigned from the Board on June 11, 2010) due on May 30, 2011 at 12% per annum. Said Note in the amount of \$149,177 is convertible to 150,000 common shares of the Company, which per an adjustment mechanism may increase the amount of shares to be issued, if converted. The Note's adjustment mechanism states that the number of Conversion Shares issuable to the Lender shall be adjusted such that the aggregate number of Exchange Shares issuable to the Holder is equal to (a) 150,000 plus the actual legal fees and costs incurred by the Lender and the Lender's successors, designees and assigns, divided by (b) 75% of the volume-weighted average price for the 20 trading days following delivery of the Conversion Shares, calculated by dividing the aggregate value of Common Stock traded on its trading market (price multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on the trading market for such trading day. If this adjustment requires the issuance of additional Conversion Shares to the Lender (i.e. if a total issuance of more than 150,000 shares is required), such additional Conversion Shares shall be issued to the Lender or its designee within one business day. If this adjustment requires the return of Conversion Shares to the Borrower (i.e. if an aggregate issuance of less than 150,000 shares is required), such Conversion Shares shall be promptly returned to the Borrower.

Yossi Attia (former director)— On May 31, 2010 as consideration for cash loans made by Mr. Attia to the Company, which were used to fund our ongoing operations, the Company signed a Note Payable for \$1,000,000 payable to Mr. Attia (who resigned from the Board on June 12, 2010)) due on May 30, 2011 at 12% per annum. Said Note in the amount of \$1,000,000 is convertible to 1,000,000 common shares of the Company, which per an adjustment mechanism may increase the amount of shares to be issued, if converted. The Note has an adjustment mechanism which states that the number of Conversion Shares issuable to the Lender shall be adjusted such that the aggregate number of Exchange Shares issuable to the Holder is equal to (a) 1,000,000 plus the actual legal fees and costs incurred by the Lender and the Lender's successors, designees and assigns, divided by (b) 75% of the volume-weighted average price for the 20 trading days following delivery of the Conversion Shares, calculated by dividing the aggregate value of Common Stock traded on its trading market (price multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on the trading market for such trading day. If this adjustment requires the issuance of additional Conversion Shares to the Lender (i.e. if a total issuance of more than 1,000,000 shares is required), such additional Conversion Shares shall be issued to the Lender or its designee within one business day. If this adjustment requires the return of Conversion Shares to the Borrower (i.e. if an aggregate issuance of less than 1,000,000 shares is required), such Conversion Shares shall be promptly returned to the Borrower.

## ROLE OF THE BOARD

Pursuant to Delaware law, our business, property and affairs are managed under the direction of the Board. The Board has responsibility for establishing broad corporate policies and for the overall performance and direction of Vortex, but is not involved in day-to-day operations. Members of the Board keep informed of the business by participating in Board and committee meetings, by reviewing analyses and reports sent to them regularly, and through discussions with the executive officers.

## BOARD MEETINGS

In 2010, the Board had 23 meetings telephonically. No director attended less than 75% of all of the combined total meetings of the Board and the committees on which they served in 2010.

In 2009, the Board had 4 meetings telephonically and 17 meetings through unanimous written consents and additional resolutions. No director attended less than 75% of all of the combined total meetings of the Board and the committees on which they served in 2009.

The Board has determined that Messrs Reich, Miller and Schaffer, are independent directors as such term is defined in rule 4200(a) (15) of the listing standards of the National Association of Securities Dealers.

### Audit Committee Financial Expert

The Board has determined that Mr. Reich qualifies as "audit committee financial expert" as such term is defined in Item 407 of Regulation S-K, and is independent as defined in rule 4200(a) (15) of the listing standards of the National Association of Securities Dealers.

## BOARD COMMITTEES

### Audit Committee

The Audit Committee of the Board reviews the internal accounting procedures of the Company and consults with and reviews the services provided by our independent accountants. The Audit Committee consists of Gerald Schaffer, Stewart Reich and Mace Miller is independent members of the Board. The Audit Committee held 4 meetings in 2009

and 2 held meetings in 2010.

The audit committee has reviewed and discussed the audited financial statements with management; the audit committee has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and the audit committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), as adopted by the Public Company.

## Compensation Committee

The Compensation Committee of the Board performs the following: i) reviews and recommends to the Board the compensation and benefits of our executive officers; ii) administers the stock option plans and employee stock purchase plan; and iii) establishes and reviews general policies relating to compensation and employee benefits. The Compensation Committee consisted of Messrs Reich, Schaffer and Miller. No interlocking relationships exist between the Board or Compensation Committee and the Board or Compensation Committee of any other company. During the past fiscal year the Compensation Committee met 2 times.

Per the appointment of Mr. Lieberman who serves as our Sole Director, Chief Executive Officer, Principal Financial Officer and President, the Company does not maintain committees effective on or around June 30, 2010.

## SECTION 16(A) BENEFICIAL OWNERSHIP COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors and executive officers, and persons who own more than 10 percent of the Company's common stock, to file with the SEC the initial reports of ownership and reports of changes in ownership of common stock. Officers, Directors and greater than 10 percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Specific due dates for such reports have been established by the SEC and the Company is required to disclose in this Proxy Statement any failure to file reports by such dates during fiscal 2007. Based solely on its review of the copies of such reports received by it, or written representations from certain reporting persons that no Forms 5 were required for such persons, the Company believes that during the fiscal year ended December 31, 2009, there was no failure to comply with Section 16(a) filing requirements applicable to its officers, Directors and ten percent stockholders.

## POLICY WITH RESPECT TO SECTION 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that, unless an appropriate exemption applies, a tax deduction for the Company for compensation of certain executive officers named in the Summary Compensation Table will not be allowed to the extent such compensation in any taxable year exceeds \$1 million. As no executive officer of the Company received compensation during 2008 approaching \$1 million, and the Company does not believe that any executive officer's compensation is likely to exceed \$1 million in 2009, the Company has not developed an executive compensation policy with respect to qualifying compensation paid to its executive officers for deductibility under Section 162(m) of the Code.

## CODE OF ETHICS

The Company has adopted its Code of Ethics and Business Conduct for Officers, Directors and Employees that applies to all of the officers, Directors and employees of the Company, which is currently not available on the Company's website. A copy of the Company's Code of Ethics may be obtained from the Company, free of charge, upon written request to the Company.

## Item Executive Compensation.

11.

2010 - The Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock"). Each share of F Preferred Stock is convertible, at any time at the option of the holder, into 5 shares of Common Stock. Holders of the F Preferred Stock are not entitled to receive dividends and do not have liquidation rights. In addition to any voting rights provided by law, holders of the F Preferred Stock will have the right to vote

together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of F Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the F Preferred Stock may be converted on the record date for determining stockholders entitled to vote multiplied by 10.

The following table sets forth the cash compensation (including cash bonuses) paid or accrued and equity awards granted by us for years ended December 31, 2009 to the Company's CEO and our most highly compensated officers other than the CEO at December 31, 2009 whose total compensation exceeded \$100,000.

SUMMARY COMPENSATION TABLE

Name & Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Yossi Attia	2010	\$ 106,600	\$ —	—\$	—\$	—\$ 33,155*)	\$ 139,755
	2009	240,000	120,000	—	—	—	\$ 360,000
Robin Gorelick	2009	77,000	—	—	—	—	\$ 77,000
William Lieberman	2010	—	—	10,000	—	—	\$ 10,000

\*) Car allowance and expenses.

OUTSTANDING EQUITY AWARDS

Name	Option Awards			Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Unearned	Option Exercise Price (\$)	Option Exercise Date	Number of Shares or Units of Stock That Have Not Vested (#)	
Yossi Attia (1)(2)	10	-	-	\$ 3.40	3/12/11	-	\$ -
William Lieberman (3)	-	-	-	\$ -		10,000	\$ 10,000

(1) Mr. Attia was appointed as Chief Executive Officer of the Company on August 14, 2006.

(2) On March 22, 2005, th Company granted 10 options to Yossi Attia. The stock options granted vest at the rate of 2.5 options on each September 22 of 2005, 2006, 2007, and 2008, respectively. The exercise price of the options (\$3.40) is equal to the market price on the date the options were granted.

(3) In 2010, the Company entered into letter agreements with William Lieberman whereby he agreed to serve as a director of the Company in consideration of 10,000 shares of Series F preferred stock. The Series F preferred stock is convertible at the option of the holder into 5 shares of common stock.

Except as set forth above, no other named executive officer has received an equity award.

## DIRECTOR COMPENSATION

The following table sets forth with respect to the named Directors, compensation information inclusive of equity awards and payments made in the year end December 31, 2010.

Name	Fees Earned or Paid in Cash	Fees Earned or Accrued but not Paid in Cash
Stewart Reich	\$	—\$ 22,210
Gerald Schaffer		—\$ 22,210
Total	\$	—\$ 44,420

The following table sets forth with respect to the named Directors, compensation information inclusive of equity awards and payments made in the year end December 31, 2009.

Name	Fees Earned or Paid in Cash	Fees Earned or Accrued but not Paid in Cash
Stewart Reich	\$	—\$ 57,504
Gerald Schaffer		—\$ 50,004
Total	\$	—\$ 107,508

## OPTIONS/SAR GRANTS IN LAST FISCAL YEAR

There were no other grants of Stock Options/SAR made during the fiscal years ended December 31, 2010 and December 31, 2009.

## AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND YEAR-END OPTION/SAR VALUES

Name	Shares acquired on exercise (#)	Value realized (\$)	Number of securities underlying unexercised options/SARs at FY-end (#) Exercisable/ Unexercisable	Value of the unexercised in the money options/SARs at FY-end (\$)* Exercisable/ Unexercisable
Yossi Attia, CEO, Director	None	None	10	\$ 0.00

\* Fair market value of underlying securities (calculated by subtracting the exercise price of the options from the closing price of the Company's common stock quoted on the OTC as of December 31, 2010, which was about \$0.21 per share. None of Mr. Attia's options are presently in the money.



## EMPLOYMENT AND MANAGEMENT AGREEMENTS

On or about June 2010, the Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as a Director of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock"). Each share of F Preferred Stock is convertible, at any time at the option of the holder, into 5 shares of Common Stock. Holders of the F Preferred Stock are not entitled to receive dividends and do not have liquidation rights. In addition to any voting rights provided by law, holders of the F Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of F Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the F Preferred Stock may be converted on the record date for determining stockholders entitled to vote multiplied by 10.

Effective July 1, 2006, the Company entered into a five-year employment agreement with Yossi Attia as the President and provides for annual compensation in the amount of \$240,000, an annual bonus not less than \$120,000 per year, and an annual car allowance. On August 14, 2006, the Company amended the agreement to provide that Mr. Attia shall serve as the Chief Executive Officer of the Company for a term of two years commencing August 14, 2006 and granting annual compensation of \$250,000 to be paid in the form of Company shares of common stock. The number of shares to be received by Mr. Attia is calculated based on the average closing price 10 days prior to the commencement of each employment year. Mr. Attia has waived his rights to these shares. Mr. Attia resigned from the Company on June 11, 2010; in connection with that resignation, the Company owes Mr. Attia a note payable.

The Company has no pension or profit sharing plan or other contingent forms of remuneration with any officer, Director, employee or consultant, although bonuses are paid to some individuals.

## DIRECTOR COMPENSATION

Before June 11, 2006, Directors who are also officers of the Company were not separately compensated for their services as a Director. Directors who were not officers received cash compensation for their services: \$2,000 at the time of agreeing to become a Director; \$2,000 for each Board Meeting attended either in person or by telephone; and \$1,000 for each Audit and Compensation Committee Meeting attended either in person or by telephone. Non-employee Directors were reimbursed for their expenses incurred in connection with attending meetings of the Board or any committee on which they served and were eligible to receive awards under the Company's 2004 Incentive Plan. The Board has approved the modification of Directors' compensation on its special meeting held on June 11, 2006. Directors who are also officers of the Company are not separately compensated for their services as a Director. Directors who are not officers receive cash compensation for their services as follows: \$40,000 per year and an additional \$5,000 if they sit on a committee and an additional \$5,000 if they sit as the head of such committee. Non-employee directors are reimbursed for their expenses incurred in connection with attending meetings of the Board or any committee on which they serve and are eligible to receive awards under our 2004 Incentive Plan. During 2008 the Board modified its member's compensation to include only compensation only to committee's member that was appointed by the prior board, as following: each member: \$4,167 per month and chairman \$4,792 per month.

## STOCK OPTION PLAN

## 2004 Incentive Plan

## a) Stock option plans

In 2004, the Board of Directors established the “2004 Incentive Plan” (“the Plan”), with an aggregate of 800,000 shares of common stock authorized for issuance under the Plan. The Plan was approved by the Company’s Annual Meeting of Stockholders in May 2004. In 2005, the Plan was adjusted to increase the number of shares of common stock issuable under such plan from 800,000 shares to 1,200,000 shares. The adjustment was approved at the Company’s Annual Meeting of Stockholders in June 2005. The Plan provides that incentive and nonqualified options may be granted to key employees, officers, directors and consultants of the Company for the purpose of providing an incentive to those persons. The Plan may be administered by either the Board of Directors or a committee of two directors appointed by the Board of Directors (the “Committee”). The Board of Directors or Committee determines, among other things, the persons to whom stock options are granted, the number of shares subject to each option, the date or dates upon which each option may be exercised and the exercise price per share. Options granted under the Plan are generally exercisable for a period of up to ten years from the date of grant. Incentive options granted to stockholders that hold in excess of 10% of the total combined voting power or value of all classes of stock of the Company must have an exercise price of not less than 110% of the fair market value of the underlying stock on the date of the grant. The Company will not grant a nonqualified option with an exercise price less than 85% of the fair market value of the underlying common stock on the date of the grant.

## (b) Other Options

As of December 31, 2010, there were 330,000 options outstanding with a weighted average exercise price of \$3.77.

No options were exercised during the fiscal years ended December 31, 2010 and 2009.

The following table summarizes information about shares subject to outstanding options as of December 31, 2010, which was issued to current or former employees, consultants or directors pursuant to the 2004 Incentive Plan and grants to Directors:

Number Outstanding	Options Outstanding		Options Exercisable		
	Range of Exercise Prices	Weighted-Average Exercise Price	Weighted-Average Remaining Life in Years	Number Exercisable	Weighted-Average Exercise Price
100,000	\$ 4.21	\$ 4.21	1.79	\$ 100,000	\$ 4.21
30,000	\$ 4.78	\$ 4.78	2.32	\$ 30,000	\$ 4.78
200,000	\$ 3.40	\$ 3.40	3.31	\$ 150,000	\$ 3.40
330,000	\$ 3.40-4.78	\$ 3.77	2.66	\$ 280,000	\$ 3.84

## (c) Warrants – Expired on June 2010

On June 7, 2005, the Company granted 100,000 warrants to a consulting company as compensation for investor relations services at exercise prices as follows: 40,000 warrants at \$3.50 per share, 20,000 warrants at \$4.25 per share, 20,000 warrants at \$4.75 per share and 20,000 warrants at \$5 per share. The warrants have a term of five years and increments vest proportionately at a rate of a total 8,333 warrants per month over a one year period. The warrants are

being expensed over the performance period of one year. In February 2006, the Company terminated its contract with the consultant company providing investor relation services. The warrants granted under the contract were reduced time-proportionally to 83,330, based on the time in service by the consultant company.

As part of some Private Placement Memorandums the Company issued warrants that can be summarized in the following table:

Name	Date	Terms	No. of Warrants	Exercise Price
Party 1	3/30/2008	2 years from Issuing	200,000	\$ 1.50
Party 1	3/30/2008	2 years from Issuing	200,000	\$ 2.00
Party 2	6/05/2008	2 years from Issuing	300,000	\$ 1.50
Party 3	6/30/2008	2 years from Issuing	200,000	\$ 1.50
Party 4	9/5/2008	2 years from Issuing	200,000	\$ 1.50

None of the warrants were exercised to the date of this filing.

(d) Shares

The 2004 Plan was closed, and no more securities can be issued under this plan.

2008 Stock Incentive Plan:

On July 28, 2008 - the Company held a special meeting of the shareholders for four initiatives, consisting of approval of a new board of directors, approval of the conversion of preferred shares to common shares, an increase in the authorized shares and a stock incentive plan. All initiatives were approved by the majority of shareholders. The 2008 Employee Stock Incentive Plan (the "2008 Incentive Plan") authorized the board to issue up to 50,000 shares of Common Stock under the plan.

On July 23, 2009 - the Company issued 465 shares of its common stock 0.001 par value per share, to Stephen M. Fleming, the Company's securities counsel pursuant to the 2008 Employee Stock Incentive Plan,

Following the above securities issuance, the 2008 Plan was closed, and no more securities can be issued under this plan.

I t e m Security Ownership Of Certain Beneficial Owners And Management and Related Stockholder  
12. Matters.

On or about June 2010, the Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock"). Each share of F Preferred Stock is convertible, at any time at the option of the holder, into 5 shares of Common Stock. Holders of the F Preferred Stock are not entitled to receive dividends and do not have liquidation rights. In addition to any voting rights provided by law, holders of the F Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of F Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the F Preferred Stock may be converted on the record date for determining stockholders entitled to vote multiplied by 10.

The following table sets forth certain information relating to the ownership of our voting securities by (i) each person known by us to be the beneficial owner of more than five percent of the outstanding shares of our common stock, (ii) each of our directors, (iii) each of our named executive officers, and (iv) all of our executive officers and directors as a group. Unless otherwise indicated, the information relates to these persons, beneficial ownership as of April 15, 2011. Except as may be indicated in the footnotes to the table and subject to applicable community property laws, each person has the sole voting and investment power with respect to the shares owned.

Title of Class	Name of Beneficial Owner (1)	Amount of Class Beneficially Owned	Percentage of Class
Common	William Lieberman (2)(3)(4)	50,000	0.6
Common	Sagi Collateral, Ltd. (4)	6,000,000	76.4
Common	Capitol Properties LLC	384,615	4.9
	All executive officers and directors as a group (one person)	—	0.6

\*\* Resigned at the date of this table.

(1) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated. For purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares which such person has the right to acquire within 60 days after April 15, 2011. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above on the date of this filing, any security which such person or group of persons has the right to acquire within 60 days after such date is deemed to be outstanding for the purpose of computing the percentage ownership for such person or persons, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The applicable percentage of ownership is based on 7,852,718 shares of our common stock outstanding defined as the common stock outstanding, the Series E preferred stock converted at a 1 for 20 ratio, and the Series F preferred stock converted at a 1 for 5 ratio.

(2) An officer of the Company.

(3) A director of the Company.

(4) Assumes conversion of Series F preferred stock (William Lieberman) at a 1 for 5 ratio and of Series E preferred stock (Sagi Collateral, Ltd.) at a 1 for 20 ratio.

#### Item 13. Certain Relationships And Related Transactions, and Director Independence.

13.

On or around June 2010, the Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the “F Preferred Stock”). Each share of F Preferred Stock is convertible, at any time at the option of the holder, into 5 shares of Common Stock. Holders of the F Preferred Stock are not entitled to receive dividends and do not have liquidation rights. In addition to any voting rights provided by law, holders of the F Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company’s Board of Directors. Each share of F Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the F Preferred Stock may be converted on the record date for determining stockholders entitled to vote multiplied by 10.

The Company entered into a Securities Purchase Agreement (the “Trafalgar Agreement”) with Trafalgar Capital Specialized Investment Fund, Luxembourg (“Trafalgar”) on September 25, 2008 for the sale of up to \$2,750,000 in convertible notes (the “Notes”). Pursuant to the terms of the Agreement, the Company and Trafalgar closed on the sale and purchase of \$1,600,000 in Notes on September 25, 2008. The Buyer exercised its option to close on a second financing for \$400,000 in Notes on October 28, 2008. On April 15, 2010 the parties settled their outstanding disputes. Based on said settlement which was declared effective as of December 31, 2009, the parties agreed that Trafalgar will convert its notes (at agreed amount of \$3,000,000) into a new class of Series E Preferred Stock (“E Preferred Stock”).

Each share of E Preferred Stock is convertible, at any time at the option of the holder, into 20 shares of Common Stock. Holders of the E Preferred Stock are entitled to receive, when declared by the Company's board of directors, annual dividends of \$0.70 per share of B Preferred Stock paid annually (equates to a 7% annualized return). Such dividends may be paid, at the election of the Company, either (i) in cash or (ii) in restricted shares of Common Stock. In the event that the Company elects to issue shares of Common Stock in connection with the dividend on the E Preferred Stock, such dividend shares shall be determined by dividing the dividend amount by 110% of the volume-weighted average price of the common stock for the 20 trading days immediately preceding the record date for payment of such dividend (the "Dividend VWAP"); provided, however, if the Company is unable to determine the Dividend VWAP, then such dividend shall be determined by dividing the dividend amount by the average of the three highest closing bid prices during the 20 trading days immediately preceding the record date for payment of such dividend.

In addition to any voting rights provided by law, holders of the E Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of E Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the E Preferred Stock may be converted on the record date for determining stockholders entitled to vote.

In the event of any liquidation or winding up of the Company, the holders of E Preferred Stock will be entitled to receive, in preference to holders of Common Stock, an amount equal to the original purchase price per share, plus interest of 15%.

Trafalgar has contractually agreed to restrict its ability to convert the preferred stock and receive shares of Common Stock such that the number of shares of Common Stock held by them and their affiliates after such conversion or exercise does not exceed 9.99% of the Company's then issued and outstanding shares of common stock. Trafalgar assigned 50,000 shares of E Preferred Stock to Trafalgar Capital Advisors LLC. In 2010, the Trafalgar debt and its ownership of Series E Preferred Stock was sold, in a private transaction to which the Company is not a party, by Trafalgar to a third party, Sagi Collateral Ltd ("Sagi"), a Private Company Number 514169697, which is controlled by Alexander Smirnov. As such, all balances that Trafalgar owned (300,000 shares of Series E Preferred stock, as well as \$264,139 of short-term debt) are currently owned by Sagi. As of December 31, 2010, the Company has recorded \$84,575 of dividend expense for the Series E Preferred shares.

Effective July 1, 2006, the Company entered into a five-year employment agreement with Yossi Attia as the President that provided for annual compensation in the amount of \$240,000, an annual bonus not less than \$120,000 per year, and an annual car allowance. His base salary was subsequently raised to \$360,000 per year. During the first and second quarter of 2010 and the fiscal year 2009, Yossi Attia paid substantial expenses for the Company and also deferred his salary. As of December 31, 2010, the Company owes Mr. Attia approximately \$1,302,258 for those expenses. Mr. Attia resigned from the Company on June 11, 2010; in connection with that resignation, the Company owes Mr. Attia a note payable for approximately \$1,070,356, and the remainder that is owed (approximately \$239,787) is classified as an account payable. Both items are presented as current liabilities of the Company.

#### Item 14. Principal Accountants Fees And Services

14.

The following table presents aggregate fees for professional audit services rendered by Robison Hill and Company for the audits of the Company's annual financial statements for the fiscal years ended December 31, 2009 and 2008, respectively, and fees billed for other services rendered.

	2010	2009
Audit Fees	\$ 34,100	\$ 24,960

Total	\$	34,100	\$	24,960
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The Company's Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. All services rendered have been approved by the Audit Committee, before the board committees were canceled as virtue of the board resignation during June 2010.

Item Exhibits, Financial Statement Schedules.

15.	
Exhibit No.	Description
2.1	Amendment No. 1 to that certain Share Exchange Agreement by and between Vortex Resources Corp. and Trafalgar Capital Specialized Investment Fund, Luxembourg dated April 29 2008 (15)
2.2	Agreement and Plan of Exchange with Davy Crockett Gas Company, LLC and the members of Davy Crockett Gas Company, LLC dated May 1, 2008 (16)
2.3	Amendment No. 1 to the Agreement and Plan of Exchange with Davy Crockett Gas Company, LLC and the members of Davy Crockett Gas Company, LLC dated June 11, 2008 (19)
3.1	Certificate of Incorporation filed November 9, 1992 (1)
3.2	Amendment to Certificate of Incorporation filed July 9, 1997 (2)
3.3	Bylaws(1)
3.4	Certificate of Designation of Preferences, Rights, and Limitations of Series A Preferred Stock (19)
3.5	Certificate of Designation of Preferences, Rights and Limitations of Series B Preferred Stock (26)
3.6	Restated Certificate of Incorporation (33)
3.7	Certificate of Amendment to the Restated Certificate of Incorporation, dated July 29, 2008 (22)
3.8	Certificate of Ownership of Emvelco Corp. and Vortex Resources Corp.(23)
3.9	Certificate of Amendment to the Certificate of Incorporation, dated February 24, 2009 (28)
3.10	Form of Common Stock Certificate (1)
4.1	Convertible Note issued to Trafalgar Capital Specialized Investment Fund, Luxembourg, dated September 2008 (24)
4.2	Form of Convertible Note dated May 1, 2008 issued to the members of Davy Crockett Gas Company, LLC (16)
4.3	All Inclusive Promissory Note, dated November 27, 2007, issued by 13059 Dickens LLC in the name of Kobi Louria (14)
4.4	Form of Warrant to Purchase 200,000 Shares of Common Stock issued in the name of Vortex One, LLC (20)
10.1	

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Securities Purchase Agreement entered by and between Vortex Resources Corp. and Trafalgar Capital Specialized Investment Fund, Luxembourg dated September 25, 2008 (24)

10.2 Security Agreement entered by and between Vortex Resources Corp. and Trafalgar Capital Specialized Investment Fund, Luxembourg dated September 25, 2008 (24)

10.3 Pledge Agreement entered by and between Vortex Resources Corp. and Trafalgar Capital Specialized Investment Fund, Luxembourg dated September 25, 2008 (24)

10.4 Investment Agreement, dated as of June 19, 2006, by and between EWEB RE Corp. and AO Bonanza Las Vegas, Inc. (4)

- 10.5 Form of Subscription Agreement, dated January 23, 2009 related to the sale of shares of the Company's Common Stock (30)
- 21.1 List of Subsidiaries
- 31 Certification of the Chief Executive Officer and Principal Financial Officer of Eco-Trade Corp. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32 Certification of the Chief Executive Officer and Principal Financial Officer of Eco-trade Corp. pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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(1) Incorporated by reference to Registrant's Registration Statement on Form SB-2 dated May 12, 1993 (Registration No. 33-62672-NY, as amended)

(2) Incorporated by reference to the exhibit filed with the Registrant's Form 10-QSB for quarter ended June 30, 1998.

(3) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on February 27, 2004.

(4) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on March 9, 2004.

(5) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on December 21, 2005.

(6) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on May 16, 2007

(7) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on June 11, 2007

(8) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on July 12, 2007

(9) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on June 11, 2007

(10) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on July 26, 2007

(11) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on September 26, 2007

(12) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on October 19, 2007

(13) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on November 19, 2007

(14) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on December 21, 2007

(15) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on May 5, 2008

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- (16) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on May 7, 2008
- (17) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on June 10, 2008
- (18) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on June 13, 2008
- (19) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on June 17, 2008
- (20) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on July 9, 2008
- (21) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on July 17, 2008
- (22) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on August 1, 2008
- (23) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on September 4, 2008

- (24) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on October 2, 2008
- (25) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on November 20, 2008
- (26) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on December 5, 2008
- (27) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on December 31, 2008
- (28) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on February 25, 2009
- (29) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on March 19, 2009
- (30) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on January 28, 2009
- (31) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on July 5, 2006
- (32) Incorporated by reference to the exhibit filed with the Registrant's Schedule 14A Proxy Statement on May 7, 2003
- (33) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on March 9, 2004
- (34) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on December 21, 2005
- (35) Incorporated by reference to the exhibit filed with the Registrant's Quarterly Report on Form 10-Q filed on August 19, 2008

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eco-Trade Corporation.

By /s/ William Lieberman  
William Lieberman  
Chief Executive Officer and Director  
(Principal Executive Officer and  
Principal Financial Officer)

Dated: January 19, 2011

Pursuant to the requirements of the Securities Exchange of 1934, as amended, this Report has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
By: /s/ William Lieberman William Lieberman	Chief Executive Officer and Director (Principal Executive Officer, Principal Financial and Accounting Officer)	January 19, 2012

ECO-TRADE CORPORATION  
(f/k/a YASHENG ECO-TRADE CORPORATION)

Consolidated Financial Statements

For the Years Ended December 31, 2010 and 2009

TABLE OF CONTENTS

	Page
Report of the Independent Registered Public Accounting Firm	F-2
Consolidated Financial Statements:	
Consolidated Balance Sheet	F-3
Consolidated Statements of Operations and Comprehensive Income	F-4
Consolidated Statements of Stockholders' Equity	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

F-1

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders  
Eco-Trade Corporation and Subsidiaries

We have audited the accompanying consolidated balance sheets of Eco-Trade Corporation (f/k/a Vortex Resources Corp., and f/k/a Emvelco Corp.) and Subsidiaries as of December 31, 2010 and 2009 and the related consolidated statements of operations, comprehensive income, stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Eco-Trade Corporation and Subsidiaries as of December 31, 2010 and 2009 and the results of its operations and its cash flows for the years ended December 31, 2010 and 2009 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the financing of the Company's projects is dependent on the future effect of the so called sub-prime mortgage crisis on financial institutions. This sub-prime crisis may affect the availability and terms of financing of the completion of the projects as well as the availability and terms of financing may affect the Company's ability to obtain relevant financing, if required. The sub-prime mortgage crisis has raised substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Robison, Hill & Co.  
Certified Public Accountants

Salt Lake City, Utah  
April 14, 2011

ECO-TRADE CORPORATION  
(f/k/a Vortex Resources Corp.)  
Consolidated Balance Sheet  
As of December 31, 2010 and 2009  
Amounts in US dollars

	December 31 2010 (audited)	December 31 2009 (audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ —	\$ 85,789
Total current assets	—	85,789
Net assets from discontinued operations	—	1,544,690
Total assets	\$ —	\$ 1,630,479
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 442,007	\$ 1,390,451
Dividends payable	84,575	—
Short-term convertible notes payable	1,957,379	151,742
Short-term convertible note payable - related party	264,139	—
Total current liabilities	2,748,100	1,542,193
Convertible note payable – Trafalgar	—	3,535,000
Total liabilities	2,748,100	5,077,193
Stockholders' equity		
Preferred stock, series C convertible, \$.001 par value, 210,087 shares authorized issued and outstanding	—	210
Preferred stock, series E convertible, \$.001 par value, 300,000 shares authorized issued and outstanding par value \$.001, 7% dividend per annum	300	—
Preferred stock, series F convertible, \$.001 par value, 10,000 shares authorized issued and outstanding	10	—
Common stock, \$.001 par value - Authorized 400,000,000 shares; 1,802,718 and 1,409,098 shares issued and outstanding as of December 31, 2010 and December 31, 2009, respectively	1,803	1,410
Additional paid-in capital	95,985,767	92,768,395
Accumulated deficit	(98,708,946)	(96,189,694)
Accumulated other comprehensive loss	(2,226)	(2,226)
Treasury stock – 1,000 common shares at cost	(24,809)	(24,809)
Total stockholders' equity	(2,748,100)	(3,446,714)
Total liabilities and stockholders' equity	\$ —	\$ 1,630,479

See accompanying notes to consolidated financial statements.



ECO-TRADE CORPORATION  
(f/k/a Vortex Resources Corp.)  
Consolidated Statements of Operations and Comprehensive Income  
Years Ended December 31, 2010 and 2009  
Amounts in US dollars

	For the fiscal year ended December 31	
	2010	2009
Revenues	\$ —	\$ —
Operating expenses		
Compensation and related costs	347,573	410,156
Consulting, professional and directors fees	225,195	790,373
Other selling, general and administrative expenses	51,354	203,670
Commitment fee and related legal expenses	—	270,000
Other expenses	—	348,240
Total operating expenses	624,122	2,022,439
Operating loss	(624,122)	(2,022,439)
Other income (expense)		
Interest income	—	171,567
Interest (expense)	(316,515)	(3,280,731)
Net interest (expense)	(316,515)	(3,109,164)
Gain on debt forgiveness	30,650	—
Other income	—	65,000
Financing loss - change in conversion price	—	(1,786,000)
Total other income (expense)		