

RESOURCE HOLDINGS, INC.  
Form 10-K/A  
September 08, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-K/A  
(Amendment No. 1)

(Mark one)

Annual Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the fiscal year ended December 31, 2009

Transition Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-53334

Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)

(Exact Name of Registrant as Specified in Its Charter)

Nevada  
(State of Incorporation)

26-2809162  
(I. R. S. Employer ID Number)

11753 Willard Avenue, Tustin, CA. 92782  
(Address of Principal Executive Offices)

(714) 832-3249  
(Registrant's Telephone Number)

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12 (b) of the Act - None  
Securities registered pursuant to Section 12(g) of the Act: - Common Stock - \$0.001 par value

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 Exchange Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post files). Yes  No

No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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 voting and non-voting common equity held by non-affiliates as of June 30, 2009 was approximately \$ -0-. The registrant had issued and outstanding 23,443,754 shares of its common stock on April 8, 2010.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  Yes  No

---

EXPLANATORY NOTE

The purpose of this Amendment No. 1 on Form 10-K/A to Resource Holdings, Inc's (formerly SMSA El Paso II Acquisition Corp.) annual report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission on April 12, 2010 (the "initial filing"), is to amend the initial filing to restate the financial statements for the year ended December 31, 2009 to reflect the fact that certain expenses originally reported in the first quarter of 2010 should have been reported in 2009.

This Form 10-K/A speaks as of the original filing date of the Form 10-K, does not reflect events that may have occurred subsequent to the original filing date, and does not modify or update in any way the disclosures made in the initial filing.

Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
Form 10-K for the year ended December 31, 2009

Index to Contents

	Page Number
<b>Part II</b>	
Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations 2
Item 8	Financial Statements and Supplementary Data F-1
<b>Part IV</b>	
Item 15	Exhibits and Financial Statement Schedules 3
Signatures	3

## PART II

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

#### Results of Operations

The Company had no revenue for either of the years ended December 31, 2009 or 2008.

General and administrative expenses for the years ended December 31, 2009 and 2008 were approximately \$375,074 and \$11,977, respectively. These expenses were directly related to the maintenance of the corporate entity and the preparation and filing of periodic reports pursuant to the Exchange Act. Of the increase in general and administrative expenses in 2009, \$250,000 was attributed to advisory fees paid to Halter Financial Group, L.P. pursuant to a one year advisory agreement. Legal and accounting fees incurred by the Company in connection with the acquisition of a controlling interest in the Company by Michael Campbell and the related filings with the Securities and Exchange Commission accounted for the balance of the increase.

It is anticipated that future general and administrative expenditures in 2010 will range from approximately \$350,000 to \$450,000 due to increased periodic reporting requirements, the continued development of the Company's business plan and the costs associated with entering into joint venture arrangements. Upon entering into joint venture arrangements and thereby securing drilling contracts, it is anticipated that the Company's expenses will increase significantly.

The Company does not expect to generate any meaningful revenue or incur operating expenses for purposes other than fulfilling the obligations of a reporting company under the Exchange Act unless and until such time that the Company begins meaningful operations.

During the year ended December 31, 2009 the Company recorded an impairment loss of \$9,000.

#### Liquidity and Capital Resources

The Company has financed its operations to date primarily through private placements of equity securities. During March 2010, the Company issued 1,093,750 shares of common stock to various investors in connection with promissory notes in the amount of \$350,000. This inflow of cash is expected to be used by the Company primarily to locate and research potential joint venture partners and establish potential joint ventures in South America.

Item 8. Financial Statements and Supplementary Data.

Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)

Contents

	Page
Report of Registered Independent Certified Public Accounting Firms	F-2
Financial Statements	
Balance Sheets as of December 31, 2009 and 2008	F-4
Statement of Operations and Comprehensive Loss for years ended December 31, 2009 and 2008 and for the period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009 (reorganized company)	F-5
Statement of Changes in Stockholders' Equity for the period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009 (reorganized company)	F-6
Statement of Cash Flows for years ended December 31, 2009 and 2008 and for the period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009 (reorganized company)	F-7
Notes to Financial Statements	F-8

F-1

---

LETTERHEAD OF S. W. HATFIELD, CPA

REPORT OF REGISTERED INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
Resource Holdings, Inc.  
(formerly SMSA El Paso II Acquisition Corp.)

We have audited the accompanying balance sheet of Resource Holdings, Inc. (formerly SMSA El Paso II Acquisition Corp.) (a Nevada corporation and a development stage company) as of December 31, 2008 and the related statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the sole responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Resource Holdings, Inc. (formerly SMSA El Paso II Acquisition Corp.) (a development stage company) as of December 31, 2008 and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note D to the financial statements, the Company has no viable operations or significant assets and is dependent upon significant stockholders to provide sufficient working capital to maintain the integrity of the corporate entity. These circumstances create substantial doubt about the Company's ability to continue as a going concern and are discussed in Note D. The financial statements do not contain any adjustments that might result from the outcome of these uncertainties.

/s/ S. W. Hatfield, CPA  
S. W. HATFIELD, CPA

Dallas, Texas  
February 24, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Officers and Directors  
Resource Holdings, Inc.

We have audited the accompanying balance sheet of Resource Holdings, Inc. ( a Nevada development stage company) as of December 31, 2009, and the related statements of operations and comprehensive loss, changes in stockholders' deficit, and cash flows for the year ended December 31, 2009. 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 audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Resource Holdings, Inc. as of December 31, 2009, and the results of its operations, and its cash flows for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

The financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note D to the financial statements, the Company has cash flow constraints, an accumulated deficit, and has suffered recurring losses from operations. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note D. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note L, the Company discovered a material error in its presentation of its 2009 financial statements. However, the Company has restated the 2009 financial statements to reflect the correction of this error.

/s/Child, Van Wagoner & Bradshaw, PLLC  
Child, Van Wagoner & Bradshaw, PLLC  
Certified Public Accountants  
Salt Lake City, Utah  
September 3, 2010



F-3

---

Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Balance Sheets  
December 31, 2009 and 2008

	Restated December 31, 2009	December 31, 2008
<b>ASSETS</b>		
Current Assets		
Cash on hand and in bank	\$ -	\$ -
Other Assets		
Deferred Offering Costs	23,775	-
<b>Total Assets</b>	<b>\$ 23,775</b>	<b>\$ -</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities		
Trade accounts payable	\$ 106,694	\$ -
Contract payable to stockholder - trade	250,000	-
Working capital advances from stockholder	-	10,977
<b>Total Liabilities</b>	<b>356,694</b>	<b>10,977</b>
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred stock - \$0.001 par value 10,000,000 shares authorized. None issued and outstanding	-	-
Common stock - \$0.001 par value. 100,000,000 shares authorized. 22,000,004 and 500,004 shares issued and outstanding	22,000	500
Additional paid-in capital	41,132	500
Deficit accumulated during the development stage	(396,051)	(11,977)
<b>Total Stockholders' Equity (Deficit)</b>	<b>(332,919)</b>	<b>(10,977)</b>
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<b>\$ 23,775</b>	<b>\$ -</b>

Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Statements of Operations and Comprehensive Income (Loss)  
Years ended December 31, 2009 and 2008 and  
Period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009

	(Restated) Year ended December 31, 2009	Year ended December 31, 2008	(Unaudited) Period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009
Revenues	\$ -	\$ -	\$ -
Operating expenses			
Reorganization costs	-	3,581	3,581
Professional fees	371,124	7,683	378,807
Other general and administrative costs	3,950	713	4,663
Total operating expenses	375,074	11,977	387,051
Loss from operations	(375,074)	(11,977)	(387,051)
Other income (loss)			
Impairment of goodwill from acquisition of Trans Global Operations, Inc.	(9,000)	-	(9,000)
Loss before provision for income taxes	(384,074)	(11,977)	(396,051)
Provision for income taxes	-	-	-
Net Income (Loss)	(384,074)	(11,977)	(396,051)
Other comprehensive income	-	-	-
Comprehensive Income (Loss)	\$ (384,074)	\$ (11,977)	\$ (396,051)
Loss per weighted-average share of common stock outstanding, computed on net loss - basic and fully diluted	\$ (0.08)	\$ (0.02)	
Weighted-average number of shares of common stock outstanding - basic and fully diluted	4,918,037	500,004	



Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Statement of Changes in Stockholders' Equity (Deficit)  
Period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009

	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Deficit accumulated during the development stage	Total
Stock issued pursuant to plan of reorganization at bankruptcy settlement date on August 1, 2007	500,004	\$ 500	\$ 500	\$ -	\$ 1,000
Net loss for the period from August 1, 2007 (date of bankruptcy settlement) to December 31, 2007	-	-	-	-	-
Balances at December 31, 2007 (Unaudited)	500,004	500	500	-	1,000
Net loss for the year	-	-	-	(11,977)	(11,977)
Balances at December 31, 2008	500,004	500	500	(11,977)	(10,977)
Stock issued in Share Exchange Agreement with Trans Global Operations, Inc. on August 10, 2009	4,500,000	4,500	4,500	-	9,000
Sale of common stock pursuant to Securities Purchase Agreement on November 5, 2009	20,000,000	20,000	-	-	20,000
Surrender of common stock by former controlling stockholder on November 5, 2009	(3,000,000)	(3,000)	(3,000)	-	(6,000)
Working capital loans forgiven by stockholder on November 5, 2009	-	-	39,132	-	39,132
Net loss for the year	-	-	-	(384,074)	(384,074)
Balances at December 31, 2009	22,000,004	\$ 22,000	\$ 41,132	\$ (396,051)	\$ (332,919)

Resource Holdings, Inc. ( f/k/a SMSA El Paso II Acquisition Corp.) (a development stage company) Statement of Cash Flows Years ended December 31, 2009 and 2008 and Period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009			
	(Restated) Year ended December 31, 2009	Year ended December 31, 2008	(Unaudited) Period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009
<b>Cash Flows from Operating Activities</b>			
Net income (loss) for the period	\$ (384,074)	\$ (11,977)	\$ (396,051)
Adjustments to reconcile net loss to net cash used by operating activities:			
Impairment of goodwill from acquisition of Trans Global Operations, Inc.	9,000	-	9,000
Increase in contract payable to stockholder	250,000	-	250,000
Change in trade accounts payable	82,919	-	82,919
Net cash used in operating activities	(42,155)	(11,977)	(54,132)
<b>Cash Flows from Investing Activities</b>			
	-	-	-
<b>Cash Flows from Financing Activities</b>			
Sale of common stock	20,000	-	20,000
Cash funded from bankruptcy trust	-	1,000	1,000
Cash advanced for working capital by former controlling stockholder	42,155	10,977	53,132
Cash repaid to former controlling stockholder	(20,000)	-	(20,000)
Net cash provided by financing activities	42,155	11,977	54,132
Net Increase in Cash	-	-	-
Cash at beginning of period	-	-	-
Cash at end of period	\$ -	\$ -	\$ -
<b>Supplemental Disclosure of Interest and Income Taxes Paid</b>			
Interest paid during the period	\$ -	\$ -	\$ -
Income taxes paid during the period	\$ -	\$ -	\$ -
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>			
Working capital loans forgiven by stockholder as contributed capital	\$ 39,132	\$ -	\$ 39,132

Edgar Filing: RESOURCE HOLDINGS, INC. - Form 10-K/A

Surrender of common stock	(6,000)	-	(6,000)
Stock issued in share exchange agreement	9,000	-	9,000
Deferred Offering Costs in accounts payable	\$ 23,775	\$ -	\$ 23,775

F-7

---

Resource Holdings, Inc.

( f/k/a SMSA El Paso II Acquisition Corp.)

(a development stage company)

Notes to Financial Statements

December 31, 2009 and 2008

Note A - Background and Description of Business

SMSA El Paso II Acquisition Corp. (Company) was organized on May 21, 2008 as a Nevada corporation to affect the bankruptcy court's ordered reincorporation of Senior Management Services of El Paso Coronado, Inc. (Predecessor Company), a Texas corporation, mandated by the plan of reorganization discussed below. On June 11, 2010 the name was changed to Resource Holdings, Inc.

The Company's emergence from Chapter 11 of Title 11 of the United States Code on August 1, 2007, which was effective on August 10, 2007, created the combination of a change in majority ownership and voting control - that is, loss of control by the then-existing stockholders, a court-approved reorganization, and a reliable measure of the entity's fair value - resulting in a fresh start, creating, in substance, a new reporting entity. Accordingly, the Company, post bankruptcy, has no significant assets, liabilities or operating activities. Therefore, the Company, as a new reporting entity, qualifies as a "development stage enterprise" as defined in Development Stage Entities topic of the FASB Accounting Standards Codification and a shell company as defined in Rule 405 under the Securities Act of 1933 (Securities Act), and Rule 12b-2 under the Securities Exchange Act of 1934 (Exchange Act).

On August 10, 2009, the Company entered into a Share Exchange Agreement, (the "Share Exchange Agreement"), with Trans Global Operations, Inc., a Delaware corporation ("TGO"), and all of the shareholders of TGO. Pursuant to the Share Exchange Agreement, the stockholders of TGO transferred 100% of the issued and outstanding shares of the capital stock of TGO in exchange for 4,500,000 newly issued shares of the Company's common stock that, in the aggregate, constituted approximately 90% of the Company's issued and outstanding capital stock on a fully-diluted basis as of and immediately after the consummation of such exchange. As a result of this transaction, 5,000,004 shares of the Company's common stock is currently issued and outstanding.

TGO was organized on August 10, 2009 as a Delaware corporation and was formed to seek and identify a privately-held operating company desiring to become a publicly held company with access to United States capital markets by combining with us through a reverse merger or acquisition transaction.

On November 5, 2009, the Company entered into a Securities Purchase Agreement (Purchase Agreement) with Michael Campbell whereby Mr. Campbell purchased from the Company an aggregate of 20,000,000 shares of restricted, unregistered common stock. Additionally, on the same date, the Company entered into a Contribution Agreement between the Company, Mr. Campbell and Gerard Pascale, the Company's then-current sole officer, director and controlling shareholder, pursuant to which Mr. Pascale surrendered 3,000,000 shares of the common stock then owned by him to the Company at no cost to the Company to induce Mr. Campbell to enter into the Purchase Agreement.

The Company's business plan, subsequent to the November 5, 2009 transaction, is to acquire and employ, in the marketplace, oil, gas and mineral drilling rigs and well servicing equipment. Management believes that, initially, the Company will be able to acquire said rigs and related equipment at discount prices relative to their historical market values and employ them under long-term service contracts with national and independent oil companies located in South America that pay profitable day-rates.





Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

Note B - Reorganization Under Chapter 11 of the U. S. Bankruptcy Code

On January 17, 2007, Senior Management Services of El Paso Coronado, Inc. and its affiliated companies (collectively "SMS Companies" or "Debtors") filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code. During the three years prior to filing the reorganization petition, SMS Companies operated a chain of skilled nursing homes in Texas, which prior to the bankruptcy proceedings consisted of a total of 14 separate nursing facilities, ranging in size from approximately 114 beds to 325 beds. In the aggregate, SMS Companies provided care to approximately 1,600 resident patients and employed over 1,400 employees. A significant portion of the SMS Companies' cash flow was provided by patients covered by Medicare and Medicaid. The SMS Companies' facilities provided round-the-clock care for the health, well-being, safety and medical needs of its patients. The administrative and operational oversight of the nursing facilities was provided by an affiliated management company located in Arlington, Texas. In 2005, SMS Companies obtained a secured credit facility from a financial institution. The credit facility eventually was comprised of an \$8.3 million term loan and a revolving loan of up to \$15 million which was utilized for working capital and to finance the purchase of the real property on which two of its nursing care facilities operated.

By late 2006, SMS Companies were in an "overadvance" position, whereby the amount of funds extended by the lender exceeded the amount of collateral eligible to be borrowed under the credit facility. Beginning in September 2006, SMS Companies entered into the first of a series of forbearance agreements whereby the lender agreed to forebear from declaring the financing in default provided SMS Companies obtained a commitment from a new lender to refinance and restructure the credit facility.

The SMS Companies were unsuccessful in obtaining a commitment from a new lender and, on January 5, 2007, the lender declared SMS Companies in default and commenced foreclosure and collection proceedings. On January 9, 2007, the lender agreed to provide an additional \$1.7 million to fund payroll and permit a controlled transaction to bankruptcy. Subsequently, on January 17, 2007, the SMS Companies filed a petition for reorganization under Chapter 11 of the Bankruptcy Code.

Under Chapter 11, certain claims against the Debtors in existence prior to the filing of the petitions for relief under Federal Bankruptcy Laws are stayed while the Debtors continue to operate their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. These claims were reflected in the Company's balance sheets as "Liabilities Subject to Compromise" through the settlement date. Additional claims (liabilities subject to compromise) may arise subsequent to the petition date resulting from the rejection of executory contracts, including leases, and from the determination of the court (or agreed to by parties in interest) of allowed claims for contingencies and other disputed amounts.

The First Amended, Modified Chapter 11 Plan, (the "Plan") as presented by SMS Companies and their creditors was approved by the United States Bankruptcy Court, Northern District of Texas - Dallas Division on August 1, 2007. The Plan, which contemplates the Company entering into a reverse merger transaction, provided that certain identified claimants as well as unsecured creditors, in accordance with the allocation provisions of the Plan of Reorganization, and the Company's new controlling stockholder would receive "new" shares of the Company's post-reorganization common stock, pursuant to Section 1145(a) of the Bankruptcy Code. As a result of the Plan's approval, all liens,

security interests, encumbrances and other interests, as defined in the Plan of Reorganization, attach to the creditor's trust. Specific injunctions prohibit any of these claims from being asserted against the Company prior to the contemplated reverse merger.

F-9

---

Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

All assets, liabilities and other claims, including “Allowed Administrative Claims” which arise in the processing of the bankruptcy proceedings, against the Company and its affiliated entities were combined into a single creditor’s trust for the purpose of distribution of funds to creditors. Each of the individual SMS Companies entities otherwise remained separate corporate entities. From the commencement of the bankruptcy proceedings through August 1, 2007 (the confirmation date of the plan of reorganization), all secured claims and/or administrative claims during this period were satisfied through either direct payment or negotiation.

Pursuant to the confirmation order, if the Company did not consummate a business combination prior to August 10, 2009, as mandated in the Plan of Reorganization, the Plan Shares would be deemed canceled, the pre-merger or acquisition injunction provisions of the confirmation order, as they pertain to the Company, would be deemed dissolved and no discharge would be granted to the Company, all without further order of the bankruptcy court. The Company believes it satisfied this conditions as a result of the share exchange transaction with TGO and it therefore filed a Certificate of Compliance with the bankruptcy court on August 11, 2009.

The Company’s Plan of Reorganization was confirmed by the Bankruptcy Court on August 1, 2007 and became effective on August 10, 2007. It was determined that the Company’s reorganization value computed immediately before August 1, 2007, the confirmation date of the Plan of Reorganization, was approximately \$1,000, which consisted of the following:

Current assets to be transferred to the post-confirmation entity	\$ 1,000
Fair market value of property and equipment	-
Deposits with vendors and other assets transferred to the post-confirmation entity	-
<b>Reorganization value</b>	<b>\$ 1,000</b>

Pursuant to the Plan of Reorganization, all of the operations of the Company were transferred to a combined creditor’s trust and, as approved by the Bankruptcy Court, a completely new entity was formed for purposes of completing the aforementioned reverse merger transaction. The Company adopted fresh-start reporting because the holders of existing voting shares immediately before filing and confirmation of the Plan received less than 50.0% of the voting shares of the emerging entity and its reorganization value is not greater than its postpetition liabilities and allowed claims, as shown below:

Postpetition current liabilities	\$ -
Liabilities deferred pursuant to Chapter 11 proceeding	-
“New” common stock issued upon reorganization	1,000
<b>Total postpetition liabilities and allowed claims</b>	<b>1,000</b>
<b>Reorganization value</b>	<b>(1,000)</b>
<b>Excess of liabilities over reorganization value</b>	<b>\$ -</b>

The reorganization value of the Company was determined in consideration of several factors and by reliance on various valuation methods, including discounting cash flow and price/earnings and other applicable ratios. The

factors considered by the Company included the following:

- Forecasted operating and cash flows results which gave effect to the estimated impact of

F-10

---

Resource Holdings, Inc.  
 ( f/k/a SMSA El Paso II Acquisition Corp.)  
 (a development stage company)  
 Notes to Financial Statements  
 December 31, 2009 and 2008

- Corporate restructuring and other operating program changes
- Limitations on the use of available net operating loss carryforwards and other tax attributes resulting from the Plan of Reorganization and other events
- ¶The discounted residual value at the end of the forecast period based on capitalized cash flows for the last year of that period.

- Market share and position
- Competition and general economic conditions
- Projected sales growth
- Potential profitability
- Seasonality and working capital requirements

After consideration of the Company’s debt capacity and other capital structure considerations, such as industry norms, projected earnings to fixed charges, projected earnings before interest and projected free cash flow to debt service and other applicable ratios, management determined that the Company’s reorganization capital structure should be as follows:

Common Stock (500,004 “new” shares to be issued at \$0.001 par value)	\$ 500
Additional paid-in capital	500
Total reorganized capital structure	\$ 1,000

As previously discussed, the cancellation of all existing shares outstanding at the date of the bankruptcy filing and the issuance of all “new” shares of the reorganized entity caused an issuance of shares of common stock and a related change of control of the Company with more than 50.0% of the “new” shares being held by persons and/or entities which were not pre-bankruptcy stockholders. Accordingly, per the Reorganization topic of the FASB Accounting Standards Codification, the Company adopted “fresh-start” accounting as of the bankruptcy discharge date whereby all continuing assets and liabilities of the Company were restated to the fair market value. The Reorganization topic further states that fresh start financial statements prepared by entities emerging from bankruptcy will not be comparable with those prepared before their plans were confirmed because they are, in fact, those of a new entity. For accounting purposes, the Company adopted fresh start accounting in accordance with the Codification as of August 1, 2007, the confirmation date of the Plan. The following accounting entries and condensed balance sheet illustrate the financial effect of implementing the Company’s Plan and the adoption of fresh start reporting as of the approval of the Plan by the Bankruptcy Court on August 1, 2007.

Entries to record debt discharge	Debit	Credit
Liabilities subject to compromise	\$ 1,107,487	
Cash		\$ 1,120
Accounts receivable - trade and other		202,564
Prepaid expenses and other assets		17,190
Property and equipment		376,784
Accumulated depreciation	136,220	
Gain on debt discharge		646,049



Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

Entries to record cancellation of "old" stock and issuance of "new" stock	Debit	Credit
Common stock - old	\$ 10	
Additional paid-in capital		490
Common stock - new		\$ 500

Entries to record the adoption of fresh-start reporting and to eliminate the deficit

Cash due from bankruptcy creditor's trust	\$ 1,000	
Accumulated deficit		\$ 1,000

The effect of the Plan of Reorganization on the Company's balance sheet at August 1, 2007, is as follows:

	Adjustments to record confirmation of Plan				August 1, 2007 Reorganized Balance Sheet
	July 31, 2007 Pre- Confirmation	Debt discharge	Exchange of stock	Fresh start	
Cash on hand and in bank	\$ 1,120	\$ (1,120)	\$ -	\$ 1,000	\$ 1,000
Accounts receivable	202,564	(202,564)	-	-	-
Prepaid expenses and other assets	17,190	(17,190)	-	-	-
<b>Total current assets</b>	<b>220,874</b>	<b>(220,874)</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>
Property and equipment	376,784	(376,784)	-	-	-
Accumulated depreciation	(136,220)	136,220	-	-	-
Net property and equipment	240,564	(240,564)	-	-	-
<b>Total Assets</b>	<b>\$ 461,438</b>	<b>\$ (461,438)</b>	<b>\$ -</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
	Adjustments to record confirmation of Plan				August 1, 2007 Reorganized Balance Sheet
	July 31, 2007 Pre- Confirmation	Debt discharge	Exchange of stock	Fresh start	
Liabilities subject to compromise	\$ 1,107,487	\$ (1,107,487)	\$ -	\$ -	\$ -
<b>Stockholders' equity (deficit)</b>					
Common stock - new	-	-	500	-	500
Common stock - old	10	-	(10)	-	-
Additional paid-in capital	990	-	(490)	-	500
Accumulated deficit	(647,049)	646,049	-	1,000	-
<b>Total stockholders' deficit</b>	<b>(646,049)</b>	<b>646,049</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>



Total Liabilities and Stockholders' Equity	\$	461,438	\$	(461,438)	\$	-	\$	1,000	\$	1,000
---	----	---------	----	-----------	----	---	----	-------	----	-------

As of August 1, 2007, in accordance with the Plan of Reorganization, the only asset of the Company was approximately \$1,000 in cash transferred from the bankruptcy creditor's trust.

F-12

---

Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

Note C - Preparation of Financial Statements

The Company follows the accrual basis of accounting in accordance with generally accepted accounting principles and has established a year-end for accounting purposes of December 31.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

Note D - Going Concern Uncertainty

The Company's business plan, subsequent to the November 5, 2009 transaction, is to acquire and employ in the marketplace oil, gas and mineral drilling rigs and well servicing equipment. Management believes that initially the Company will be able to acquire rigs and related equipment at discount prices relative to their historical market values and employ them under long-term service contracts with national and independent oil companies located in South America that pay profitable day-rates. However, at the present time, the Company has no sustainable operations or assets. Because of these factors, the Company's auditors have issued an audit opinion on the Company's financial statements which includes a statement describing the Company's going concern status. This means, in the auditor's opinion, substantial doubt about the Company's ability to continue as a going concern exists at the date of their opinion.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis. Further, the Company faces considerable risk in its business plan and a potential shortfall of funding due to the Company's inability to raise capital in the equity securities market. If no additional operating capital is received during the next twelve months, the Company will be forced to rely on existing cash in the bank and additional funds loaned by management and/or significant stockholders.

The Company may become dependent upon additional external sources of financing; including being dependent upon its management and/or significant stockholders to provide sufficient working capital in excess of the Company's initial capitalization to preserve the integrity of the corporate entity.

The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.



Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

The Company's certificate of incorporation authorizes the issuance of up to 10,000,000 shares of preferred stock and 100,000,000 shares of common stock. The Company's ability to issue preferred stock may limit the Company's ability to obtain debt or equity financing as well as impede potential takeover of the Company, which takeover may be in the best interest of stockholders. The Company's ability to issue these authorized but unissued securities may also negatively impact the Company's ability to raise additional capital through the sale of the Company's debt or equity securities.

If necessary, it is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

In such a restricted cash flow scenario, the Company would be unable to complete its business plan steps, and would, instead, delay all cash intensive activities. Without necessary cash flow, the Company may become dormant during the next twelve months, or until such time as necessary funds could be raised in the equity securities market.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach its goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

#### Note E - Summary of Significant Accounting Policies

1. Cash and cash equivalents

The Company considers all cash on hand and in banks, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

2. Reorganization costs

The Company has adopted the provisions required by the Start-Up Activities topic of the FASB Accounting Standards Codification whereby all costs incurred with the incorporation and reorganization, post-bankruptcy, of the Company were charged to operations as incurred.

3. Income taxes

The Company files income tax returns in the United States of America and various states, as appropriate and applicable. As a result of the Company's bankruptcy action, the Company is no longer subject to U.S. federal, state and local, as applicable, income tax examinations by regulatory taxing authorities for any period prior to August 1, 2007. The Company does not anticipate any examinations of returns filed for periods ending after August 1, 2007.

The Company uses the asset and liability method of accounting for income taxes. At December 31, 2009 and 2008, respectively, the deferred tax asset and deferred tax liability accounts, as recorded when material to the financial statements, are entirely the result of temporary differences. Temporary differences generally represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation

and amortization, allowance for doubtful accounts and vacation accruals.

F-14

---

Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

The Company has adopted the provisions required by the Income Taxes topic of the FASB Accounting Standards Codification. The Codification Topic requires the recognition of potential liabilities as a result of management's acceptance of potentially uncertain positions for income tax treatment on a "more-likely-than-not" probability of an assessment upon examination by a respective taxing authority. As a result of the implementation of Codification's Income Tax Topic, the Company did not incur any liability for unrecognized tax benefits.

4. Income (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the respective period presented in the Company's accompanying financial statements.

Fully diluted earnings (loss) per share is computed similar to basic income (loss) per share except that the denominator is increased to include the number of common stock equivalents (primarily outstanding options and warrants).

Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method, at either the beginning of the respective period presented or the date of issuance, whichever is later, and only if the common stock equivalents are considered dilutive based upon the Company's net income (loss) position at the calculation date.

As of December 31, 2009 and 2008, and subsequent thereto, the Company had no outstanding stock warrants, options or convertible securities which could be considered as dilutive for purposes of the loss per share calculation.

5. Recent Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flows.

Note F - Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to financial risk, if any.



Resource Holdings, Inc.  
 ( f/k/a SMSA El Paso II Acquisition Corp.)  
 (a development stage company)  
 Notes to Financial Statements  
 December 31, 2009 and 2008

Note G - Acquisition of Trans Global Operations, Inc.

On August 10, 2009, the Company entered into the Share Exchange Agreement with TGO and all of the shareholders of TGO. Pursuant to the Share Exchange Agreement, the shareholders of TGO transferred 100% of the issued and outstanding shares of capital stock of TGO in exchange for 4,500,000 newly issued shares of the Company's common stock that, in the aggregate, constituted 90% of the Company's issued and outstanding capital stock on a fully-diluted basis as of and immediately after the consummation of such exchange.

The Company's then-business plan was to continue to seek and identify a privately-held operating company desiring to become a publicly held company with access to United States capital markets by combining with the Company through a reverse merger or acquisition transaction.

The goodwill of approximately \$9,000 arising from the acquisition consists largely of the synergies and access to new business contacts that the management of TGO brought to the Company in order to more effectively implement the Company's business plan. It is anticipated that goodwill will not be deductible for Federal and State income taxes.

The following table summarizes the consideration paid for TGO and the amounts of the assets acquired and liabilities assumed recognized at the August 10, 2009 acquisition date.

Equity interest (4,500,000 shares of common stock)	\$ 9,000
Fair value of total consideration transferred	\$ 9,000
Acquisition-related costs (included in professional fees in the accompanying financial statements for the year ended December 31, 2009)	\$ 25,990
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash	\$ -
Total net identifiable assets	-
Goodwill	9,000
	\$ 9,000

The fair value of the 4,500,000 shares given in consideration for the acquisition of TGO was determined using approximately the transaction value of the shares of the Company issued at the date of the bankruptcy settlement (\$1,000) using the initial number of shares (500,004) outstanding. There were no contingent consideration arrangements and no contingent liabilities assumed by the Company. TGO had no operations prior to the acquisition.



Resource Holdings, Inc.  
 ( f/k/a SMSA El Paso II Acquisition Corp.)  
 (a development stage company)  
 Notes to Financial Statements  
 December 31, 2009 and 2008

Note H - Contract Payable to Stockholder

On November 5, 2009, the Company entered into an Advisory Agreement (Advisory Agreement) with Halter Financial Group, L.P. (HFG), an affiliate of Halter Financial Investments, L.P., a stockholder of the Company, pursuant to which HFG agreed to provide certain advisory services on an as-needed basis to the Company for a fee of \$250,000 (Advisory Fee). The Advisory Agreement is for a term of 12 months; however, the term may be extended by mutual agreement of the parties. The Advisory Fee was initially due and payable by December 15, 2009 and the closing date on the Advisory Agreement was separately extended by mutual agreement to January 31, 2010 and February 28, 2010, respectively. The Advisory Fee was paid in full prior to February 28, 2010.

Note I - Income Taxes

The components of income tax (benefit) expense for each of the years ended December 31, 2009 and 2008 and for the period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009, respectively, are as follows:

	Year ended December 31, 2009	Year ended December 31, 2008	Period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009
<b>Federal:</b>			
Current	\$ -	\$ -	\$ -
Deferred	-	-	-
	-	-	-
<b>State:</b>			
Current	-	-	-
Deferred	-	-	-
	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

As of December 31, 2009, after the November 5, 2009 change in control transaction, the Company has a net operating loss carryforward of approximately \$363,000 to offset future taxable income. The amount and availability of any net operating loss carryforwards will be subject to the limitations set forth in the Internal Revenue Code. Such factors as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of any net operating loss carryforward(s).

Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

## Note I - Income Taxes - Continued

The Company's income tax expense (benefit) for each of the years ended December 31, 2009 and 2008 and the period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009, respectively, varied from the statutory rate of 34% as follows:

	Year ended December 31, 2009	Year ended December 31, 2008	Period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2009
Statutory rate applied to income before income taxes	\$ (130,600)	\$ (4,000)	\$ (134,600)
Increase (decrease) in income taxes resulting from:			
State income taxes	-	-	-
Other, including reserve for deferred tax asset and application of net operating loss carryforward	130,600	4,000	134,600
Income tax expense	\$ -	\$ -	\$ -

The Company's only temporary difference as of December 31, 2009 and 2008, respectively, relates to the Company's net operating loss pursuant to the applicable Federal Tax Law. As of December 31, 2009 and 2008, respectively, the deferred tax asset is as follows:

	December 31, 2009	December 31, 2008
Deferred tax assets		
Net operating loss carryforwards	\$ 123,000	\$ 4,000
Less valuation allowance	(123,000)	(4,000)
Net Deferred Tax Asset	\$ -	\$ -

During the year ended December 31, 2009 and the period from August 1, 2007 (date of bankruptcy settlement) through December 31, 2008, respectively, the valuation allowance against the deferred tax asset increased by approximately \$119,000 and \$4,000.

## Note J - Capital Stock Transactions

Pursuant to the Plan affirmed by the U. S. Bankruptcy Court - Northern District of Texas - Dallas Division, the Company issued a sufficient number of Plan shares to meet the requirements of the Plan. Such number was estimated in the Plan to be approximately 500,000 Plan Shares relative to each Post Confirmation Debtor.

As provided in the Plan, 80.0% of the Plan Shares of the Company were issued to Halter Financial Group, Inc. (HFG) in exchange for the release of its Allowed Administrative Claims and for the performance of certain services and the payment of certain fees related to the anticipated reverse merger or acquisition transactions described in the Plan. The remaining 20.0% of the Plan Shares of the Company were issued to other holders of various claims as defined in the Plan.

F-18

---

Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

Based upon the calculations provided by the Creditor's Trustee, the Company issued an aggregate 500,004 shares of the Company's "new" common stock to HFG and the appropriate holders of various claims, as defined in the Plan, in settlement of all unpaid pre-confirmation obligations of the Company and/or the bankruptcy trust.

Effective May 21, 2008, HFG transferred its 400,000 Plan Shares to Halter Financial Investments, L.P. (HFI), a Texas limited partnership controlled by Timothy P. Halter, who is also the controlling officer of HFG.

As discussed previously, the Company entered into the Share Exchange Agreement with TGO and all of the shareholders of TGO on August 10, 2009. Pursuant to the Share Exchange Agreement, the shareholders of TGO transferred 100% of the issued and outstanding shares of capital stock of TGO in exchange for 4,500,000 newly issued shares of the Company's common stock that, in the aggregate, constituted 90% of its issued and outstanding capital stock on a fully-diluted basis as of and immediately after the consummation of such exchange.

On November 5, 2009, the Company entered into a Securities Purchase Agreement (Purchase Agreement) with Michael Campbell whereby Mr. Campbell purchased from the Company an aggregate of 20,000,000 shares of restricted, unregistered common stock. Additionally, on the same date, the Company entered into a Contribution Agreement between the Company, Mr. Campbell and Gerard Pascale, the Company's then-current sole officer, director and controlling shareholder, pursuant to which Mr. Pascale surrendered 3,000,000 shares of the common stock then owned by him to the Company at no cost to the Company to induce Mr. Campbell to enter into the Purchase Agreement. As a result of these transactions, there were 22,000,004 shares of the Company's common stock issued and outstanding.

In addition, on November 5, 2009, the Company entered into an Advisory Agreement (the "Advisory Agreement") with HFG, pursuant to which HFG agreed to provide certain advisory services to the Company in exchange for an advisory fee of \$250,000. On the same day, the Company also entered into an Escrow Agreement (the "Escrow Agreement"), pursuant to which the escrow agent agreed to hold the purchase shares in escrow until payment of the Advisory Fee. On December 15, 2009, each of the Advisory Agreement and the Escrow Agreement were amended to extend the payment date of the Advisory Fee to January 31, 2010. On January 31, 2010, each of the Advisory Agreement and the Escrow Agreement were further amended to extend the payment date of the Advisory Fee to February 28, 2010. The Advisory Fee has been paid in full and all of the Shares have been released from escrow.

#### Note K - Subsequent Events

##### Consulting Agreements

On March 1, 2010, the Company entered into a one-year non-exclusive consulting agreement (Campbell Consulting Agreement) with Michael Campbell, Chairman of the Board of Directors of the Company. Pursuant to the Campbell Consulting Agreement, Mr. Campbell will serve as the President and Chief Executive Officer of the Company and Mr. Campbell will receive a monthly consulting fee of \$15,000, in addition to reimbursement of his reasonable and necessary business expenses.

On April 8, 2010, the Company also entered into a one-year non-exclusive consulting agreement (Hanks Consulting Agreement, and collectively with the Campbell Consulting Agreement, the Consulting Agreements) with Jeff A. Hanks, a member of the Board of Directors of the Company. Pursuant to the Hanks Consulting Agreement, Mr.

Hanks will serve as the Chief Financial Officer of the Company and Mr. Hanks will receive a monthly base consulting fee of \$2,000, plus a \$1,000 preparation fee for each Annual Report on Form 10-K or Quarterly Report on Form 10-Q he prepares for the Company.

F-19

---

Resource Holdings, Inc.  
( f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

The Consulting Agreements are automatically renewable for successive one-year terms unless cancelled by either party not less than ninety (90) days before the end of the then current term. In addition, neither Mr. Campbell nor Mr. Hanks (collectively, Executives) will be required to provide services to the Company on a full-time basis under the Consulting Agreements and each may engage in other activities provided that such activities do not interfere with the performance of their duties under their respective Consulting Agreement.

The Consulting Agreements also provide that, in addition to their consulting fees, the Executives will each be entitled to reimbursement of their reasonable and necessary business expenses and each will be entitled to participate in any compensation or benefit plans the Company provides to its own employees.

The Consulting Agreements also contain covenants restricting the Executives from (a) engaging in any activity competitive with the Company's business, and (b) soliciting the Company's employees, customers, suppliers or contractors, in each case during the term of the Consulting Agreement and for a period of one (1) year thereafter.

#### Sale of Common Stock

On March 2, 2010, the Company issued, via a private placement with various investors, an aggregate 1,093,750 shares of the Company's common stock as interest expense in connection with the issuance of promissory notes in the amount of \$350,000.

During April 2010 the Company sold an aggregate of \$100,000 of 10% promissory notes and issued 312,500 shares of common stock, based on \$0.32 per share. The transaction was accounted for as interest expense of \$100,000.

The Company has issued a private placement memorandum to obtain investors. On July 28, 2010 the Company issued 312,500 shares of restricted, unregistered common stock in connection with the issuance of a 10% promissory note in the amount of \$100,000. The transaction was accounted for as interest expense of \$100,000.

Management has evaluated all activity of the Company through September 2, 2010 (the date the financial statements were issued) and concluded that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements other than as disclosed above.

#### Note L – Restatement of December 2009 Financial Statements

Subsequent to the issuance of the 2009 financial statements, management determined the certain expenses reported in the first quarter of 2010 should have been recorded in 2009. The financial statements have been revised to accurately record the dates of the expenses. Accordingly, the balance sheet, statement of operations, statement of change in stockholders' deficit, and statement of cash flows for the year ended December 31, 2009 have been revised as follows:

Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

	Restated December 31, 2009	Original December 31, 2009	Effect of Changes
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ -	- \$	-
<b>Other Assets</b>			
Deferred Offering Costs	23,775	-	23,775 (1)
Net Loss	\$ 23,775	\$ -	\$ 23,775
<b>Liabilities and Stockholders' Equity (Deficit)</b>			
<b>Current Liabilities</b>			
Trade accounts payable	\$ 106,694	-	106,694 (1)
Contract payable to stockholder - trade	250,000	250,000	-
Total Liabilities	356,694	250,000	106,694
<b>Stockholders' Equity (Deficit)</b>			
Preferred stock - \$0.001 par value, 10,000,000 shares authorized. None issued and outstanding			
Common stock - \$0.001 par value, 100,000,000 shares authorized 22,000,004 shares issued and outstanding			
Additional paid-in capital	41,132	41,132	-
Deficit accumulated during the development stage	(396,051)	(313,132)	(82,919) (1)
Total Stockholders' Equity (Deficit)	(332,919)	(250,000)	(82,919)
Total Liabilities and Stockholders' Equity (Deficit)	\$ (23,775)	\$ -	\$ 23,775

## Note (1)

This change is a result of properly recording an invoice in 2009 that was not previously recorded. The total invoice was for \$106,694 of which \$82,919 was expensed and the remaining \$23,775 was due to funding activities which funding was received in 2010, thus this amount was recorded as Other Asset.

Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

	Restated December 31, 2009	Original December 31, 2009	Effect of Change
Revenues	\$ -	\$ -	\$ -
Expenses			
Reorganization Costs	-	-	-
Professional Fees	371,124	288,205	(82,919) (1)
Other general and administrative costs	3,950	3,950	-
Total Operating Expenses	375,074	292,155	(82,919) (1)
Loss from operations	(375,074)	(292,155)	(82,919) (1)
Other Income (Expense)			
Impairment of goodwill from acquisition of Trans Global Operations, Inc.	(9,000)	(9,000)	-
Total Other Income (Expense)	(384,074)	(301,155)	(82,919) (1)
Loss before Provision for Income Taxes	(384,074)	(301,155)	(82,919) (1)
Provision for Income Taxes	-	-	-
Net Loss	\$ (384,074)	\$ (301,155)	\$ (82,919) (1)
Basic and Diluted Net Loss per share:	\$ (0.08)	\$ (0.06)	
Basic and Diluted Weighted Average Common Shares Outstanding	4,918,037	4,918,037	

## Note (1)

This change is a result of properly recording an invoice in 2009 that was not previously recorded. The total invoice was for \$106,694 of which \$82,919 was expensed and the remaining \$23,775 was due to funding activities which funding was received in 2010, thus this amount was recorded as Other Asset.



Resource Holdings, Inc.  
(f/k/a SMSA El Paso II Acquisition Corp.)  
(a development stage company)  
Notes to Financial Statements  
December 31, 2009 and 2008

## STATEMENTS OF CASH FLOWS

	2009 (Restated)	December 31, 2009 (Original)	Effect of Change
<b>Cash Flows from Operating Activities:</b>			
Net Loss	\$ (384,074)	\$ (301,155)	\$ (82,919) (1)
<b>Adjustments to reconcile Net Loss to Net Cash used in Operating Activities:</b>			
<b>Changes in Operating Assets and Liabilities:</b>			
Impairment of goodwill from acquisition of Trans Global Operations, Inc.	9,000	9,000	-
Contract payable to stockholder	250,000	250,000	- (1)
			(1)
Trade change in accounts payable	82,919	-	82,919
Net Cash (Used) by Operating Activities	(42,155)	(42,155)	-
<b>Cash Flows from Investing Activities:</b>			
	-	-	-
<b>Cash Flows from Financing Activities:</b>			
Cash repaid to former stockholder	(20,000)	(20,000)	-
Cash advanced by former stockholder	42,155	42,155	-
Proceeds from sale of common stock	20,000	20,000	-
Net Cash Provided by Financing Activities:	42,155	42,155	-
Net Increase in Cash	-	-	-
Cash, Beginning of Period	-	-	-
Cash, End of Period	\$ -	\$ -	\$ -
<b>Supplemental Disclosure of Interest and Income Taxes Paid</b>			
Interest paid during the period	\$ -	\$ -	\$ -
Income taxes paid during the period	\$ -	\$ -	\$ -
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>			
Working capital loans forgiven by stockholder as contributed capital	\$ 39,132	\$ -	\$ 39,132
Deferred Offering Costs in accounts payable	\$ 23,775	\$ -	\$ 23,775

Note (1)

This change is a result of properly recording an invoice in 2009 that was not previously recorded. The total invoice was for \$106,694 of which \$82,919 was expensed and the remaining \$23,775 was due to funding activities which funding was received in 2010, thus this amount was recorded as Other Asset.

F-23

---

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1)(2) Financial Statements.

The financial statements under Item 8 are filed as part of this annual report on Form 10-K.

(a)(3) Exhibits.

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

SIGNATURES

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

Resource Holdings, Inc.

September 8, 2010

By: /s/ MICHAEL B. CAMPBELL  
Michael B. Campbell, Chief Executive  
Officer  
(Principal Executive Officer)

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

/s/ MICHAEL B. CAMPBELL  
Michael B. Campbell

President, Chief Executive Officer and  
Director (Principal Executive Officer)

/s/ JEFF A. HANKS  
Jeff A. Hanks

Chief Financial Officer and Director  
(Principal Financial Officer and Principal  
Accounting Officer)

EXHIBIT INDEX

Exhibit	Description of Exhibit
2.1	First Amended, Modified Chapter 11 Plan Proposed by Debtors, In the United States Bankruptcy Court, Northern District of Texas, Dallas Division, In Re: Senior Management Services of Treemont, Inc., et. al., Debtors, Case No. 07-30230, Jointly Administered, dated August 1, 2007. (1)
2.2	Order Confirming First Amended, Modified Chapter 11 Plan Proposed by Debtors, Case No. 07-30230, signed August 1, 2007. (1)
2.3	Notice of Entry of Confirmation Order dated August 10, 2007. (1)
2.4	Share Exchange Agreement among the Company., TransGlobal Operations Inc. (“TGO”) and all of the shareholders of TGO, dated August 10, 2009.(2)
3.1	Agreement and Plan of Merger by and between Senior Management Services of El Paso Coronado, Inc. and the Company, dated May 22, 2008. (1)
3.2	Articles of Merger as filed with the Secretary of State of the State of Nevada on June 3, 2008. (1)
3.3	Articles of Merger as filed with the Secretary of State of the State of Texas on June 5, 2008. (1)
3.4	Articles of Incorporation of the Company (1)
3.5	Bylaws of the Company (1)
4.1	Form of common stock certificate. (1)
10.1	Securities Purchase Agreement by and between the Company and Michael Campbell, dated as of November 5, 2009 (3)
10.2	Contribution Agreement, dated November 5, 2009, among the Company , Gerard Pascale and Michael Campbell. (3)
10.3	Advisory Agreement, dated November 5, 2009, between the Company and Halter Financial Group, L.P. (3)
10.4	Escrow Agreement, dated November 5, 2009, among the Company , Michael Campbell, Halter Financial Group, L.P. and Securities Transfer Corporation. (3)
10.5	Amendment No. 1 to Advisory Agreement, dated December 15, 2009, between the Company and Halter Financial Group, L.P. (4)

- 10.6 Amendment No. 1 to Escrow Agreement, dated December 15, 2009, among the Company, Michael Campbell, Halter Financial Group, L.P. and Securities Transfer Corporation. (4)
- 10.7 Amendment No. 2 to Advisory Agreement, dated as of January 31, 2010, between the Company and Halter Financial Group, L.P. (5)
- 10.8 Amendment No. 2 to Escrow Agreement, dated as of January 31, 2010, among the Company, Michael Campbell, Halter Financial Group, L.P. and Securities Transfer Corporation. (5)
- 10.9 Consulting Agreement between the Company and Michael B. Campbell, dated March 1, 2010. (6)
- 10.10 Consulting Agreement between the Company and Jeff A. Hanks, dated April 8, 2010. (6)
- 31.1 Certification of Michael B. Campbell pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Jeff A. Hanks pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- (1) Previously filed as an exhibit to the Company's Registration Statement on Form 10 which was filed with the Commission on February 11, 2009, and which is incorporated herein by reference.
- (2) Previously filed as exhibit 2.1 to the Company's Current Report on Form 8-K which was filed with the Commission on August 11, 2009, and which is incorporated herein by reference.
- (3) Previously filed as an exhibit to the Company's Current Report on Form 8-K which was filed with the Commission on November 10, 2009, and which is incorporated herein by reference.
- (4) Previously filed as an exhibit to the Company's Current Report on Form 8-K which was filed with the Commission on December 21, 2009, and which is incorporated herein by reference.
- (5) Previously filed as an exhibit to the Company's Current Report on Form 8-K which was filed with the Commission on February 3, 2010, and which is incorporated herein by reference.
- (6) Previously filed as an exhibit to the Company's Annual Report on Form 10-K which was filed with the Commission on April 12, 2010, and which is incorporated herein by reference.