

Annual Report 2009

Sino-Thai Resources Development Public Company Limited

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ANNUAL REPORT 2008

Sino-Thai Resources Development Public Company Limited

1. General Information

1.1 Company Profile

Thai Name	:	บริษัท ซิโน-ไทย รีซอร์สเซส ดีเวลลอปเม้นท์ จำกัด (มหาชน)
English Name	:	Sino-Thai Resources Development Public Company Limited
Head Office	:	1168/6 Lumpini Tower, 3 rd B Floor. Rama IV Road, Thungmahamek, Sathorn, Bangkok 10120. Tel. 0-2679-9759-62 Fax. 0-2679-9763
Muak Lek Office (Quarry and Construction Stone Plant)	:	159 Moo 7 Tambol Lamphaya-Klang, Amphur Muak Lek, Saraburi 18220
Type of business	:	Energy
Establishing Date	:	June 29, 1978
Listing Date	:	July 9, 1979
Registered Capital	:	Baht 200 Million
Paid-up Capital	:	Baht 200 Million
Registered Number	:	Bor Mor Jor 457

Background

The summary of historical development of Sino-Thai Resources Development Public Company Limited, formerly known as Aokam Thai, was as followed:

- 1978 Established on June 29, 1978 to develop tin ore dredging operations in the western sea of Thailand.
- 1979 Started business operations on January 2, 1979.
 Listed on the Stock Exchange of Thailand on July 9, 1979.
- 1997 The Company was renamed Sino-Thai Resources Development Public Company Limited on May 19, 1997 to operate mining businesses, which were not limited to only tin ore mining. The SET informed the Company on December 17, 1997 that it was no longer qualified for listing, because the Company ceased its core business.
 The company commenced its construction stone quarry on December 1997.
- 1998 The company has diversified its business to a new line of being and oil trade (“Jobbers”) in pursuance of section 10 of the Fuel and Oil Trade Act, B.E. 2000. The Company will purchase high speed diesel oil, ULR 91 and ULG 95 from local refineries and/or jobbers and sell to local jobbers, manufacturers and gas stations.
- 2005 The company further expanded in field of Energy by blending and distributing lubricant oil under it’s own brand and for others.
- 2006 The SET informed the Company that the Company has to perform its core business profitably and continually within 2 years from July 3, 2006
 The Company sold all assets of Oil lubricant business to a company at December 1, 2006
- 2009 Since June 4, 2009, STRD had been moved to Non-Performing Group (NPG) of SET trade. This was because the STRD financial statement of the year 2009 was loss from performance. SET had move STRD to NPG after that time.

1.2 Other Companies that the Company held more than 10% of Shares

SUMMARY OF INVESTMENTS IN ASSOCIATED, AND RELATED COMPANIES

AS ENDED OF DECEMBER 31, 2009

COMPANY NAME	TYPE OF BUSINESS	SHARE REGISTERED FULLY PAID (MILLION)	PERCENT OF HOLDING	INVESTMENT (MILLION)	VALUE INVESTMENT AS COST (MILLION)	2009		2008		2007	
						INCOME	%	INCOME	%	INCOME	%
<u>RELATED COMPANIES</u>											
- CHOLSIN CO.,LTD. 252/11, RAJCHADAPISEK RD., HUAYKWANG, BKK. TEL. 0-2695-4912 FAX. 0-2695-4901	GOLD EXPLORATION AND MINING	150.00	18.60	27.90	27.90	-	-	-	-	-	-
Total Investment in Related Companies		-	-	27.90	27.90	-	-	-	-	-	-
PROVISION ON INVESTMENT VALUE DECREASING		-	-	-	27.90	-	-	-	-	-	-
TOTAL		-	-	27.90	-	-	-	-	-	-	-
TOTAL REVENUES		-	-	-	-	-	-	-	-	-	-

1.3 Other References

➤ **Securities Registrar**

- Thailand Securities Depository Company Limited
4-6 Floor, The Stock Exchange of Thailand Building,
62 Rachadapisek Road, Klongtoey-Nua,
Klongtoey, Bangkok 10110.
Tel. 0-2359-1200-1 Fax. 0-2359-1259

➤ **Auditor**

- Mr.Surachai Damnoenwong
Certified Public Accountant No.4721
RSM Audit Service (Thailand) Limited
9/1 Floor , Sathorn City Tower,
175 South Sathorn Road , Thungmahamek
Sathorn , Bangkok 10120
Tel. 0-2670-9002-6 Fax. 0-2670-9027-8

➤ **Legal Counselor**

- Siri Saniyom Law Office
147/258 Boromrajcholnee Road,
Bangkok 10700
Tel. 0-2884-5981 Fax. 0-2884-5984

➤ **Financial Institutions in regular contacts**

- Siam City Bank Public Company Limited (Samyan Branch)
1553, 1555, 1557 Rama 4 Road, Mahapruttharam
Bangrak, Bangkok 10500
Tel. 02-215-4199

➤ **Financial Institutions that maintain outstanding credits and deposits**

- That Military Bank Public Company Limited (Asok Branch)
1st Floor , Qrand Park View Building , 189/1 , Sukumvit 21 Road ,
Klongtoey-Nue Sub-district , Wattana District , Bangkok 10110
Tel. 02-259-3312-3

The Company's deposit at fixed account as at 31 December, 2009 stood at
491,209.27 Baht.

- Siam City Bank Public Company Limited (Samyan Branch)
1553, 1555, 1557 Rama 4 Road, Mahapruttharam
Bangrak, Bangkok 10500

Tel. 02-215-4199 Fax. 02-216-6170

The Company's deposit at checking account as at 31 December, 2009 stood at
49,486.98 Baht.

- Bangkok Bank Public Company Limited (Lumpini)
1965/10 Rama 4 , Lumpini , Pratumwan , Bangkok

The Company's deposit at checking account as at 31 December, 2009 stood at
20,344,899.93 Baht.



บริษัท ซิโน-ไทย รีซอร์สเซส ดีเวลลอปเม้นท์ จำกัด (มหาชน)

Sino-Thai Resources Development Public Company Limited

2. Message from the chairman

To. Shareholders of Sino-Thai Resources Development Public Company Limited :

In the year 2009, the company entered into energy business by purchasing high speed diesel oil, ULR 91 and ULG 95 from local jobbers in pursuance of section 10 (M10). In addition , the company purchased Bio-diesel from the palm oil plant. Then, the company sold to local jobbers that will resell to the gas stations and end-users.

The financial results for the year ended 31 December 2009, STRD's full year net profit stood at Bath 0.43 million or Bath 0.10 per share. the results came from total revenue of Bath 410.83 million that comprised of revenue from oil trading of Bath 410.49 million, and from other income of Bath 0.34 million. However, the total expense from selling and administrative expenses, cost of production was Bath 410.22 million. In addition , the Company had been looking for kinds business of energy sector and substituted energy sector in investments. These included in selecting the new investors for joint venture in new business.

To, the shareholders, it is our confidence that we can bring the better and fruitful benefits to all shareholders by the way , we are looking for the new business investment that will be the value added of incomes for all shareholders and our company. On this occasion, the Board of Directors would like to express our sincere gratitude for the support from all shareholders as well as our management team and employees whose commitment with integrity and hard work have contributed to the success of all.

Lt. Somsak Yamasamit

(Lt. Somsak Yamasamit)

Chairman



บริษัท ซิโน-ไทย รีซอร์สเซส ดีเวลลอปเม้นท์ จำกัด (มหาชน)

Sino-Thai Resources Development Public Company Limited

3. Report of the Audit Committee

Audit Committee's Report

To Shareholders of the Sino – Thai Resources Development Public Company Limited :

In the year 2009, four official meetings were held with the participation of the management, the company's auditor and the company's internal auditor as required on certain agenda. The Audit Committee reviewed and approved the audit plans of the company's auditor and the internal auditor with special attention on the internal control and the related intercompany transactions with the major shareholder and directors. The audit report was disclosed that it corresponded to the business conditions and that there were no significant deficiencies. This was analogous to the evaluations of internal and independent auditors , and the disclosure of related transactions or conflicts of interest has been made duly and completely.

The company's financial statements for the quarterly periods and for the year ended 31st December 2009 , which had been prepared by the management, were reviewed by the committee for completeness of transactions and full disclosures before submission to the company's Board of Directors.

The Audit Committee concurs with the proposal to the Shareholders' next Annual General Meeting to appoint Mr.Surachai Damnoenwong and/or Mr.Prawit Wipusirikup of RSM Audit Services as the Company's auditor(s) for the year 2010.

. General Sittisak Taypasit

(General Sittisak Taypasit)

Chairman of the Audit Committee

4. The Summary of Financial Statement

We would like to report the summary of financial statements of STRD for the year ended of December 31, 2009, which was audited by Certified Public Accountant as follows :

	2009	2008	2007	(THB million)
4.1 Financial Statements				
Total Assets	77.85	77.41	79.14	
Total Liabilities	0.53	0.52	0.47	
Shareholders' Equity	77.22	76.79	78.67	
Revenue from Sales	410.49	297.87	680.59	
Total Revenue	410.83	298.77	680.92	
Gross Profit (%)	0.62	(1.87)	0.89	
Net Profit (%)	0.43	(1.87)	0.19	
4.2 Financial Ratio				
Net Profit per Total Revenue	0.43	(1.87)	0.19	
Earning per Total Assets (%)	1.41	(1.64)	3.93	
Earning per Shareholders' Equity (%)	0.55	(0.2)	1.64	
Basic earnings (loss) per Share	0.02	(0.09)	0.06	
Dividend per Share	0	0	0	
Book Value per Share	3.86	3.84	9.93	

5. Nature of Business

5.1 Currently, the Company's business operations could be divided into 2 parts as follows :

1. Oil and products from distillation trading
2. Construction Stone Quarry

Oil and products from distillation Trading

The oil trading business was very high competition in local market. The Company had to sell huge volume of gas oil but the margin profit of oil sales was very low. Then, the Company set the target itself to be a competitive with reasonable volume for profit sharing. For products from distillation trading, their revenue were extra revenue of oil trading, Our major customers of them were the related with our customers of fuel sales. These products were such as paraffin and natural gas liquid. Paraffin was the selective energy for lightening. The natural gas liquid were used for cleaning the large fuel tanks and cleaning the machines of industrial factory.

Construction Stone Quarry

The Company found that stone mining for construction had a prospect of investment. The target customers were the government and private construction project. The Company believed that this business line would generate profit in the future. But in 5 years ago, Thailand was under the situation of volatile and downturn economy, especially in the property sector, and the Company invested heavily in its stone crushing plant and new machine. The Company had a high cost of operation at the beginning stage. But the company's construction stone quarrying could earn cash flow for its operation in adequacy. The Company believed that the business would become profitable whenever the economy recovers. Moreover, the government projects that aimed at developing rural areas would give the Company a chance to increase sales.

The Company has to emphasize on the market strategies by engaging in direct marketing apply for the registration of crushing plant.

5.2 Revenue Structure

Million : Baht

Type of Business	2009		2008		2007	
	Revenue	%	Revenue	%	Revenue	%
1. Oil Trade	410.49	100	283.02	95.02	680.59	100
2. Products From petroleum distillation	0	0	14.85	4.98	0	0
3. Lubricant Trade	0	0	0	0	0	0
4. Construction stone	0	0	0	0	0	0
Total	410.49	100	297.87	100	680.59	100

6. Risk Factors

1. Price volatility: Oil price is still volatile and depends on oil price in Singapore market. This volatility of oil price has effects more 5% to local refineries and importers. For example, importers cannot control their cost because suppliers are in foreign countries; they have to take more days in delivery of goods and higher volume for shipment. In addition, US dollar exchange rate have direct effect to the oil price.

Risk mitigation method

The company mitigates these risks by ordering the oil the same quantities as the order of buyers and without taking position. The company will buy the oil at refinery price and in Thai Baht.

2. Credit risk: For credit risk, the company sells oil to local buyers on cash basis and/ or on short term credit basis. The risk is foreseen if the buyers default the debt.

Risk mitigation method

The company mitigates these risks by setting up very strict credit policy for paying off not more than 3 days.

3. Risk in physical handling system: For safety in oil transportation, these oil business operators have to deliver the oil by special transportation trucks to the buyers safely due to being fire hazards 100%

Risk mitigation method

The company settle with the buyer on condition that they provide their own transportation truck to transport the oil to their destination.

4. Demand risk: The demand of construction stone consumption in Saraburi and Lopburi are still volatile 10-30%. There are a lot of construction stone quarry operators around the company's crushing plant. As a result, the company cannot reduce its average operation cost of Construction Stone (size 1", 3/4" and 3/8") per unit.

Risk mitigation method

The company seeks new market (supply to Calcium Oxide manufacturers) and conduct the feasibility study to manufacture Calcium Oxide which give the value added 10-30% to the construction stone as the stones as raw material to produce Calcium Oxide is more expensive than construction stone .

5. Diesel oil price is the main production cost of mining operation as well as electricity cost and transportation cost. These costs will be higher as the government stops to subsidize the diesel price. At present, the diesel oil cost has increased resulting in a higher production cost. The cost of diesel oil is 40% of all cost.

Risk mitigation method

The company produce more and improve production efficiency, and therefore, will reduce the unit cost . Also the company adjusts selling price in relation to the costs increased. In addition the company sets the price of the construction stone at the crushing plant without including the transportation cost.

6. Crushing plant may cause pollution around the resident area which can cause public outcry.

Method of risk mitigation

The company has strictly production control by complying with the rules and regulations established under the board of national environment. The company makes good public relation around crushing plant area.

7. The sales include both cash sales and credit sales. There is no collection risk for cash sales but for the credit sales, credit line for buyers needs to be set under very strict credit concerns. The company needs to investigate details of the buyers by setting credit policy to minimize the bad debts together with providing training to sale staff who pre-screen the credit worthiness of the buyers.

Method of risk mitigation

The company mitigate the risk by setting credit standards to sales staff, accounting staff, and credit control staff to approve the credit line in order to reduce the bad debt to the minimum level. The company controlled the total loss not more 5% of total sales in 1 year.

7. Capital Structure and Management

7.1 Capital Structure

(1) Securities of Company

- Registered capital	:	Baht	200 Million
- Paid-up capital	:	Baht	200 Million
- Number of common shares	:	Baht	20 Million
- Par value common share	:	Baht	10 Million

(2) Shareholders

Major Shareholders as ended April 21, 2009.

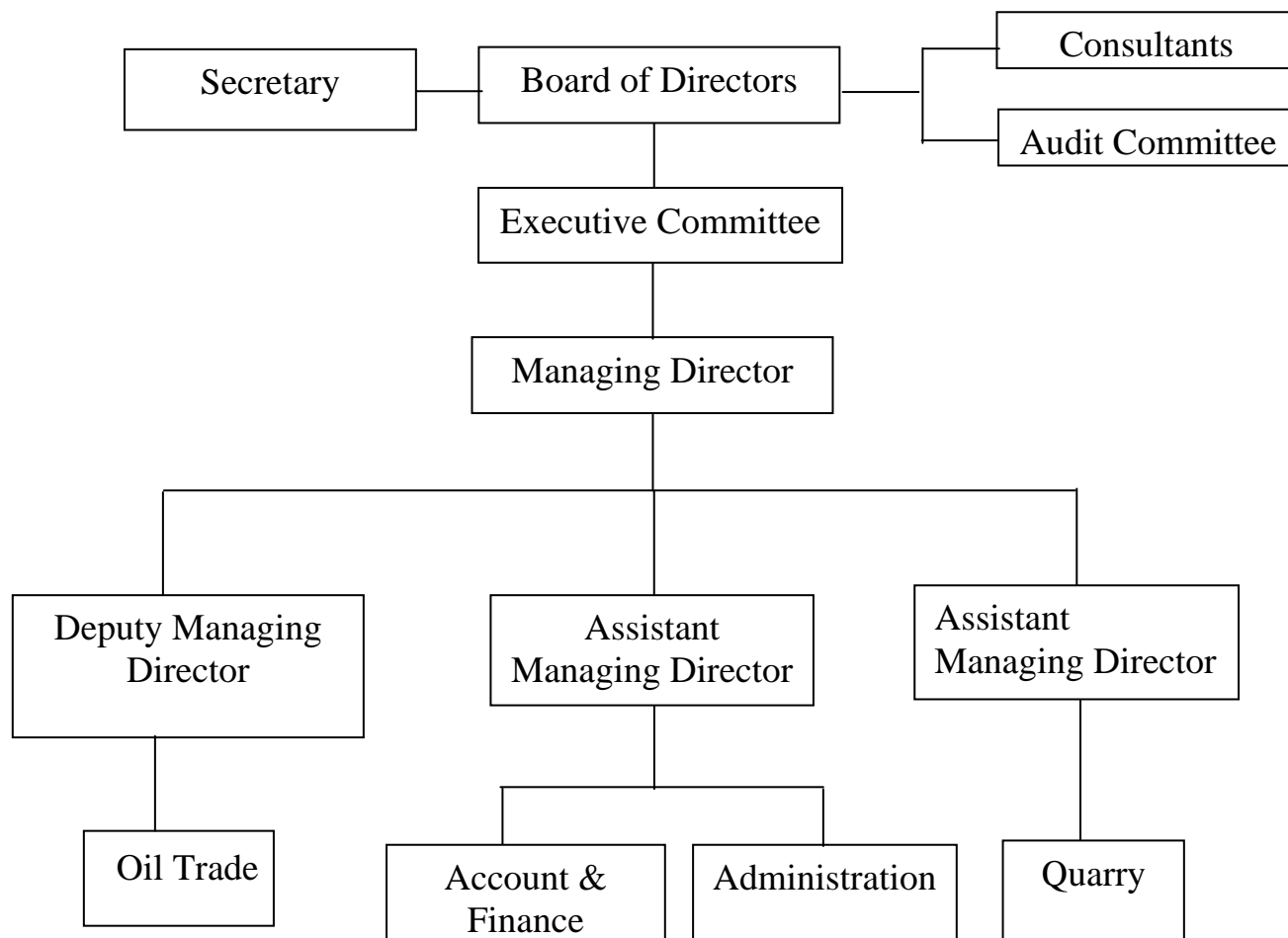
1. Ms. Suladda Assavayukkul	5,481,000	Shares	27.41%
2. Mr. Kitti Chevakittigul	4,277,700	Shares	21.39%
3. Ms. Kanchana Manathamphaiboon	4,200,000	Shares	21.00%
3. Ms. Patama Patchatsomboom	918,900	Shares	4.59%
5. Mr. Soravit Bunyabandit	766,000	Shares	3.83%
6. Mr. Sompoln Trakulrung	691,435	Shares	3.46%
7. Mr. Chuankit Charoenvitworakul	556,952	Shares	2.78%
8. Mr. Sartra Chedvarapong	505,235	Shares	2.53%
9. Ms. Manakorn Jirasing	484,100	Shares	2.42%
10. Mr. Pun Kasemsub	180,000	Shares	0.90%
Total	18,061,322	Shares	90.31%

(3) Dividend Policy

The Company has a policy to pay dividend at 30% of net profit.

7.2 Management

7.2.1 Organization Chart



Board of Directors

Name Position	Age (year)	Education	Ratio of shares held in the Company (%)	Relationship between Management	Experience	Wording Experience in past 5 years	
					Period	Position	Organization/Company/ Type of Business
1. Lt.Somsak Yamasamit Chairman	72	BBA., U.S.A -National Defence College of Thailand, National Defence Course	-	-	2004-Present 2004-Present 2007 2004-Present	Director Chairman CEO	Sino-Thai Resources Development Pcl. Asian Capital and Consultant Co.,Ltd Internation Engineering PLC. Elite Plus Co.,Ltd
2. Mr.Kitti Chevakittigul Authorized Director	53	-B.A. Political Ramkamhaeng University	15.39	-	2004-Present 1996-Present	Director Director	Sino-Thai Resources Development Pcl. S.D.Garment Co.,Ltd
3. Mr.Yongyut Manathamphaibool Authorized Director	34	-B.Economic Thammasart University	-	-	2004-Present 1999-Present	Director General Manager	Sino-Thai Resources Development Pcl. Ngee Heng Champion Group Co.,Ltd.
4. Mr.Sanguan Sabanantachai Independent Director/ Audit Committee *Resigned at December 23,2009	75	-Bangkok Business College -A.B.I. Bachelor Degree	-	-	2004-Present 1995-Present	Director Audit Committee Managing Director	Sino-Thai Resources Development Pcl. S&S Petroleum Co.,Ltd.

Name Position	Age (year)	Education	Ratio of shares held in the Company (%)	Relationship between Management	Experience	Wording Experience in past 5 years	
					Period	Position	Organization/Company/ Type of Business
5. General Sittisak Taypasit Independent Director/ The Chairman of the Audit Committee	62	-Master Degree, - Bridge Port, U.S.A -BBA. Rajabhat Suan Dusit -BE (Engineering) Chula Chom Klao Royal Military Academy	-	-	2004-Present	The Chairman of the Audit Committee	Sino-Thai Resources Development Pcl.
					2004-2005	Senior expert supreme	Head Quarter
					2003-2004	Military Judge	The Military appeals court
						Deputy Chairman of the Advisory Board	The Thai Dairy Industry Co.,Ltd.
					2000-2003	Assistant Commanding	
					2001-2002	Senior Expert Supreme	General Of National Defence Studies Institute Head Quarter
6. Mr.Phthom Panichayanusont Independent Director/ Audit Committee *Resigned at December 23,2009	70	-Bachelor of Science, Chulalongkorn University. -Bachelor of Laws, Ramkhamhaeng University.	-	-	2005-	Director Audit	Sino-Thai Resources Development Pcl.
					Present	Committee	Patchara Insurance Co.,Ltd.
					2003-2002	Chairman of the Board of Director	Government Official
					2001-Present	Retired Government Official	

Name Position	Age (year)	Education	Ratio of shares held in the Company (%)	Relationship between Management	Experience	Wording Experience in past 5 years	
					Period	Position	Organization/Company/ Type of Business
7. Mr. Cholapan Vongsing	51	-MBA Northrop University, U.S.A -MPA University of Southern California,U.S.A	-	-	2001- Present	Asst. Managing Director	Sino-Thai Resources Development Pcl.
8.Mr. Van Sarasin Independent Director/Audit Committee *Appointed at December 23,2009		-MBA Western Illinois University U.S.A -BBA Thammasat University	-	-	2002- Present	Managing Director	Merlin Capital Management (Thailand) Co.,Ltd.
9. Mr.Songpol Shanmatkit Independent Director/Audit Committee *Appointed at December 23,2009	40	-MBA Business Administration /ABAC -Master Degree ,Computer Engineering Management /Assumption University	-	-	2001- Present	Chief Executive Officer	TV Direct Co.,Ltd.
10.Mr.Thitisak Sakulkru Consultant *Appointed at December 23,2009	54	-B.A (Account), Chiang Mai University -Mini M.B.A. # 26 (Certificate), Kasetsart University	-	-	2006- Present 2005- Present	Director Director	Health Network Co.,Ltd. Sai-Thong Property Co.,Ltd.

Secretary of the Board

- Mr.Cholapan Vongsing

Audit Committee

- | | | | |
|---------------------|-------------------------------|-----------|-----------------------------|
| 1. General Sittisak | Taypasit | Chairman | } --Detail shown in 7.2.1-- |
| 2. Mr.Phthom | Panichayanusont ^{*1} | Director | |
| 3. Mr.Sanguan | Sabanantachai ^{*1} | Director | |
| 4. Mr.Cholapan | Vongsing | Secretary | |
| 5. Mr.Van | Sarasin ^{*2} | Director | |
| 6. Mr.Songpol | Shanmatkit ^{*2} | Director | |

Recruitment and Remuneration Committee

- | | | |
|---------------------|-------------------------------|------------------------|
| 1. Mr.Phthom | Panichayanusont ^{*1} | Chairman |
| 2. General Sittisak | Taypasit | Director |
| 3. Mr.Kitti | Chevakittikul | Director and Secretary |
| 4. Mr.Van | Sarasin ^{*2} | Chairman |

Remark : *1 Resigned at December 23,2009

*2 Appointed at December 23,2009

Executive Directors

- | | | |
|----------------|------------------|--------------------|
| 1. Lt.Somsak | Yamasamit | Chairman |
| 2. Mr.Kitti | Cheevakittikul | Executive Director |
| 3. Mr.Yongyut | Manathamphaiboon | Executive Director |
| 4. Mr.Cholapan | Vongsing | Executive Director |

Management

Name	Position	Nationality	Age	Education & Experience	No.of shares held in the company	%	Start date with the company
2. .Mr.Cholapan Vongsing (Acting at June 16,2006)	Managing Director	Thai	51	--- Detail shown in 7.2.1 --	-	-	June 16, 1995

Department Manager

Name	Age	Position/Start	Education	No. of shares held in the company	Experience
1. Ms. Wanna Pongpho	36	Accounting Manager March 17, 2003	Bachelor of General Management (Accounting) ASIA University	-	Krungthai Animal Food Co.,Ltd.
2. Ms.Tanyarat Sangdounsiwilai	39	Finance Manager April 2,1999	Bachelor of General Management (Accounting) ASIA University	-	Sino-Thai Resources Deverlopment Public Co.,Ltd.
3.Mrs.Paranee Poomyoo	35	Acting Personnel and Administration Manager July 2, 2007	Bachelor of Bussiness Management (Accounting) Institute of Rajchapat, Thepsatri	-	Sino-Thai Resources Deverlopment Public Co.,Ltd.

7.2.2 Authority and Duty of the Board of Directors

1. Board of Directors

- Authority

To proceed the operation according to the objectives of the Company.

- Constitution and appointment

The constitution consists of - 4 Executive Directors

- 3 Non Executive Directors

- 3 Independent Directors

By Chairman : Lt.Somsak Yamasamit

Managing Director : Mr. Cholapan Vongsing

(Acting at June 16, 2006)

- Appointment

The appointment is approved by the Shareholders' Meeting according to the following rules and methods.

(1) A shareholder has the right of one vote per one share hold.

(2) When appointing Director, the shareholders may appoint one or a group of Directors by voting or other ways but they must use the same way as article (1).

(3) When voting Director, use the majority votes. If equal, the chairman of the meeting has right to arbitrate.

- Members of Board of Directors

There must be not less than 5 Directors and at least 3 Directors have lodging in the country.

- The ratio of Director, who are the representative of the shareholder

---Do not set---

- The right of minor shareholder in appointing Director

According to the rules of appointing Director of the Company.

2. Audit Committee

1. Limitation of duty

- According to the limitations and objectives, which the Board of Directors set up.

2. Function and responsibility

In supervising the operation

- (1) to review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
- (3) to review the Company's compliance with the law on securities and exchange, the Exchange's regulation, and the law relating to the Company's business;
- (4) to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-meeting with an auditor at least once a year;
- (5) to review the Connected Transactions, or the transactions that may lead to conflicts of interests, to

ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;

(6) to prepare, and to disclose in the Company's annual report, and audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:

- a. an opinion on the accuracy, completeness and creditability of the Company's financial report,
- b. an opinion on the adequacy of the Company's internal control system,
- c. an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the law relating to the Company's business,
- d. an opinion on the suitability of an auditor,
- e. an opinion on the transactions that may lead to conflicts of interests,
- f. the number of the audit committee meetings, and the attendance of such meeting by each committee member,
- g. an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
- h. other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and

(7) to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

In its performance of duties under the first paragraph, the audit committee must be directly responsible to the Company's board of directors, while the Company's board of directors shall remain responsible to third parties for the operations of the Company.

The determination/change of which had been taken an effect as of the resolution of the 2/2552 board meeting in March 17 ,2009.

3. Constitution of the audit committee (1) Being the Director of the Company.
(2) At least 3 persons.
(3) At lease one of the Audit Committee must have knowledge of account or finance.
4. Appointment (1) Appointment by un-anonymous resolution of Board of Directors.
5. Term 3 years

Recruitment and Remuneration Committee

1. Limitation of duty - According to the limitations and objectives, which the Board of Directors set up.
2. Function and responsibility in supervising the operation (1) Formulate transparent criteria Recruitment and Remuneration methodology for department manager to the management
(2) Recruitment and Remuneration for the qualified person to be department manager to the management
3. Constitution of the audit committee (1) Being the Director of the Company
4. Appointment (1) Appointment by un-anonymous resolution of Board of Directors
5. Term 3 years

3. Executive Directors

- Authority

Consider the process, operation, investment, management, and internal control and report to the Board of Directors of the Company.

- Other Directors act for the Board

-None-

4. Management

Name and types of the Directors

1)	Lt. Somsak	Yamasamit	Chairman / Chairman of the Board
2)	General Sittisak	Taypasit	Independent Director /The Chairman of the
3)	Mr. Sanguan	Sabanantachai ^{*1}	Independent Director / Audit Committee
4)	Mr. Kittti	Chevakittigul	Director
5)	Mr. Youngyut	Manathamphaiboon	Director
6)	Mr. Phthom	Panichayanusont ^{*1}	Independent Director/ Audit Committee
7)	Mr. Cholapan	Vongsing	Director/ Asst. Managing Director (Acting at June 16,2006)
8)	Mr. Van	Sarasin ^{*2}	Independent Director / Audit Committee
9)	Mr. Songpol	Shanmatkit ^{*2}	Independent Director / Audit Committee
10)	Mr. Titisak	Sakulkroo ^{*2}	Consultant

Remark : *1 Resigned at December 23,2009

 *2 Appointed at December 23,2009

Methods in signing the commitment of the Company

Mr. Kittti Chevakittigul, Mr. Yongyut Manathampaiboon

Mr. Cholapan Vongsing; two of three Directors sign together and stamp the Company seal.

Name and position of the management

1.	Lt. Somsak	Yamasamit	Chief of Executive Director
2.	Mr. Cholapan	Vongsing	Managing Director (Acting)

Employees

The company had total employees 80 persons as follows:

1)	Head Office		
1.1	Executive Office	1	persons
1.2	Personnal and Administration Department	3	persons
1.3	Accounting and Financial Department	2	persons
1.4	Purchasing and Trading Department	2	Persons
	Total	8	persons

Authority in the Company, subsidiary, associated and related company of the management

Name	Company	Subsidiary Company : -None-	Related Company
			Cholsin Co., Ltd.
Lt.Somsak Yamasamit	1, 3	-	-
Mr.Cholapan Vongsing	2,3	-	2

Note: 1 = Director 2 = Chairman 3 = Executive Director (Please see page 23)

7.2.3 Remuneration of the management**(1) Directors remuneration**

Directors remuneration were as followed meeting remuneration, management salaries.

(1.1) Meeting remuneration

In the year ended December 31, 2008 and 2009, the members of Board of Directors received the remuneration per person per meeting for total of Baht 0 and Baht 0 respectively.

In the year 2009, the members of STRD Board received the remuneration were as followed:

1. Lt. Somsak Yamasamit	earned	Baht	0
2. General Sittisak Taypasit	earned	Baht	0
3. Mr. Phthom Panichayanusont	earned	Baht	0
4. Mr. Sanguan Sabanantachai	earned	Baht	0
5. Mr. Yongyut Manathamphaiboon	earned	Baht	0
6. Mr. Kitti Chevakittigul	earned	Baht	0
7. Mr. Cholapan Vongsing	earned	Baht	0
8. Mr. Van Sarasin	earned	Baht	0
9. Mr. Songpol Shanmatkit	earned	Baht	0

Remark : Board of Directors sacrificed not to receive these remuneration.

(1.2) Management salaries

In the year ended December 31, 2008 and 2009, the management salaries were Baht 480,000.

(2) Audit Committee

In the year ended December 31, 2008 and 2009, the 3 members of Audit Committee received total remuneration of Baht 0 and Baht 0 respectively.

Recruitment and Remuneration Committee for the year 2008, there was no meeting of Recruitment and Remuneration committee.

(3) Management Remuneration

In the year ended December 31, 2008 and 2009, the members of management received total remuneration of Baht 750,000 and Baht 816,000 respectively.

(4) Other Remuneration (Non -Cash)

-None-

Note: The company set a clear and transparent remuneration policy to the directors and the Audit Committee Members which received approval from the shareholders meeting. The directors appointed as the audit committee members received the remuneration increased by the quantity increased.

7.2.4 The Principles of Good Corporate Governance Report

1. Policy on Corporate Governance

Due to the important and necessity for business operations, the board of directors provided the policy on corporate governance, and business directions for controlling system, and internal auditing. Principal in the operation management for the further its business objectives and generated maximum benefits for shareholders under the rules and regulations.

2. Shareholders : Rights and Equitable Treatment

In the year 2009, the Annual General Shareholders Meeting was held at MaiThai 1 room , Penacle hotel, 17 Soi Ngam Duplee ,Rama 4, Thungmahamek, Sathorn, Bangkok 10120. The notice and agendas of the meeting were distributed at least 7 days prior to the meeting date. The proposal of board of directors was in each agenda, and the minute of meeting was recorded completely and disclosed to all shareholders at all time.

3. Various Groups of Shareholders

- Employees : The company encouraged equal treatments for all employees and appropriate remuneration.
- Customers : The customer were treated with care. The company remained quality and standard of the product, and customer information were kept confidentially.

- Competitors: The competition is moral, no illegal practices are used to destroy competitors.

4. Shareholders' Meetings

In the year 2009 , the Annual General Shareholder's Meeting was held with the participation of six directors. The chairman of the meeting encouraged equal opportunities for shareholders to express their opinions and raise the significant and proposal at the meeting, according to the agenda and the issues presented to the meetings. The important data was provided completely in the minute of meeting.

5. Leadership and Vision

The board of directors defined internal controlling system, internal auditing, and also regularly followed up its performance at the audit committee meetings and the board of director meetings.

6. Conflict of Interests

The board of directors considered the issues of conflict of interest carefully, and controlled the management and related person for taking internal information of the company in personal using for the best interests of the company. And provided the management to report and disclosed company's shareholding changing to the Securities Exchange Commission and the Stock Exchange of Thailand.

7. Business Ethics

The studies of code of ethics for board of directors, the management and employees was on the consideration process. To ensured that they were aware of, understands and would keep monitoring the code of ethics with honesty.

8. Balance of Power for Non-Executive Directors

The company had ten directors that consisted of:

- Executive Directors 4 persons
- Non-Executive Directors 3 persons

- Independent Directors 3 persons (42.86 percentage of the board of directors)

The independent directors' proportion was twenty percent of the total directors.

9. Aggregation or Segregation of Positions

The company did not combine the titles of chairman of the board and managing director into one person for clearly separation of power and authorities of principles of good corporate governance and management.

10. Remuneration for Directors and the Management

Director Remuneration : The director remuneration was set and carried out with transparency and obtained an approval from the shareholders. The audit committee , and the recruitment and remuneration committee was paid appropriately more remuneration in accordance with their responsibilities and contributions.

The Management Remuneration : The management remuneration was set by the board of directors and correspond to company revenues and their performances.

11. Board of Directors' Meetings

The board of directors' meetings were held by quarterly and the extraordinary meetings could be held in case of necessary. The meeting schedule and agendas were determined regularly in advance. The notice and agendas of meeting were distributed at least 7 days prior to the meeting date. In year 2009, the ordinary meetings were held six times and the total attendance of each director were concluded as followed:

Name	Term of the directors	Ordinary Meetings	Extraordinary Meetings	Total
1. Lt. Somsak Yamasamit	in the position 3 years for each term. The directors who were retired by Rotation, may be offered	6/6	-	6/6
2. General Sittisak Taypasit		6/6	-	6/6
3. Mr. Sanguan Sabanantachai		6/6	-	6/6
4. Mr. Kitti Chevakittigul		6/6	-	6/6
5 . Mr. Yongyut Manathamphaiboon		6/6	-	6/6
6. Mr. Phthom Panichayanusont		6/6	-	6/6
7. Mr. Cholapan Vongsing		6/6	-	6/6

12. Committees

The board of directors provided audit committees to help them on the principles of good corporate governance since March 9, 1999, the committees were in the positions 3 years for each term. In the year 2009, four audit committee meetings were held by quarterly and reported to board of directors.

13. Controlling System and Internal Audit

The audit committees appointed Mr. Chaiyuth Angsuwithaya Internal Audit Manager of Eka-Patch Consultants Co., Ltd. as the company's Internal Auditor to perform the independent duties of internal controlling and auditing. The annual remuneration had been paid as Baht 80,000. The internal auditing report

obtained reasonable assurance, and financial statements were free of material misstatement. The internal controlling system were qualified and adequate for business.

14. Directors' Reporting

The board of directors performed their duties to report the financial statements and related information in the company's annual report. The financial statements had been audited in accordance with generally accepted auditing standards of Thailand, and included examining on a test basis, evidence supporting the amounts and disclosures.

The board also remained the qualified internal controlling system to correctness and completeness in conformity with accounting principles to maintain the company's assets.

The audit committee comprised independent and non-executive directors who took their responsibilities of qualified financial statements and internal controlling system as shown on audit committee's report.

The board expressed their opinions that company's internal controlling system was present fairly in the financial position of the company as of December 31, 2009.

15. Relations with Investors

The board of directors ensured that the company disclosed important information correctly, timely and transparently. The board also provided the investor for the important information, which effected the company's shares values through newsletter and publication of the Stock Exchange of Thailand. The company had no Investor Relations Unit, but appointed the Finance and Accounting

Manager to communicate with institutional and individual investors, stock analysts in general and state agencies. The investors could contact for the further information at telephone number 0-2679-9759-62

7.2.5 Internal information control

The Company has policies and regulations for the management in preparation, presentation, disclosure, and accession of the Company's internal information that include in financial statement for personal using and securities trading within one month before disclosing them to public. Principles of all internal information disclosure are responsible for the correctness, completeness, continual and punctual time of these information by the management so that the interest persons will receive them at the same information and time. In addition the management level, such as, Managing Director, Assistant Managing Director, Manager, has to be reported the holders of Company 's shares to the Stock Exchange of Thailand. For our punishment, the Company will stand on the laws and regulations of Stock Exchange of Thailand and Securities and Exchange Commission and included with other laws that concern.

7.2.6 The opinion of Board of Directors

The Board of Directors convened the Board of Directors Meeting No. 3/2010 on March 23, 2010 that the attendants were three independent Directors and three members of Audit Committee. The resolutions of this meeting adopted at the said meeting as follows:

- To certify the reports of internal auditor, external auditor and Audit Committee that their opinions of the balance sheet of the Company as at December 31, 2008 that the management were responsible for the correctness and completeness of information presented in these financial statements.
- To approve the evaluation of inter audit control system that were adequate to ensure effective operations, correct financial statements, and safeguarding of the Company's properties included in the related inter-company transactions with major Shareholder, Directors, Management or other interest persons.

8. Transaction with persons and related parties

The Company had significant transactions with its persons and related parties which, concerned in certain Directors and Shareholders of the Company. The basis of these transactions occurring between the Company and its related parties was similar to the basis of transactions under the

Company's policy as shown on financial statement and Certificate Public Accountant's Report of 2009 as note to financial statement in item # 7.

-None-

9. Explanations and Financial Analysis from Management and Operating Results

9.1 Summary of Operating Results for the year 2008 and 2009

STRD HO 019/2009

March 2 , 2009

Refer : Report on the Progress of Rehabilitation Plan for the year 2008, as ended December 31 ,2008

Attention to : The President

The Stock Exchange of Thailand

Sino-Thai Resources Development Public Company Limited (the "Company") would like to report on the actual performance compared with the same period of the year 2008 on the Company's Rehabilitation Plan in compliance with the Stock Exchange of Thailand requirements.

Summary the actual performance for the year 2008 as ended of December 31.

For the year 2008, the Company recorded total revenue of Baht 298.77 million from sales of fuel sales that was our core business. In the 1st quarter of fuel sales , its retail price was more high and fluctuated that resulted to the margin of market value less than Baht 1 per litre. As mentioned , it was the abnormal situation. The Company could make a little profit . In the 2nd quarter of the year 2008, the Company recorded total revenue of Baht 0 million from sales of fuel that was our core business. For this period of fuel sales , its retail price was more high and fluctuated that resulted from the prices of oil refinery sales were higher than the prices of gas station sales. As mentioned , it was the abnormal situation. The Company could not make the profit. The Company recorded the fuels sales of Baht 0 million. However, in May 22,2008, the Company recorded revenue of Baht 4.62 million from sales of Paraffin that was

the selective energy for lightening, and revenue of Baht 5.60 million from sales of Natural Gas Liquid in June 14, 2008 that were used for cleaning the large fuel tanks and cleaning the machines of industrial factory. These both products were by-produced from petroleum refinement of refineries. Total revenue of both products were Baht 10.22 million. Our majority customers of Paraffin and Natural Gas Liquid sales were the related with our customers of fuel sales. Thus, the marketing and sales of both products would be related with marketing and sales of fuel products. Nevertheless, if the situation of fuel sales is normal, the Company will make the profit. The Company still runs the fuel sales to be the our core – business.

For the third quarter, the Company sells the fuel normally and some Paraffin. In addition, the products of Paraffin and Natural Gas Liquid will be our supporting – business. However, for the fourth quarter, the revenue of the Company only came from fuel sales and without from paraffin sales. The Company recorded the fuels sales of Baht 283.02 million and the by – produced from petroleum refinement from refineries sales of Baht 14.84 million. However, the Company recorded the other income as Baht 0.90 million from rental fee as Baht 0.23 million and interest as Baht 0.09 million and reversal of allowance for doubtful debts and other as Baht 0.58 million. The net profit of the year recorded only Baht 0.45 million or Baht 0.02 per share.

Explanation and Comparison on the significant variance of the actual performance for the year 2007 and the year 2008, as ended of December 31.

1. Revenue from fuel sales and by – produced of petroleum refinement of refineries sales.

Revenue from fuel sales of Baht 680.59 million for the year 2007 was higher than the year 2008 at the same period by Baht 382.72 million or 56.23%. In the 1st quarter of fuel sales, its retail price was more high and fluctuated that resulted to the margin of market value less than Baht 1 per litre. As mentioned, it was the abnormal situation. The Company could make a little profit. In the 2nd quarter of the year 2008, the Company recorded total revenue of Baht 0 million from sales of fuel that was our core business. For this period of fuel sales, its retail price was more high and fluctuated that resulted from the prices of oil refinery sales were higher than the prices of gas station sales. As mentioned, it was the abnormal situation. The Company could not make the profit. The Company recorded the fuels sales of Baht 0 million. However, in May 22, 2008, the Company recorded revenue of Baht 4.62 million from sales of Paraffin that was the selective energy for lightening, and revenue of Baht 5.60 million from sales of Natural Gas

Liquid in June 14, 2008 that were used for cleaning the large fuel tanks and cleaning the machines of industrial factory. These both products were by-produced from petroleum refinement of refineries. Total revenue of both products were Baht 10.22 million. Our majority customers of Paraffin and Natural Gas Liquid sales were related with our customers of fuel sales. Thus, the marketing and sales of both products would be related with marketing and sales of fuel products. Nevertheless, if the situation of fuel sales is normal, the Company will make the profit. The Company still runs the fuel sales to be our core – business. For the third quarter, the Company sells the fuel normally and some Paraffin. In addition, the products of Paraffin and Natural Gas Liquid will be our supporting – business. However, for the fourth quarter, the revenue of the Company only came from fuel sales and without from paraffin sales.

2. Other Income

Other income of Baht 0.90 million was higher than other income as the same period of the year 2007 by Baht 0.58 million or 181.25%. There were as the following caused: in the year 2008, the revenue of rental fee by Baht 0.23 million, interest income by Baht 0.09 million and reversal of allowance for doubtful debts as Baht 0.58 million.

3. Cost of sales and other expenses

The Company recorded total cost of sales and other expenses for the year 2008 Baht 298.32 million was lower than the year 2007 at the same period by Baht 381.30 million or 56.10 % as the following caused:

★ Cost of fuel sales and cost of by – produced from petroleum refinement of refineries sales of Baht 295.08 million for the year 2008 was lower than the year 2007 by Baht 379.48 million or 55.84% mainly resulting from the decreased volume of fuel sales.

★ Selling and administrative expenses of Baht 3.24 million for the year 2008 was lower than the year 2007 by Baht 1.51 million or 31.79% mainly important expenses as followed: salary by Baht 1.09 million, depreciation of assets by Baht 0.065 million, and professional consultant fee and other fees by Baht 2.085 million.

★ Directors' remuneration of Baht 0 million for the year 2008 was lower than the year 2007 by Baht 0.31 million or 100% mainly resulting from without remuneration.

Comparison on significant of the actual performance for the year 2007 and the year 2008,as ended of December 31.

Revenue from fuel sales

Peroid	Sale (Baht million)		Quantity (Litre)	
	2008	2007	2008	2007
1 st Quarter	105.43	28.06	3,908,000	1,358,000
2 nd Quarter	0	158.48	0	7,029,000
3 rd Quarter	45.57	253.73	1,587,000	10,678,000
4 th Quarter	132.02	240.32	7,364,000	9,338,000
Total	283.02	680.59	12,859,000	28,403,000

Revenue from products of petroleum refinement

Peroid	Sale (Baht million)		Quantity (Litre)	
	2008	2007	2008	2007
1 st Quarter	0	0	0	0
2 nd Quarter	10.22	0	374,146	0
3 rd Quarter	4.62	0	96,000	0
4 th Quarter	0	0	0	0
Total	14.84	0	470,146	0

Summary the actual performance for the year 2007 and the year 2008, as ended of December 31.

Item	2007 (reviewed)	2008 (audited)	Variance	
			Amount	%
<u>Revenues</u>				
Revenues from fuel sales	680.59	283.02	(397.57)	(58.42)
Revenues from products of petroleum refinement	0	14.85	14.85	100
Other Income *	0.32	0.90	0.58	181.25
Total Revenues	680.92	297.77	(382.15)	(56.12)
<u>Expenses</u>				
Cost of fuel sales	674.96	281.22	(393.74)	(58.34)
Cost from products of petroleum refinement	0	13.86	13.86	100
Selling and Administration Expenses	4.75	3.24	(1.51)	(31.79)
Directors' remuneration	0.31	0	(0.31)	(100)
Other expenses	0	0	0	0
Total Cost and Expenses	679.62	298.32	(381.30)	(56.10)
Net Profit (Loss)	1.29	0.45	(0.84)	(65.12)

Remark * Other income : rental fee , interest income and reversal of allowance for doubt debts in 2007 and 2008.

For the financial statement as mention above , the Company would like to report some significant details as follow :

1. Progress payment report of APEX Oil company limited

The Company signed the contract of purchasing the assets of lubricant oil products with APEX Oil Company that amounts were Baht 15.17 million (not included VAT) by being payment terms as followed :

- First payment on contract singing : Baht 3.17 million with VAT Baht 1.06 million that total amounts were Baht 4.23 million.
- 12 payments on Baht 1.0 million each monthly payment of equal installment basis.

For contract payment of APEX in Item 1.4 , Apex paid Baht 4.2 million for payment on contract signing date and paid them to STRD Baht 2 million for two first-payment paid more Baht 2 million in November , 2007 and still be past due 6 payments or 6 months of each month Baht 1 million that amount were Baht 6 million. The less balance of account receivable that APEX will have to make 2 payments or 2 months of each month Baht 1 million more that amount will be Baht 2 million. Apex informed STRD that APEX could not pay the debt on time because of economic recession. However, APEX will try to pay the debt as soon.

However , the Company sold lubricant oil products , raw materials , supplies ,and spares to APEX about Baht 11.56 million (not included Vat) and also sold some building and machine to APEX about Baht 0.05 million (not included VAT).Then prices (included VAT) were be Baht 12.42 million that APEX had to pay them in December 16 , 2006.Later in June 25, 2007 APEX oil paid payment to STRD Baht 1.15 million.APEX oil will have to make payment more Baht 11.27 million. Up to now , APEX has not made the payment to STRD yet.However , STRD has still asked for payment continuously.

APEX made payment for machines as amount Baht 2 million to STRD in November 2007 , Baht 0.5 million in May 2008 , Baht 0.5 million in July 2008 and Baht 1.0 million in November 2008 ; for lubricant oil products as amount Baht 2 million to STRD in December 2007 , Baht 0.5 million in May 2008 , Baht 0.5 million in July 2008 and Baht 1.0 million in November 2008.In summary, APEX will make payment to STRD for building and machine as amount of Baht 6.06 million and lubricant oil products as amount of Baht 7.21 million. In summary of the year 2008, APEX paid Baht 4.0 million of all STRD debts. Later, in February 27, 2009, APEX made payment all of debt at Baht 13.27 million off.

2. Report of the collection of accounts receivable.

- No transaction on default during 6-12 months will be sued by law.

As ended December 31, 2008 , STRD had sued the accounts receivable that they had defaulted more than 9 months as followed :

(Person : unit)

	During sued	1999 Judgment
Lubricant oil	-	3 (Value = Baht 0.76 million)
Industrial stones	1 (Value = Baht 0.22 million)	4 (Value = Baht 0.57 million)
Total	1	7

3.Accounts receivable from related company

The Company had a long outstanding balance due from Siam Dimension Stone Company Limited from loan receivable amounting to Baht 70.73 million and accrued service income amounting to Baht 2.81 million that total amounts were Baht 73.54 million. The Company set the allowance for doubtful accounts fully these amounts. The Company had the first notice for the long outstanding balance to Siam Dimension Stone by mailing the STRD letter No.STRD 009/2007 at March 26 , 2007 ,but Siam Dimension Stone had not responded to STRD , yet. Then , STRD had the second notice to Siam Dimension Stone by mailing the STRD letter No.STRD 022/2007 at June 20 , 2007 that Siam Dimension Stone had not response to STRD again . STRD had the final notice No.STRD HO 034/2007 at November 1,2007 to Siam Dimension Stone. Siam Dimension had not still responded to STRD. STRD has prepared the documents for the plan to authorize the lawyer to sue Siam Dimension Stone later.

For abnormal situation of politic and economic at the present , the Company had to run our business carefully so that the Company should make the profit continually . Thus , the policy of the Company would be as followed :

1. Increasing more volumes of fuel sales that the targets
of our customers were agriculture groups, small industrial groups,
transportation groups, fishery groups, etc . .
2. Controlling of direct cost and indirect cost by not being more than before.
3. Increasing more volumes of fuel sales , substituted energy sales , selected
energy sales and by – products of petroleum refining sale are such as coal , glycerin ,
NGV , paraffin , etc..

However , there is one of the board of directors (and still holds as 10% of STRD shareholders) is the one of board of directors and holds 10% shareholders of other company that has still run his business and it is the same as our business , but all the purchases and sales of products , lists and groups of customers were different. There are not to rely on the business each other. There are not to compete with the same business each other .There are not conflict of interest between the Company , the board of directors and the major shareholder.

Please be informed accordingly,

Your Sincerely,

Cholapan Vongsing

(Mr.Cholapan Vongsing)

Acting Managing Director

Remark : The correction of Balance Sheet for the year 2008 was changed from Baht 0.45 million of profit to Baht 1.87 million of loss as followed of the Balance Sheet as ended during December 31,2009 and 2008 that was attached with the attachment # 2.2 of the auditor report for the year 2009.

STRD HO 001/2010

February 25 , 2010

Refer : Report on the Progress of Rehabilitation Plan for the year 2009, as ended December 31 ,2009

Attention to : The President

The Stock Exchange of Thailand

Sino-Thai Resources Development Public Company Limited (the “Company”) would like to report on the actual performance compared with the same period of the year 2009 on the Company’s Rehabilitation Plan in compliance with the Stock Exchange of Thailand requirements.

Summary the actual performance for the year 2009 as ended of December 31.

For the year 2009, the Company recorded total revenue of Baht 410.83 million from sales of Diesel that was our core business and some other income. For this period of Diesel sales, it was the recession. The Company recorded the fuels sales of Baht 410.49 million. However, the Company recorded the other income amount Baht 0.34 million from rental fee as Baht 0.25 million, interest income as Baht 0.06 million, and other income as Baht 0.02 million. The net profit of the year 2009 recorded only Baht 0.43 million or 0.10% of total revenue.

Explanation and Comparison on the significant variance of the actual performance for the year 2008 and the year 2009, as ended of December 31.

1. Revenue from fuel sales and by – produced of petroleum refinement of refineries sales.

Revenue from fuel sales of Baht 410.49 million for the of the year 2009 was higher than the year 2008 at the same period by Baht 127.47 million or 45.04 %. For the year 2009, the Company recorded total revenue of Baht 410.83 million from sales of Diesel that was our core business and some other income. For this period of Diesel sales, it was the recession situation. The Company recorded the fuels sales of Baht 410.49 million. However, the Company recorded the other income amount Baht 0.34 million from rental fee as Baht 0.25 million, interest income as Baht 0.06 million and other income as Baht 0.02 million. The net profit of the year 2009 recorded only Baht 0.43 million or 0.10% of total revenues from fuel sales.

2. Other Income

Other income of Baht 0.34 million was lower than other income as the same period of the year 2008 by Baht 0.56 million or 62.22%. There were as the following caused : in the year 2009, the increased revenue of rental fee by Baht 0.25 million and interest and other income by Baht 0.08 million because the interest income of the year 2008 was higher than the year 2009 as amount of Baht 0.03 million.

3. Cost of sales and other expenses

The Company recorded total cost of sales and other expenses for the first nine-months of the year 2009 as Baht 410.41 million was higher than the year 2008 at the same period by Baht 109.77 million or 36.51% as the following caused :

★ Cost of fuel sales of Baht 407.03 million for the year 2009 was higher than the year 2008 by Baht 125.81 million or 44.74% mainly resulting from the increased volume of fuel sales.

★ Selling and administrative expenses of Baht 3.19 million for the year 2009 was lower than the year 2008 by Baht 0.06 million or 1.85% mainly important expenses as followed : salary by Baht 1.01 million, depreciation of assets by Baht 0.04 million, and professional consultant fee and other fees by Baht 2.14 million.

★ Directors' remuneration of Baht 0 million for the year 2008 and 2009 resulting from without remuneration.

Comparison on significant of the actual performance for the year 2007 and the year 2008,as ended of December 31.

Revenue from fuel sales

Peroid	Sale (Baht million)		Quantity (Litres)	
	2008	2009	2008	2009
1 st Quarter	105.43	90.49	3,908,000	5,287,000
2 nd Quarter	0	138.23	0	6,987,000
3 rd Quarter	45.57	82.34	1,587,000	3,394,000
4 th Quarter	132.02	99.43	7,364,000	4,029,000
Total	283.02	410.49	12,859,000	19,697,000

Revenue from products of petroleum refinement

Peroid	Sale (Baht million)		Quantity (Litres)	
	2008	2009	2008	2009
1 st Quarter	0	0	0	0
2 nd Quarter	10.22	0	374,146	0
3 rd Quarter	4.62	0	96,000	0
4 th Quarter	0	0	0	0
Total	14.84	0	470,146	0

Summary the actual performance for the year 2008 and the year 2009, as ended of December 31.

Item	2008 (reviewed)	2009 (audited)	Variance	
			Amount	%
<u>Revenues</u>				
Revenues from fuel sales	283.02	410.49	127.47	45.04
Revenues from products of petroleum refinement	14.85	-	-14.85	-100
Other Income *	0.90	0.34	-0.56	-62.22
Total Revenues	298.77	410.83	112.26	37.51
<u>Expenses</u>				
Cost of fuel sales	281.22	407.03	125.81	44.74
Cost from products of petroleum refinement	13.86	0	-13.86	-100
Selling and Administration Expenses	2.76	2.71	-0.05	1.81
Directors' remuneration	0.48	0.48	0	0
Other expenses	2.32	0.19	-2.13	-91.81
Total Cost and Expenses	300.64	410.41	109.77	36.51
Net Profit (Loss)	-1.87	0.43	2.30	122.99

Remark * Other income : rental fee , interest income and reversal of allowance for doubtful debts in 2008 and 2009.

financial statement as mentioned above , the Company would like to report some significant details as follows :

1. Report of the collection of accounts receivable.

- No transaction on default during 6-12 months will be sued by law.

As ended December 31, 2009 , STRD had sued the accounts receivable that they had defaulted more than 9 months as follows :

(Person : unit)

	2000 During sued	2001 Judgment
Lubricant oil	- -	3 (Value = Baht 0.76 million)
Industrial stones	1 (Value = Baht 0.22 million)	4 (Value = Baht 0.57 million)
Total	1	7

2.Accounts receivable from related company

The Company had a long outstanding balance due from Siam Dimension Stone Company Limited from loan receivable amounting to Baht 70.73 million and accrued service income amounting to Baht 2.81 million that total amounts were Baht 73.54 million. The Company set the allowance for doubtful accounts fully these amounts. The Company had the first notice for the long outstanding balance to Siam Dimension Stone by mailing the STRD letter No.STRD 009/2007 at March 26 , 2007 ,but Siam Dimension Stone had not responded to STRD , yet. Then , STRD had the second notice to Siam Dimension Stone by mailing the STRD letter No.STRD 022/2007 at June 20 , 2007 that Siam Dimension Stone had not response to STRD again . STRD had the final notice No.STRD HO 034/2007 at November 1,2007 to Siam Dimension Stone. Siam Dimension had not still responded to STRD. STRD has prepared the documents for the plan to authorize the lawyer to sue Siam Dimension Stone later.

For abnormal situation of politic and economic at the present , the Company had to run our business carefully so that the Company should make the profit continually . Thus , the policy of the Company would be as followed :

1. Increasing more volumes of Diesel sales that the targets of our customers were agriculture groups, small industrial groups, transportation groups, fishery groups, etc . .
2. Controlling of direct cost and indirect cost by not being more than before.
3. Increasing more volumes of fuel sales , substituted energy sales , selected energy sales and by – products of petroleum refining sale are such as coal , glycerin , paraffin , etc..

However , before the year 2007 there was a major shareholder that had run her business and it was be the same as our business , but all the purchases and sales of products , lists and groups of customers were different. There were not to rely on the business each other. There were not to compete with the same business each other .There were not conflict of interest between the Company and the major shareholder. Finally , the major shareholder had ceased her business since 2007.

At the present , the Management is considering to make the rehabilitation plan. This plan will be depend on the assumptions as follows :

1. The petroleum core-business of Energy sector.
2. Selecting the new investors for joint venture in new business.

Please be informed accordingly,

Your Sincerely,

Cholapan Vongsing

(Mr.Cholapan Vongsing)

Acting Managing Director

9.2 Management and Financial Analysis

A. Assets

In the year 2009, the ratios of assets were changed as follows:

- The ratio of return on assets was 0.55% that was more than last year by 2.97 %.
- The ratio of return on fixed assets was 1.40% that was more than last year by 7.42%.
- The ratio of assets turnover was 5.27 times that was more than last year by 1.42 times.

As stated above, the Company would like to clarify the causes of changing in the important financial ratios as follows :

1. The Company had current assets of Baht 47.24 million that was more than last year by Baht 0.98 million due to the decreasing of accounts receivable of Baht 11.34 million and decreasing of other current assets of Baht 0.15 million, cash and cash equivalents increased by Baht 13.83 million
2. The Company had assets (property, plant and equipment) of Baht 30.43 million that was less than last year by Baht 2.36 million due to depreciation of crushing plant, furniture, fixtures & office equipments, other assets and buildings.
3. The Company had the other assets such as pledged deposits of Baht 0.19 million.

The Company had total assets of Baht 77.85 million that was more than last year by Baht 0.44 million.

B. Quality of Assets

1. Assets

In the year 2009, the Company had total assets of Baht 77.85 million that was more than last year by Baht 0.44 million or 0.57% . The company made accounting records according to the standard accounting principles such as depreciation of Baht 0.04 million.

2. Account receivable

In the year 2009, the Company had overdue accounts receivable of Baht 1.53 million, and provided allowance for doubtful accounts of Baht 1.53 million. The allowance for doubtful accounts was provided in accordance with the accepted accounting principles and was summarized in the Note 5 of the Financial Statements for the Year 2009. The Company has a policy to extend credit terms by considering the profile of the customers, credibility of business. As for the debt collection policy, the company frequently follow up the debt and set operating procedures starting from using collectors, issue warnings, go through courts, foreclose assets. Consequently, the company believes that the receivable is collectible.

C. Liquidity

In the year 2009, the Company's Liquidity ratios have changed as follows:

- The current ratio was 88.89 times and was less than last year by 0.7 times.
- The quick ratio was 88.89 times that was less than last year by 0.7 times.
- The cash flow ratio was 58.39 times that was more than last year by 24.72 times.

- The receivable turnover ratio was 15.65 times that was less than last year by 4.35 times.
- The collection period was 23.01 day that was more than last year by 5.01 days.
- The average sale period was 1 days that was equal to last year by 1 day.

As the above, the Company would like to clarify the causes of change in the important financial ratios as follows:

1. The Company had current assets of Baht 47.24 million that was more than last year by Baht 0.98 million , while total current liabilities of Baht 0.53 million was more than last year by Baht 0.01 million.
2. The Company had cash in hand and at Banks, short-term investments and account receivable & unrealized income of Baht 47.13 million that was more than last year by Baht 1.12 million.
3. The company had net cash provided by operating activities of Baht 20.40 million.
4. The Company had revenue of Baht 410.49 million that was more than last year by Baht 112.62 million, while total accounts receivable and accrued income before allowance for doubtful accounts of Baht 27.76 million that was more than last year by Baht 11.34 million.

D. Expenses in Investment

In year 2008 and 2009, the Company had no expenses in investment .

E. Source of fund and Suitability of fund structure

- In the year 2009, the Company had 0.01 times of debt to equity ratio that was equal to ratio of last year by 0 times while the Company had total liabilities of Baht 0.63 million that was more than last year by Baht 0.01 million and total shareholders' equity of Baht 77.22 million that was more than last year by Baht 0.43 million .
- The Company had no off -balance sheet source of fund in the year 2008 and 2009, and had no change in fund structure.
- The Company had total shareholders' equity of Baht 77.22 million that was more than the year 2008 by Baht 0.43 million due to the fact that the Company had Net Profit in the year 2009 of Baht 0.43 million.

F. Liabilities

- The Company had total trade related parties and unrelated parties, with others account payable of Baht 0.53 million in December 31, 2009.

9.3 The cause of differing in Financial Statement of the latest year compared to that of last year more than 20%

The company submitted the financial statements ended December 31, 2009 whereby the operating results according to the financial statements ended December 31, 2008 showed net profit of Baht 0.43 million comparing to net loss of Baht 1.87 million in the year ended of December 31, 2008 that increased by Baht 2.30 million or 122.99%.

The company would like to clarify main reasons for such changes mentioning above as follows: In the year 2009, total revenue stood at Baht 410.83 million which increased by Baht 112.06 million and total costs and expenses stood at Baht 410.22 million which increased by 111.90 million while the profit margin from oil trading business was Baht 3.46 million, and other income was Baht 0.34 million. However, the Company's selling and administrative expenses including interest expenses stood at Baht 3.19 million, and therefore, the company showed net profit of Baht 0.43 million.

9.4 Trend in the future

The Company tries to develop its resources such as land, mining concession to make profit effectively. In addition, the Company has controlled and reduced the costs and expense efficiency, which cause the operation continuously improving especially revenue from Oil Trading Business .

9.5 Related commitment which may be affected the company and subsidiaries.

-None-

9.6 Remuneration for External Auditor

(See the attachment # 1)

10. All information that will be impacted to Shareholders or Investor, all together with the Company Performances.

10.1 Legal Disputes

-None-

10.2 Policy of dividend payment

The Company policy for dividend payment will be thirty percent of net profit in each year.

10.3 Delisting of the Company's securities from being the listed Company on the Stock Exchange of Thailand (SET).

The SET informed the Company on December 17, 1997 that it was no longer qualified for listing because the Company ceased its core business. The Company appointed Yuanta Securities (Thailand) Company Limited as its financial Consultant for preparing a rehabilitatim plan – 5 years (1999 – 2004)

However, Since 2004, the company had entered into core energy business by purchasing high speed disel oil, ULR 91 and ULG 95 from local jobbers in pursuance of section 10 (M10). Then, the company sold to local jobbers that will resell to the gas stations.

The year 2006, The SET informed the Company that the Company has to perform it core business profitable and continually within 2 years from July 3,2006

Since June 4,2009 , STRD had been moved to Non-Performing Group (NPG) of SET trade. This was because the STRD financial statement of the year 2009 was loss from performance. SET had move STRD to NPG after that time.

11. Financial Status and Operating Results

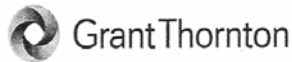
11.1 Financial Statements

11.1.1 Auditors and Auditors' Reports including Operating Results for the last 3 years

- Mr.Surachai Damnoenwong
Certified Public Accountant No.4721
RSM Audit Service (Thailand) Limited
9/1 Floor , Sathorn City Tower, 175 South Sathorn Road ,
Thungmahamek Sathorn , Bangkok 10120
Tel. 0-2670-9002-6 Fax. 0-2670-9027-8
Audit report from the Auditors for the last 3 years and Auditors' Opinion

(See the attachment # 2)

Remnueration fee for Auditor



แบบยืนยันความถูกต้องครบถ้วนของค่าตอบแทนที่จ่ายให้แก่ผู้สอบบัญชี
รอบบัญชี สิ้นสุดวันที่ 31 ธันวาคม 2551

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ค่าตอบแทนจากการสอบบัญชี (Audit Fee)

รายการที่	ชื่อบริษัทผู้จ่ายเงิน	ชื่อผู้สอบบัญชี	ค่าสอบบัญชี
1.	บมจ. ซีโน - ไทย รีซอร์สเซส ดีเวลลอปเม้นท์	บริษัท แกรนท์ ธอนตัน จำกัด (โดยนางสุมาลี โชคดีอนันต์)	590,000.00
รวมค่าตอบแทนจากการสอบบัญชี			590,000.00

ข้อมูลข้างต้น

☒ ถูกต้องครบถ้วนแล้ว ทั้งนี้ ข้าพเจ้าขอยืนยันว่า ไม่มีข้อมูลการให้บริการอื่นที่บริษัทจ่ายให้ข้าพเจ้า
สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด และบุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้าและสำนักงานสอบบัญชีที่ข้าพเจ้า
สังกัด ที่ข้าพเจ้าทราบและไม่มีการเปิดเผยไว้ข้างต้น

☐ ไม่ถูกต้อง ไม่ครบถ้วน กล่าวคือ

เมื่อปรับปรุงข้อมูลข้างต้น (ถ้ามี) แล้ว ข้าพเจ้าขอยืนยันว่าข้อมูลทั้งหมดในแบบฟอร์มนี้แสดงค่าตอบแทนสอบบัญชี
และค่าบริการอื่นที่บริษัทให้ข้าพเจ้า สำนักงานสอบบัญชีที่ข้าพเจ้าสังกัด และบุคคลหรือกิจการที่เกี่ยวข้องกับข้าพเจ้า
และสำนักงานสอบบัญชีดังกล่าวที่ถูกต้องครบถ้วน

ลงชื่อ

(นางสุมาลี โชคดีอนันต์)

สังกัด บริษัท แกรนท์ ธอนตัน จำกัด

ผู้สอบบัญชีของ บมจ. ซีโน - ไทย รีซอร์สเซส ดีเวลลอปเม้นท์

Certified Public Accountants and International Business Consultants
Member of Grant Thornton International Ltd.
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Member firms of the international organizations are independently owned and operated.

คำตอบแทนของผู้สอบบัญชี

1. ค่าตอบแทนจากการสอบบัญชี (audit fee)

บริษัทจ่ายค่าตอบแทนการสอบบัญชี ให้แก่

- ผู้สอบบัญชีของบริษัท ในรอบปีบัญชีที่ผ่านมา มีจำนวนเงินรวม 590,000.00 บาท
- สำนักงานสอบบัญชีที่ผู้สอบบัญชีสังกัด บุคคลหรือกิจการที่เกี่ยวข้องกับผู้สอบบัญชีและสำนักงานสอบบัญชีที่ผู้สอบบัญชีสังกัด ในรอบปีบัญชีที่ผ่านมา มีจำนวนเงินรวม _____ บาท

2. ค่าบริการอื่น (non - audit fee)

-- ไม่มี --

FINANCIAL STATEMENT AND AUDITOR'S REPORT
DECEMBER 31, 2007 ,2008, and 2009.

2.1 FINANCIAL STATEMENT AND AUDITOR'S REPORT
DECEMBER 31, 2008

REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders of Sino-Thai Resources Development Public Company Limited

I have audited the accompanying balance sheets of Sino-Thai Resources Development Public Company Limited as at 31 December 2007 and 2006, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 presentation of the financial statements. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Sino-Thai Resources Development Public Company Limited as at 31 December 2007 and 2006, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 16 to financial statements that the Company was contingently liable for advisory fee which may be payable upon the materialization of a Coal – Fired Power Plant Project in Cambodia, but the Company has not recorded this liability in its accounts because the management believes that although the project has been in progress but still requires longer time to become feasible, and the project was also subject to many variables in achieving such conditions of the agreement. However, at the Board of Directors' Meeting held on 8 November 2007, the directors passed a resolution approving the termination of the consulting agreement for a feasibility study for the Coal – Fired Power Plant Project in Cambodia because the project had been delayed and did not meet the conditions of the agreement. The Company, therefore, will be no longer obliged to pay for the cumulative project costs approximately Baht 65.70 million. In addition, the consultant has confirmed the termination of the

consulting agreement in November 2007 and will not call for any payment obligations.

SUMALEE CHOKDEEANANT

Certified Public Accountant

Registration No. 3322

Bangkok, Thailand

25 February 2008

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

ASSETS

			Baht	
		Notes	2007	2006
CURRENT ASSETS				
Cash and cash equivalents		4	23,900,904	4,535,268
Trade accounts receivable - net	- general customers	5	4,167,372	19,457,081
	- related company	7	-	6,104
Receivable from sales of the lubricant oil business		6	17,268,123	28,654,403
Amount due from a former related company		7	-	-
Other current assets			317,241	424,022
Total Current Assets			45,653,640	53,076,878
NON - CURRENT ASSETS				
Restricted deposit with bank		9	478,441	464,641
Investment in related company - net		8	-	-
Equipment - net		10	132,791	218,579
Non - operating assets - net		11	32,724,551	32,724,551
Other non - current assets			153,564	153,564
Total Non - Current Assets			33,489,347	33,561,335
TOTAL ASSETS			79,142,987	86,638,213

The accompanying notes form an integral part of these financial statements.

1

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

LIABILITIES AND SHAREHOLDERS' EQUITY

	Baht	
	2007	2006
CURRENT LIABILITIES		
Trade accounts payable	-	6,119,320
Other payables	58,660	60,221
Accrued expenses	247,622	443,320
Advance received from customers	26,331	396,583
Current portion of liability under hire - purchase agreement	8,998	15,240
Value added tax payable	15,457	2,045,202
Other current liabilities	117,272	176,280
Total Current Liabilities	474,340	9,256,166
NON - CURRENT LIABILITIES		
Liability under hire - purchase agreement - net	-	7,255
Total Non - Current Liabilities	-	7,255
TOTAL LIABILITIES	474,340	9,263,421

The accompanying notes form an integral part of these financial statements.

2

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht	
	Note	2007	2006
SHAREHOLDERS' EQUITY			
Share capital : common share, Baht 10 par value			
- Registered 20,000,000 shares		200,000,000	200,000,000
- Issued and fully paid 20,000,000 shares		200,000,000	200,000,000
Share premium		41,883,991	41,883,991
Share discount for debt to equity conversion		(6,600,000)	(6,600,000)
Share discount		(39,600,000)	(39,600,000)
Retained earnings (Deficit)			
Appropriated for legal reserve	13	13,000,000	13,000,000
Unappropriated		(130,015,344)	(131,309,199)
SHAREHOLDERS' EQUITY - NET		78,668,647	77,374,792
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		79,142,987	86,638,213

The accompanying notes form an integral part of these financial statements.

3

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

		Baht	
	Notes	2007	2006
CONTINUING OPERATIONS			
REVENUES			
Fuel sales		680,592,783	222,124,907
Construction stone sales		-	6,493,559
Other income		323,630	4,381,695
Total Revenues		680,916,413	233,000,161
EXPENSES			
Cost of fuel sales		674,557,679	210,000,863
Cost of construction stone sales		-	7,169,333
Reversal of provision for diminution in value of inventories		-	(5,149,979)
Selling and administrative expenses		4,622,999	11,236,540
Directors' remuneration	14	310,000	820,000
Total Expenses		679,490,678	224,076,757
Income Before Interest Expense		1,425,735	8,923,404
Interest expense		(1,743)	(67,808)
Net income from continuing operations		1,423,992	8,855,596
DISCONTINUED OPERATIONS			
REVENUES			
Lubricant oil products sales	7	-	91,124,533
Gain on sales of assets	1	-	2,862,300
Other income		-	218,488

Total Revenues	<u>-</u>	<u>94,205,321</u>
EXPENSES		
Cost of lubricant oil products sales	-	67,883,041
Reversal of provision for diminution in value of inventories	-	(408,391)
Selling and administrative expenses	<u>130,137</u>	<u>20,701,809</u>
Total Expenses	<u>130,137</u>	<u>88,176,459</u>
Net income (loss) from discontinued operations	<u>(130,137)</u>	<u>6,028,862</u>
Total net income for the year	<u>1,293,855</u>	<u>14,884,458</u>
Basic Earnings per Share		
Net income (Baht per share)	<u>0.06</u>	<u>0.74</u>
Weighted average number of common share (shares)	<u>20,000,000</u>	<u>20,000,000</u>

The accompanying notes form an integral part of these financial statements.

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND
2006

	Baht						
	Issued and		Share discount		Retained earnings (Deficit)		
	paid up	Share	for debt to		Legal	Unappropriated	Total
	share	premium	equity	Share	reserve		
	capital		conversion	discount			
Balance as at 1 January 2006	200,000,000	41,883,991	(6,600,000)	(39,600,000)	13,000,000	(146,193,657)	62,490,334
Net income for the year	-	-	-	-	-	14,884,458	14,884,458
Balance as at 31 December 2006	200,000,000	41,883,991	(6,600,000)	(39,600,000)	13,000,000	(131,309,199)	77,374,792
Net income for the year	-	-	-	-	-	1,293,855	1,293,855
Balance as at 31 December 2007	200,000,000	41,883,991	(6,600,000)	(39,600,000)	13,000,000	(130,015,344)	78,668,647

The accompanying notes form an integral part of these financial statements.

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	Baht	
	2007	2006
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net income from continuing operations	1,423,992	8,855,596
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	85,788	4,081,427
Allowance for doubtful accounts	-	633,499
Reversal of provision for diminution in value of inventories	-	(5,149,979)
Gain on disposals of fixed assets	-	(586,745)
Cash provided by operations before changes in operating assets and liabilities	1,509,780	7,833,798
Changes in operating assets and liabilities:		
Decrease in operating assets		
Trade accounts receivable	9,546,406	16,893,990
Inventories	-	7,672,761
Other current assets	100,929	1,553,672
Other non - current assets	-	744,887
Increase (decrease) in operating liabilities		
Trade accounts payable	(3,472,600)	(20,596,248)
Other payables	1,737	(4,504,589)
Accrued expenses	(174,298)	396,920
Advance from customers	(370,252)	(17,868)
Value added tax payable	(2,029,745)	1,112,743
Other current liabilities	(52,387)	(110,358)
Net cash provided by operating activities	5,059,570	10,979,708

The accompanying notes form an integral part of these financial statements.

6

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	Baht	
	2007	2006
Cash flows from investing activities		
Increase in restricted deposit with bank	(13,800)	(3,424)
Purchase of equipment	-	(58,340)
Proceeds from disposal of equipment	-	1,338,317
Net cash provided by (used in) investing activities	(13,800)	1,276,553
Cash flows from financing activities		
Decrease in liability under hire purchase agreement	(13,497)	(627,372)
Net cash used in financing activities	(13,497)	(627,372)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
 FROM CONTINUING OPERATIONS	5,032,273	11,628,889

The accompanying notes form an integral part of these financial statements.

7

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	Baht	
	2007	2006
DISCONTINUED OPERATIONS		
Cash flows from operating activities		
Net income (loss) from discontinued operations	(130,137)	6,028,862
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	-	1,259,166
Allowance for doubtful accounts	130,137	438,979
Reversal of provision for diminution in value of inventories	-	(408,391)
Gain on disposals of fixed assets	-	(2,862,300)
Cash provided by operations before changes in operating assets and liabilities	-	4,456,316
Changes in operating assets and liabilities:		
Decrease in operating assets		
Trade accounts receivable	5,619,270	2,700,963
Receivable from sales of the lubricant oil business	11,386,280	-
Inventories	-	5,871,696
Other current assets	5,852	232,249
Other non - current assets	-	15,500
Increase (decrease) in operating liabilities		
Trade accounts payable	(2,646,720)	(23,287,247)
Other payables	(3,298)	(48,915)

Accrued expenses	(21,400)	(1,386,914)
Advance from customers	-	(1,362,176)
Value added tax payable	-	(942,128)
Other current liabilities	(6,621)	(59,293)
Net cash provided by (used in) operating activities	14,333,363	(13,809,949)

The accompanying notes form an integral part of these financial statements.

8

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	Baht	
	2007	2006
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
FROM DISCONTINUED OPERATIONS	14,333,363	(13,809,949)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,365,636	(2,181,060)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,535,268	6,716,328
CASH AND CASH EQUIVALENTS AT END OF YEAR	23,900,904	4,535,268

Supplemental cash flows information:

Cash paid during the year:

- Interest expense	1,743	67,808
- Income tax	129,589	117,399

Non-Cash transactions:

Continuing operations

- Fixed assets purchased under installments	-	25,000
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Discontinued operations

- Receivable from sales of the lubricant oil business	-	28,654,403
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The accompanying notes form an integral part of these financial statements.

SINO-THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2007 AND 2006

1. GENERAL INFORMATION

The Company was incorporated as a public limited company under Thai laws on 9 June 1994. The Company formerly engaged in tin ore mining, construction stone mining, fuel trading, and lubricant oil businesses. However, the Company is currently engaged mainly on fuel trading given that some businesses were ceased and suspended, and the lubricant oil business was discontinued of operations. The Company's registered address is located at 1168/6 Lumpini Tower Building, 3B Floor, Rama 4 Road, Thungmahameak, Sathorn, Bangkok.

The Company's employee and related employee expenses for the years ended 31 December 2007 and 2006 are as follows:

	2007	2006
Average number of employee (persons)	7	62
Employee expenses for the year (million Baht)	2.5	8.7

Business operations

The Company does its business in Thailand and is currently engaged in fuel trading business. The Company ceased its tin ore mining business as its mining concessions expired. The Company has suspended its construction stone mining operations since the license to exploit a forest reserve area, which the Company leased from a local company for its construction stone mining business, expired in November 2004. In addition, at the Board of Directors' meeting No. 11/2549 held on 1 December 2006, the Board of Directors passed a resolution approving the Company' plan to exit and resell the operating assets of the lubricant oil business including existing inventories, totalling Baht 26.78 million as of that date, to Apex Oil Co., Ltd.

Continuing Operations

Fuel trading business

In June 2004, the Company registered with the Department of Energy Business as a fuel oil trader under Section 10 of the Fuel Trade Act, B.E. 2543. Under the provisions of this Section, the Company may trade no more than 120 million litres of fuel oil per year. In trading fuel oil, the Company purchases a quantity of fuel oil from local fuel oil traders and sells the same quantity to local fuel oil customers. Fuel oil is shipped directly from the supplier to the customer rather than through the Company.

Construction stone mining operations

The license of Siam Dimension Stone Company Limited (Starting 20 July 2005, it is not classified as a related company since the Company sold its investment in Siam Dimension Stone Company Limited to an outside individual) to exploit a forest reserve area, which the Company had leased for its construction stone mining operations, expired in November 2004.

Discontinued Operations

Tin Mining Business

The Company ceased its tin ore mining business as its mining concessions expired, and had no policy to operate this business in the future.

Lubricant oil business

On 27 June 2005, the meeting of the Company's Board of Directors passed a resolution approving the Company's purchase of property, machinery and equipment from Apex Oil Co., Ltd. for use in the production and distribution of lubricant oil products. Under the asset purchase agreement, the Company had the right to use the trademarks of Apex Longlife Plus, Extra Gold, and Palang Chang for a period of two years expiring in June 2007. However, at the Board of Directors' meeting No. 11/2549 held on 1 December 2006, the Board of Directors passed a resolution approving the Company' plan to exit and resell the operating assets of the lubricant oil business, following the purchase and sale agreement dated 1 December 2006, including existing inventories as of that date, totalling Baht 26.78 million, to Apex Oil Co., Ltd. The Company management considered and was of the opinion that this business has low return on investment and would not make future profit because of the highly competitive pricing to retail customers and such material cost increments.

The sales of assets were made based on the net book value as at 1 December 2006 and the appraisal value by an independent appraiser. Inventories were sold at the agreed price approximate to their costs. The detail of assets and gain on such assets sold, as at 1 December 2006, as pertinent to the discontinued operations are as follow:

	Baht
Building	7,781,099
Machinery and equipment for lubricant oil production	2,558,319
Furniture fixtures and office equipment	739,532
Vehicle	1,185,970
Finished goods – lubricant oil products	1,099,741
Raw materials – lubricant oil products	7,536,554
Supplies and spare parts	3,016,300
Total net book value as at 1 December 2006	23,917,515
Selling price according to the agreement	26,779,815
Gain on sales of assets – discontinued operations	2,862,300

The outstanding balance of such sale transactions is presented under the caption of “Receivable from sales of the lubricant oil business” in the balance sheet.

2. FUNDAMENTAL ACCOUNTING ASSUMPTIONS

As discussed in Note 1 to financial statements, the Company is currently engaged in fuel trading business after getting approval of a plan to exit and resell its lubricant oil business to Apex Oil Co., Ltd. on 1 December 2006. However, revenues from fuel trading business are vulnerable depending on the market competition and the government price-control policies which would have direct effects to the Company’s operations. Although these conditions raise substantial doubt about the Company’s ability to continue as a going concern, the management is confident to continue fuel trading business as a going concern. The financial statements have been prepared on a going concern basis and hence do not include any of the adjustments that might be required should the Company be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Company’s financial statements are set out below :

3.1 3.1 Basis of financial statement preparation

The Company’s financial statements have been prepared in accordance with generally accepted

accounting principles under the Accounting Act B.E. 2543, the Federation of Accounting Professions Act B.E. 2547, and the regulation promulgated by the Securities Exchange Commission and the Stock Exchange of Thailand concerning the preparation and disclosure of financial information under the Securities Exchange Act. B.E. 2535.

During year 2007, the Federation of Accounting Professions has announced amendments to various accounting standards, which will be effective for the accounting periods beginning on or after 1 January 2008. The Company's management believes that there is no significant impact to the Company from the revised standards.

3.2 3.2 Revenue recognition

Sales are recognized when delivery has taken place and transfer of risks and rewards has been completed. Other income is recognized on an accrual basis.

3.3 Trade accounts receivable

Trade accounts receivable are carried at anticipated realizable value. Allowance for doubtful accounts are based on historical collection experiences and the review of the current status of existing receivables at the year end. Bad debts are written off during the year in which they are identified.

3.4 Investments

Investments in related companies are stated at cost, net of allowance for impairment (if any). The Company will recognize impairment loss (if any) when its cost exceeds the realizable value in the statement of income. The Company uses the historical cost method for computation of the cost of investment.

3.5 Property plant and equipment

Property plant and equipment are stated at historical cost less accumulated depreciation and allowance for impairment (if any).

The Company depreciates its equipment by the straight – line method over the estimated useful lives of 5 – 20 years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount. Estimated recoverable amount is calculated from the anticipated discounted cash flows to their present value from the continuing use of the assets and the amount obtainable from the sale of the assets less any costs of disposal whichever is higher.

Gains and losses on disposal of equipments are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditures for expansion, renewal and betterment, which result in a substantial increase in an asset's current replacement value, are capitalized. Repair and maintenance costs are recognized as an expense when incurred.

3.6 Income tax

The Company accounts for income tax (if any) based on the provision of the Revenue Code.

3.7 Cash and cash equivalents

Cash and cash equivalents represent cash on hand and deposits with financial institutions with maturities of less than three months without restriction of usage or obligation.

3.8 Earnings per share

Earning per share presented in the statement of income is the basic earnings per share which is determined by dividing net income for the year by the weighted average number of common shares outstanding during the year.

3.9 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

3.10 Provisions for liabilities and expenses, and contingent assets

The Company recognizes provisions for liabilities and expenses in the financial statements when the Company has present legal or constructive obligations as a result of past events with probable outflow of resources to settle the obligation, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the reimbursement is virtually certain.

3.11 Discontinued operations

Discontinued operations represent operations which have been disposed of fully or almost fully at the same time. The Company has implemented the following in respect of the discontinued operations:

3.11.1 Legally enforceable agreements have been executed for the sale of assets and liabilities related to the discontinued operations.

3.11.2 Detailed, formal plans for discontinuing operations have been approved by either the Company's Board of Directors or a management committee with equivalent responsibilities and announcement has been made.

4. CASH AND CASH EQUIVALENTS

The outstanding balances as at 31 December 2007 and 2006 are as follows :

	Baht	
	2007	2006
Cash on hand	5,000	-
Bank deposits – current accounts	322,084	1,449,732
Bank deposits – saving accounts	23,572,814	3,084,560
Fixed deposits (3 months)	1,006	976
Total	23,900,904	4,535,268

5. TRADE ACCOUNTS RECEIVABLE - NET

The aged balances of trade accounts receivable as at 31 December 2007 and 2006 are as follows :

	Baht	
	2007	2006
Not yet due	-	8,054,158
Past due		- - - - -
Less than 4 months	4,226,780	10,003,482
4 - 12 months	-	1,851,907
Over 12 months	1,986,504	1,463,309
Total	6,213,284	21,372,856
Less : Allowance for doubtful accounts	(2,045,912)	(1,915,775)
Trade accounts receivable - net	4,167,372	19,457,081

The Company regularly evaluates risk factors from the collection of receivables. The Company believes that the

allowance for doubtful accounts is appropriately provided in the book of accounts.

6. RECEIVABLE FROM SALES OF THE LUBRICANT OIL BUSINESS

As at 31 December 2007 and 2006, the Company has a receivable from sales of the lubricant oil business, including inventories, to Apex Oil Co., Ltd. as follow :

	Baht	
	2007	2006
Beginning balance	28,654,403	-
Receivable from sales of lubricant oil business - sale of assets		16,231,900
- sale of inventories	-	12,422,503
Less : Cash collection during the year - sale of assets	(8,231,900)	-
- sale of inventories	(3,154,380)	-
Ending balance	17,268,123	28,654,403

Under the terms of the asset purchase agreement, Apex Oil Co., Ltd. was scheduled to pay the first instalment of Baht 4.23 million on the agreement date. The remaining balance was scheduled for such monthly payments of Baht 1 million commencing January 2007. The Company received cash payments from Apex Oil Co., Ltd. during 2007 totalling Baht 8.23 million and the outstanding debt is Baht 8 million.

During 2007, the Company received payments from sale of inventories totalling Baht 3.15 million, Apex Oil Co., Ltd. has negotiated to make instalment payments of the outstanding balance.

The Company regularly evaluates risk factors from the collection of receivables. The Company does not expect major or significant loss from the collection of this receivable.

7. RELATED PARTY TRANSACTIONS

During the year, the Company had significant business transactions with its related companies (related by way of common shareholder and/or management). Such transactions, which have been concluded on the terms and bases determined by the Company and related parties, the bases of which may be different from the bases used for transactions with unrelated parties, are summarized below :

			(Unit : Million Baht)
	2007	2006	Pricing policy
<u>Transactions with related companies</u>			
Lubricant oil sales	-	0.1	Market price

As at 31 December 2007 and 2006, the Company had a long outstanding balance due from Siam Dimension Stone Company Limited, (Starting 20 July 2005, it is not classified as a related company since the Company sold its investment in Siam Dimension Stone Company Limited to an outside individual) amounting to Baht 73.5 million. The Company has set aside a full allowance for doubtful accounts for the balance in the account.

Amount due from Siam Dimension Stone Company Limited (a former related company) consisted of:

	Baht	
	2007	2006
Loan receivable	70,738,314	70,738,314
Accrued service income	2,806,000	2,806,000
Total	73,544,314	73,544,314
Less : Allowance for doubtful accounts	(73,544,314)	(73,544,314)
Net	-	-

Balances with related company as at 31 December 2007 and 2006 consisted of:

	Baht	
	2007	2006
Trade accounts receivable - related company		
Siam Gulf Petrochemical Co., Ltd.	-	6,104

8. INVESTMENT IN RELATED COMPANY – NET

	Nature of business	Paid - up capital (Million Baht)	Percentage of investment		Baht	
			2007	2006	2007	2006
Cholsin Limited	Mining business	150	18.6	18.6	27,900,050	27,900,050
Less : Provision for impairment loss of investment					(27,900,050)	(27,900,050)
Investment in related company – net					-	-

9. RESTRICTED DEPOSIT WITH BANK

As at 31 December 2007 and 2006, the Company's fixed deposits amounting to Baht 0.48 million and Baht 0.46 million, respectively, have been pledged to a local bank as collaterals for issuing guarantees on behalf of the Company to certain government authorities.

10. EQUIPMENT - NET

	Baht			
	2006	Increase	Decrease	2007
Cost				
Furniture fixtures and office equipment	7,535,248	-	-	7,535,248
Total	7,535,248	-	-	7,535,248
Accumulated Depreciation				
Furniture fixtures and office equipment	7,316,669	85,788	-	7,402,457
Total	7,316,669	85,788	-	7,402,457
Net book value	218,579			132,791
Depreciation allocation				
Cost of production	1,259,166			-
Selling and administrative expenses (Note 12)	4,081,427			85,788
Total	5,340,593			85,788

Sales of assets for discontinued operations

On 27 June 2005, a meeting of the Board of Directors of the Company passed a resolution approving the Company's purchase of property, machinery and equipment amounting to approximately Baht 15 million from Apex Oil Co., Ltd. for use in the production and distribution of lubricant oil products. However, on 1 December 2006, a meeting of the Board of Directors of the Company passed a resolution approving the Company's resale of its operating assets of the lubricant oil business to Apex Oil Co., Ltd. as discussed in Note 1 to financial statements.

11. NON – OPERATING ASSETS - NET

As at 31 December 2007 and 2006, non – operating assets represented the following assets for the construction stone mining which has been suspended:

	Baht		
	Net book value	Provision for	Net
Land	1,022,875	173,275	849,600
Buildings	6,748,637	4,084,102	2,664,535
Machinery and mining equipment	49,020,900	22,614,344	26,406,556
Furniture fixtures and office equipment	29,804	-	29,804
Others	2,774,056	-	2,774,056
Total	59,596,272	26,871,721	32,724,551

Certain non-operating assets were stopped to depreciate in 2006 and the depreciation expenses for the year 2006 were Baht 3,894,359.

The Company reviews the impairment of these non – operating assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount.

12. PROVIDENT FUND

The Company and its employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed by the Company and its employees at 3 percent of basic salary.

During the current year, the Company contributed Baht 0.02 million (2006 : Baht 0.03 million) to the fund.

13. LEGAL RESERVE

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside a legal reserve at least 5 percent of its net income, after deduction of deficit (if any), until such reserve reaches 10 percent of the registered capital. The reserve is not distributable for dividends.

14. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act B.E. 2535.

15. FINANCIAL INFORMATION BY SEGMENT

The Company is engaged in construction stone mining, fuel oil trading, and lubricant oil trading (discontinued operations during 2006) business. Sales and cost of sales broken down by business segment are presented in the statements of income. A breakdown of the Company's assets by business segment as at 31 December 2007 and 2006 is presented below :

(Unit : Million Baht)

	Construction stone mining		Fuel oil trading		Lubricant oil trading business (discontinued operations)		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Trade accounts receivable-net	-	8.3	4.1	6.4	0.1	4.7	4.2	19.4
Receivable from sales of the lubricant oil business	-	-	-	-	17.3	28.7	17.3	28.7
Equipment – net	-	-	0.1	0.2	-	-	0.1	0.2
Non – operating assets - net	32.7	32.7	-	-	-	-	32.7	32.7
Other assets	-	-	24.8	2.3	-	3.4	24.8	5.7
Total assets	<u>32.7</u>	<u>41.0</u>	<u>29.0</u>	<u>8.9</u>	<u>17.4</u>	<u>36.8</u>	<u>79.1</u>	<u>86.7</u>

16. CONTINGENT LIABILITY

As approved by the resolution at the Annual General Shareholders' Meeting No.28/2549 held on 20 April 2006, the Company entered into an agreement with a local consulting company to extend the feasibility study period

for a Coal - Fired Power Plant project in Cambodia. Under the terms of the agreement, the Company will be liable to pay the advisory fees, which will be charged on the actual costs as specified in the agreement and the success fees, totalling approximately Baht 80 million once the Company reaches the Joint Development Agreement and the Concession Agreement with the Government of Cambodia, and the Head of Agreement with the Government of Thailand. If the project does not meet the conditions of the agreement, the Company has no payment obligations on such advisory fees.

The Company did not record this liability in its accounts because the management believed that although the project had been in progress but required longer time to become feasible, and the project was also subject to many variables in achieving such conditions of the agreement. However, at the Board of Director's Meeting held on 8 November 2007, the directors passed a resolution approving the termination of the consulting agreement for a feasibility study for a Coal – Fired Power Plant project in Cambodia because the project had been delayed and did not meet the conditions of the agreement, so that the Company will be no longer obligated to pay for the cumulative project costs approximately Baht 65.70 million. In addition, the consultant has confirmed the termination of the consulting agreement in November 2007 and will not call for any payment obligations.

17. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to risks from changes in market interest rates and from nonperformance of contractual obligations by counterparties. The Company will use derivative instruments, as and when they consider appropriate, to manage such risks. It does not hold or issue derivative instruments for speculative or trading purposes.

2002 Interest rate risk

The interest rate risk is generally the risk that future movements in market interest rates could affect the operating results and cash flows of the Company. The Company's exposure to interest rate risk relates primarily to its deposits with financial institutions. Since the majority of these financial assets are short-term, the Company does not use derivative financial instruments to hedge such risk.

Credit risk

The Company is exposed to credit risk primarily with respect to its receivables from construction stone sales, fuel sales, and lubricant oil products sales. However, due to its prudent credit policy and the close follow up of debt, the Company does not anticipate material losses from its debt collection in excess of those for which provision has already been set aside.

Fair value

As the majority of financial assets and liabilities are short-term and have interest rates close to the market interest rates, the Company's management believes that their fair values do not materially differ from their carrying values.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 2008. 25

2.2 FINANCIAL STATEMENT AND AUDITOR'S REPORT

DECEMBER 31, 2009

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED**BALANCE SHEETS****AS AT 31 DECEMBER 2008 AND 2007****ASSETS**

		Baht	
	Notes	2008	2007
CURRENT ASSETS			
Cash and cash equivalents	6	7,059,689	23,900,904
Trade accounts receivable - net	7	14,893,221	4,167,372
Receivable from sales of the lubricant oil business	8	13,268,123	17,268,123
Amount due from a former related company	9	-	-
Other receivable	10	10,844,865	-
Other current assets		253,845	317,241
Total Current Assets		46,319,743	45,653,640
NON - CURRENT ASSETS			
Restricted deposit with bank	12	496,095	478,441
Investment in related company - net	11	-	-
Equipment - net	13	66,895	132,791
Non - operating assets - net	14	32,724,551	32,724,551
Deposit		126,844	153,564
Total Non - Current Assets		33,414,385	33,489,347
TOTAL ASSETS		79,734,128	79,142,987

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED**BALANCE SHEETS****AS AT 31 DECEMBER 2008 AND 2007****LIABILITIES AND SHAREHOLDERS' EQUITY**

		Baht	
	Note	2008	2007
CURRENT LIABILITIES			
Other payables		69,820	58,660
Accrued expenses		424,534	247,622
Other current liabilities		121,968	168,058
Total Current Liabilities		616,322	474,340
TOTAL LIABILITIES			
		616,322	474,340
SHAREHOLDERS' EQUITY			
Share capital : common share, Baht 10 par value			
- Registered 20,000,000 shares		200,000,000	200,000,000
- Issued and fully paid 20,000,000 shares		200,000,000	200,000,000
Share premium		41,883,991	41,883,991
Share discount for convertible debts		(6,600,000)	(6,600,000)
Share discount		(39,600,000)	(39,600,000)
Retained earnings (Deficit)			
Appropriated for legal reserve	17	13,000,000	13,000,000
Unappropriated		(129,566,185)	(130,015,344)
SHAREHOLDERS' EQUITY - NET		79,117,806	78,668,647

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	79,734,128	79,142,987
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The accompanying notes form an integral part of these financial statements.

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SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

		Baht	
	Notes	2008	2008
CONTINUING OPERATIONS			
REVENUES			
Fuel sales		283,021,645	680,592,783
Sales of by - products from petroleum distillation		14,844,795	-
TOTAL REVENUES		297,866,440	680,592,783
COST OF GOODS SOLD	19		
Cost of fuel sales		281,222,760	674,557,679
Cost of by - products from petroleum distillation		13,855,781	-
TOTAL COST OF GOODS SLOD		295,078,541	674,557,679
Gross profit		2,787,899	6,035,104
Selling and administrative expenses	19	(3,241,216)	(4,622,999)
Directors' remuneration	18, 19	-	(310,000)
INCOME (LOSS) FROM OPERATIONS		(453,317)	1,102,105
Other income		903,638	323,630
INCOME BEFORE INTEREST EXPENSE		450,321	1,425,735
Interest expense		(1,162)	(1,743)
NET INCOME FROM CONTINUING OPERATIONS		449,159	1,423,992
DISCONTINUED OPERATIONS			
Selling and administrative expenses		-	130,137
TOTAL EXPENSES		-	130,137
NET LOSS FROM DISCONTINUED OPERATIONS		-	(130,137)

TOTAL NET INCOME FOR THE YEAR

449,159

1,293,855

Basic Earnings per Share

Net income (Baht per share)

0.02

0.06

Weighted average number of common share (shares)

20,000,000

20,000,000

The accompanying notes form an integral part of these financial statements.

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SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Baht						
	Issued and paid up share capital	Share premium	Share discount for convertible debts	Share discount	Retained earnings (Deficit)		Total
					Legal reserve	Unappropriated	
Balance as at 1 January 2007	200,000,000	41,883,991	(6,600,000)	(39,600,000)	13,000,000	(131,309,199)	77,374,792
Net income for the year	-	-	-	-	-	1,293,855	1,293,855
Balance as at 31 December 2007	<u>200,000,000</u>	<u>41,883,991</u>	<u>(6,600,000)</u>	<u>(39,600,000)</u>	<u>13,000,000</u>	<u>(130,015,344)</u>	<u>78,668,647</u>
Balance as at 1 January 2008	200,000,000	41,883,991	(6,600,000)	(39,600,000)	13,000,000	(130,015,344)	78,668,647
Net income for the year	-	-	-	-	-	449,159	449,159
Balance as at 31 December 2008	<u>200,000,000</u>	<u>41,883,991</u>	<u>(6,600,000)</u>	<u>(39,600,000)</u>	<u>13,000,000</u>	<u>(129,566,185)</u>	<u>79,117,806</u>

The accompanying notes form an integral part of these financial statements.

SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Baht	
	2008	2007
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net income from continuing operations	449,159	1,423,992
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation	64,919	85,788
Reversal of allowance for doubtful accounts	(486,192)	-
Gain on disposals of fixed assets	(4,630)	-
Interest expense	1,162	1,743
Cash provided from operations before changes in operating assets and liabilities	24,418	1,511,523
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets		
Trade accounts receivable	(6,239,657)	9,546,406
Other receivable	(10,844,865)	-
Other current assets	75,642	230,518
Deposit	26,720	-
Increase (decrease) in operating liabilities		
Trade accounts payable	-	(3,472,600)
Other payables	11,160	1,737
Accrued expenses	176,912	(174,298)
Advance from customers	-	(370,252)
Value added tax payable	-	(2,029,745)
Other current liabilities	(37,092)	(52,387)
Cash provided from (used in) operating activities	(16,806,762)	5,190,902
Interest paid	(1,162)	(1,743)
Income tax paid	(12,246)	(129,589)

Net cash provided from (used in) continuing operating activities	<u>(16,820,170)</u>	<u>5,059,570</u>
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The accompanying notes form an integral part of these financial statements.

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SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Baht	
	<u>2008</u>	<u>2007</u>
Cash flows from investing activities		
Increase in restricted deposit with bank	(17,654)	(13,800)
Proceeds from sales of assets	5,607	-
Net cash used in investing activities	<u>(12,047)</u>	<u>(13,800)</u>
Cash flows from financing activities		
Decrease in liability under hire purchase agreement	(8,998)	(13,497)
Net cash used in financing activities	<u>(8,998)</u>	<u>(13,497)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
FROM CONTINUING OPERATIONS	<u>(16,841,215)</u>	<u>5,032,273</u>

The accompanying notes form an integral part of these financial statements.

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SINO - THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Baht	
	2008	2007
DISCONTINUED OPERATIONS		
Cash flows from operating activities		
Net loss from discontinued operations	-	(130,137)
Adjustments to reconcile net loss to net cash provided from (used in) operating activities:		
Allowance for doubtful accounts	-	130,137
Cash provided from operations before changes in operating assets and liabilities	-	-
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets		
Trade accounts receivable	-	5,619,270
Receivable from sales of the lubricant oil business	-	11,386,280
Other current assets	-	5,852
Increase (decrease) in operating liabilities		
Trade accounts payable	-	(2,646,720)
Other payable	-	(3,298)
Accrued expenses	-	(21,400)
Other current liabilities	-	(6,621)
Net cash provided by discontinued operations	-	14,333,363
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	-	14,333,363

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,841,215)	19,365,636
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,900,904	4,535,268
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>7,059,689</u>	<u>23,900,904</u>

The accompanying notes form an integral part of these financial statements.

7

SINO-THAI RESOURCES DEVELOPMENT PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2008 AND 2007

19. GENERAL INFORMATION

The Company was incorporated as a public limited company under Thai laws on 9 June 1994. The Company formerly engaged in tin ore mining, construction stone mining, fuel trading, and lubricant oil businesses. However, the Company is currently engaged mainly on fuel trading given that some businesses were ceased and suspended, and the discontinued of operations of lubricant oil business. The Company's registered address is located at 1168/6 Lumpini Tower Building, 3B Floor, Rama 4 Road, Thungmahameak, Sathorn, Bangkok.

As at 31 December 2008 and 2007, the Company has the following major shareholders :

<u>Name</u>	Percentage of Shareholding	
	2008	2007
Mrs. Suladda Assawapayukkul	27.41	27.41
Mrs. Kanjana Manathumpaiboon	21.00	21.00
Mrs. Wanida Limpanyakul	11.39	11.39
Mr. Kitti Chiwakittikul	10.00	10.00
Ms. Pattama Patjaisomboon	4.59	4.59

Business Operations

Continuing Operations

Fuel trading business

In June 2004, the Company registered with the Department of Energy Business as a fuel oil trader under Section 10 of the Fuel Trade Act, B.E. 2543. Under the provisions of this Section, the Company may trade no more than 120 million litres of fuel oil per year. In trading fuel oil, the Company purchases a quantity of fuel oil from local fuel oil traders and sells the same quantity to local fuel oil customers. Fuel oil is shipped directly from the supplier to the customer rather than through the Company.

Discontinued Operations

Lubricant oil business

The Company ceased its lubricant oil business as the Company management considered and was of the opinion that this business has low return on investment and would not make future profit because of the highly competitive pricing to retail customers and such material cost increments.

20. FINANCIAL CRISIS

The financial crisis experienced by the United States of America over the past year has had far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, tight squeeze on credit, failures of large financial institutions in the foreign countries and reduced consumer confidence. The crisis has affected substantially business and financial plans of Thailand enterprises and asset values. Despite efforts made by governments of many countries, including Thailand, to contain the crisis, and to remedy the financial liquidity and to gain public confidence, it remains uncertain as to when the global economy will return to its normalcy. These financial statements have been prepared based on the facts currently known to the Company, and on estimates and assumptions currently considered appropriate by the management. However, they could be adversely affected by an array of future events.

21. FUNDAMENTAL ACCOUNTING ASSUMPTIONS

The Company is currently engaged in fuel trading business. However, revenues from fuel trading business are vulnerable depending on the market competition and the government price-control policies which would have direct effects to the Company's operations. Although these conditions raise substantial doubt about the Company's ability to continue as a going concern, the management is confident to continue fuel trading business as a going concern. The financial statements have been prepared on a going concern basis and hence do not include any of the adjustments that might be required should the Company be unable to continue as a going concern.

22. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Company's financial statements are set out below :

22.14.1 Basis of financial statements preparation

The accompanying financial statements have been officially prepared in accordance with statutory requirement and in Thai language, in accordance with the generally accepted accounting principles issued under the Accounting Act B.E. 2543 and the Federation of Accounting Professions Act B.E. 2547, and the regulation promulgated by the Securities Exchange Commission and the Stock Exchange of Thailand. The translation of these statutory financial statements to other language must be in compliance with these official report.

The financial statements have been prepared on a historical cost basis except as, otherwise, disclosed in the accounting policies.

During the year 2008, the Federation of Accounting Professions announced amendments to certain accounting standards, which will be effective for the accounting periods beginning on or after 1 January 2009. The Company's management has assessed the effect of those revised accounting standards and believes that they will not significantly impact the Company's financial statements for their initial application.

22.24.2 Revenue recognition

Sales are recognized when delivery has taken place and transfer of risks and rewards has been completed. Other income is recognized on an accrual basis.

4.3 Trade accounts receivable

Trade accounts receivable are carried at anticipated realizable value. Allowance for doubtful accounts are based on historical collection experiences and the review of the current status of existing receivables at the year end. Bad debts are written off during the year in which they are identified.

4.4 Investments

Investments in related companies are stated at cost, net of allowance for impairment (if any). The

Company will recognize impairment loss (if any) when its cost exceeds the realizable value in the statement of income. The Company uses the historical cost method for computation of the cost of investment.

4.5 Equipment

Equipment is stated at historical cost less accumulated depreciation and allowance for impairment (if any).

The Company depreciates its equipment by the straight – line method over the estimated useful lives of 5 - 20 years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount. Estimated recoverable amount is calculated from the anticipated discounted cash flows to their present value from the continuing use of the assets and the amount obtainable from the sale of the assets less any costs of disposal whichever is higher.

Gains and losses on disposal of equipments are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditures for expansion, renewal and betterment, which result in a substantial increase in an asset's current replacement value, are capitalized. Repair and maintenance costs are recognized as an expense when incurred.

4.6 Income tax

The Company accounts for income tax (if any) based on the provision of the Revenue Code.

4.7 Cash and cash equivalents

Cash and cash equivalents represent cash on hand and deposits with financial institutions with maturities of less than three months without restriction of usage or obligation.

4.8 Earnings per share

Earning per share presented in the statement of income is the basic earnings per share which is determined by dividing net income for the year by the weighted average number of common shares outstanding during the year.

4.9 Provisions for liabilities and expenses, and contingent assets

The Company recognizes provisions for liabilities and expenses in the financial statements when the Company has present legal or constructive obligations as a result of past events with probable outflow of resources to settle the obligation, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the reimbursement is virtually certain.

4.10 Discontinued operations

Discontinued operations represent operations which have been disposed of fully or almost fully at the same time. The Company has implemented the following in respect of the discontinued operations:

4.10.1 Legally enforceable agreements have been executed for the sale of assets and liabilities related to the discontinued operations.

4.10.2 Detailed, formal plans for discontinuing operations have been approved by either the Company's Board of Directors or a management committee with equivalent responsibilities and announcement has been made.

23. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENTS AND CAPITAL RISK MANAGEMENT

5.1 Critical accounting estimates, assumption and judgments

Accounting estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Impairment of receivables

The Company maintains an allowance for doubtful accounts to reflect impairment of trade accounts receivable relating to estimated losses resulting from the inability of customers to make required payments. The allowance is based on consideration of historical collection experience couple with a review of outstanding receivables at the balance sheet date.

b. Equipment

Management determines the estimated useful lives and residual values for the Company's equipment. Management will revise the depreciation charges where the useful lives and residual values previously estimated have changed or subject to be written down for their obsolescence or no longer in use.

5.2 Capital risk management

The Company's objective in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

24. CASH AND CASH EQUIVALENTS

The outstanding balances as at 31 December 2008 and 2007 are as follows :

	Baht	
	2008	2007
Cash on hand	5,000	5,000
Bank deposits – current accounts	52,870	322,084
Bank deposits – saving accounts	7,000,790	23,572,814
Fixed deposits (3 months)	1,029	1,006
Total	7,059,689	23,900,904

25. TRADE ACCOUNTS RECEIVABLE – NET

The aged balances of trade accounts receivable as at 31 December 2008 and 2007 are as follows :

	Baht	
	2008	2007
Not yet due	-	-
Past due		
Less than 3 months	14,753,220	4,226,780

3 – 6 months	140,000	-
6 – 12 months	-	-
Over 12 months	1,526,505	1,986,504
Total	16,419,725	6,213,284
Less : Allowance for doubtful accounts	(1,526,504)	(2,045,912)
Trade accounts receivable - net	14,893,221	4,167,372

The Company regularly evaluates risk factors from the collection of receivables. The Company believes that the allowance for doubtful accounts is appropriately provided in the book of accounts.

26. RECEIVABLE FROM SALES OF THE LUBRICANT OIL BUSINESS

As at 31 December 2008 and 2007, the Company has a receivable from sales of the lubricant oil business, including inventories, to Apex Oil Co., Ltd. as follow :

		Baht	
		2008	2007
Beginning balance		17,268,123	28,654,403
Less : Cash collection during the year	- sale of assets	(2,000,000)	(8,231,900)
	- sale of inventories	(2,000,000)	(3,154,380)
Ending balance		13,268,123	17,268,123

Under the terms of the asset purchase agreement, Apex Oil Co., Ltd. had to pay the first instalment of Baht 4.23 million on the agreement date. The remaining balance was scheduled for monthly payments of Bath 1 million commencing January 2007.

Apex Oil Co., Ltd. has negotiated to make instalment payments of the outstanding debts from assets and inventories purchases.

The Company regularly evaluates risk factors from the collection of receivables. The Company does not expect major or significant loss from the collection of this receivable.

27. AMOUNT DUE FROM A FORMER RELATED COMPANY

The amount due from a former related company (Siam Dimension Stone Co., Ltd.) as at 31 December 2008 and 2007 comprised :

Baht	
2008	2007

Loan receivable	70,738,314	70,738,314
Accrued service income	2,806,000	2,806,000
Total	<u>73,544,314</u>	<u>73,544,314</u>
Less : Allowance for doubtful accounts	(73,544,314)	(73,544,314)
Net	<u>-</u>	<u>-</u>

28. OTHER RECEIVABLE

Other receivable represents amounts due from a local supplier for a cash deposit for purchase of goods and the customers' money for which the supplier has collected on behalf of the Company and carried as of 31 December 2008.

29. INVESTMENT IN RELATED COMPANY – NET

	Nature of business	Paid - up capital (Million Baht)	Percentage of investment		Baht	
			2008	2007	2008	2007
Cholsin Limited	Mining business	150	18.6	18.6	27,900,050	27,900,050
Less : Provision for impairment loss of investment					(27,900,050)	(27,900,050)
Investment in related company – net					<u>-</u>	<u>-</u>

30. RESTRICTED DEPOSIT WITH BANK

As at 31 December 2008 and 2007, the Company's fixed deposits amounting to Baht 0.50 million and Baht 0.48 million, respectively, have been pledged to a local bank as collaterals for issuing guarantees on behalf of the Company to certain government authorities.

31. EQUIPMENT – NET

	Baht			
	2007	Increase	Decrease	2008
Cost				
Furniture, fixtures and office equipment	7,535,248	-	6,974,837	560,411
Total	7,535,248	-	6,974,837	560,411
Accumulated Depreciation				
Furniture, fixtures and office equipment	7,402,457	64,919	6,973,860	493,516
Total	7,402,457	64,919	6,973,860	493,516
Net book value	132,791			66,895
Depreciation for the year	85,788			64,919

32. NON – OPERATING ASSETS – NET

As at 31 December 2008 and 2007, non – operating assets represent the following assets for the construction stone mining which has been suspended :

	Baht		
	Net book value	Provision for impairment	Net
Land	1,022,875	173,275	849,600
Buildings	6,748,637	4,084,102	2,664,535
Machinery and mining equipment	49,020,900	22,614,344	26,406,556
Furniture, fixtures and office equipment	29,804	-	29,804
Others	2,774,056	-	2,774,056
Total	59,596,272	26,871,721	32,724,551

The Company has stopped depreciating certain non-operating assets since the year 2006.

The Company reviews the impairment of these non – operating assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount.

33. FINANCIAL INFORMATION BY SEGMENT

The Company is engaged in construction stone mining (suspended in 2006), fuel trading, and lubricant oil trading (discontinued operations during 2006) businesses. Sales and cost of sales broken down by business segment are presented in the statements of income. A breakdown of the Company's assets by business segment as at 31 December 2008 and 2007 is presented below :

(Unit : Million Baht)

	Construction stone mining		Fuel trading		Lubricant oil trading business (discontinued operations)		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Trade accounts receivable - net	-	-	14.9	4.1	-	0.1	14.9	4.2
Receivable from sales of the lubricant oil business	-	-	-	-	13.3	17.3	13.3	17.3
Equipment - net	-	-	0.1	0.1	-	-	0.1	0.1
Non – operating assets – net	32.7	32.7	-	-	-	-	32.7	32.7
Other assets	-	-	18.7	24.8	-	-	18.7	24.8
Total assets	32.7	32.7	33.7	29.0	13.3	17.4	79.7	79.1

34. PROVIDENT FUND

The Company and its employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed by the Company and its employees at 3 percent of basic salary.

During the current year, the Company contributed Baht 0.03 million (2007 : Baht 0.02 million) to the fund.

35. LEGAL RESERVE

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside a legal reserve at least 5 percent of its net income, after deduction of deficit (if any), until such reserve reaches 10 percent of the registered capital. The reserve is not distributable for dividends.

36. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act B.E. 2535.

37. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	Baht	
	2008	2007
Cost of fuel sales	281,222,760	674,557,679
Cost of by - products from petroleum distillation	13,855,781	-
Salary and employee expenses	1,195,305	2,293,932
Professional fee	747,675	923,687
Rental and services expenses	558,113	558,113
Director remuneration and meeting fee	-	310,000

38. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to risks from changes in market interest rates and from nonperformance of contractual obligations by counterparties. The Company will use derivative instruments, as and when they consider appropriate, to manage such risks. It does not hold or issue derivative instruments for speculative or trading purposes.

Interest rate risk

The interest rate risk is generally the risk that future movements in market interest rates could affect the operating results and cash flows of the Company. The Company's exposure to interest rate risk relates primarily to its deposits with financial institutions. Since the majority of these financial assets are short-term, the Company does not use derivative financial instruments to hedge such risk.

Credit risk

The Company is exposed to credit risk primarily with respect to its receivables from construction stone sales, fuel sales and sales of by-products from petroleum distillation. However, due to its prudent credit policy and the close follow up of debt, the Company does not anticipate material losses from its debt collection in excess of those for which provision has already been set aside.

Fair value

As the majority of financial assets and liabilities are short-term and have interest rates close to the market interest rates, the Company's management believes that their fair values do not materially differ from their carrying values.

39. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 2 March 2009.

