



SOUTH CHINA RESOURCES, INC.

3/F Low Rise Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City
Metro Manila, Philippines

May 14, 2010

PHILIPPINE STOCK EXCHANGE

Disclosure Department
PSE Centre, Exchange Road
Ortigas Center, Pasig City

Attention: **Ms. JANET A. ENCARNACION**
Head, Disclosure Department

Gentlemen:

Please find herewith the 1st Quarter Report (on SEC Form 17-Q) for year 2010 of South China Resources, Inc.

We hope that you may find the above in order.

Thank you.

Yours faithfully,

DAVID R. BALADAD
Corporate Information Officer/
VP – Operations

COVER SHEET

ASO 9206441

SEC Registration Number

South China Resources, Inc.

(Company's Full Name)

3rd Floor Low Rise Pacific Star Building, Sen. Gil Puyat Avenue coner Makati Avenue,

Makati City, Philippines, 1200

(Business Address: No. Street City/Town/Province)

Jaime M. Blanco, Jr.

Contact Person

(02) 8922049

Company's Contact Number

12 31

Month Day

Fiscal Year

SEC Form 17-Q (March 31, 2010)

FORM TYPE

05 28

Month Day

Annual Meeting

N/A

Secondary License Type, If Applicable

Corporation Finance Dept.

Dept. Requiring this Doc.

Amended Articles Number/Section

421

Total No. Of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2010
2. SEC Identification Number ASO92-06441 3. BIR Tax Identification No. 001-945-016
4. Exact name of issuer as specified in its charter SOUTH CHINA RESOURCES, INC.
5. Not Applicable 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. 3/F Low Rise Pacific Star Bldg., Sen. Gil Puyat Ave. cor.
Makati Ave., Makati City 1200
Address of principal office Postal Code
8. (632) 812-2383 / 892-2049
Issuer's telephone number, including area code
9. 12/F Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City
Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| <u>Common Shares</u> | <u>906,559,568</u> |

11. Are any or all of these securities listed on a Stock Exchange?

Yes [] No []

If yes, state the name of such stock exchange and the class/es of securities listed therein:

Name of Stock Exchange
Philippine Stock Exchange

Class of Securities listed
U

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period the issuer was required to file such reports);

Yes [**X**] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No []

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Report

- a) The accompanying interim financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS).
- b) There were no changes made in the accounting policies and methods of computation as compared with the last annual financial statements.
- c) Quarterly financial statements are prepared for the interim operations for the updated information of the stockholders and basis for the decision making of the management.
- d) For this interim period, the Company has no unusual transactions or had encountered events that affect materially its assets, liabilities, equity, net income or cash flows.
- e) The Company did not report in its financial statements any estimates of amount of a given transactions for this interim period and in prior interim periods.
- f) There were no issuances, repurchases, and repayments of debt and equity securities for this interim period.
- g) There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
- h) The Company has no contingent assets or liabilities since the last annual balance sheet date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

**Financial Highlights
(in PHP)**

FOR THE QUARTER ENDING MARCH 31, 2010 VS. QUARTER ENDING MARCH 31, 2009

	March 31 2010 (UNAUDITED)	March 31 2009 (UNAUDITED)	INCREASE/ (DECREASE)	% CHANGE
Revenues	11,085,677	2,297,692	8,787,985	382.47%
Expenses	(2,230,497)	(2,149,721)	80,776	3.76%
Income From Operations	8,855,180	147,971	8,707,209	5884.39%
Equity in Net Earnings (Losses) of associates	279,700	(4,530,603)	4,810,303	106.17%
Foreign Exchange Gain (Loss)	(6,153)	5,727	(11,880)	(207.45) %
NET INCOME/ (LOSS) FOR the Quarter After Tax	9,094,352	(4,376,905)	13,471,256	307.78%
Other Comprehensive Income or (Loss)	944,699	803,250	141,449	17.61%
TOTAL COMPREHENSIVE INCOME OR (LOSS) FOR THE QUARTER	10,039,050.39	(3,573,654.73)	13,612,705	380.92%

FOR THE QUARTER ENDING MARCH 31, 2009 VS. QUARTER ENDING MARCH 31, 2008

	March 31 2009 (UNAUDITED)	March 31 2008 (UNAUDITED)	INCREASE/ (DECREASE)	% CHANGE
Revenues	2,297,692	116,347,535	(114,049,843)	(98.03) %
Expenses	(2,149,721)	(86,602,480)	(84,452,759)	(97.52) %
Income From Operations	147,971	29,745,055	(29,597,083)	(99.50) %
Equity in Net Earnings (Losses) of associates	(4,530,603)	67,827	(4,598,430)	6779.64%
Foreign Exchange Gain (Loss)	5,727	(49,114)	54,841	(111.66) %
NET INCOME/ (LOSS) FOR the Quarter After Tax	(4,376,905)	29,763,768	(34,140,672)	(114.71) %
Other Comprehensive Income or (Loss)	803,250	(3,000)	806,250	26875.00%
TOTAL COMPREHENSIVE INCOME OR (LOSS) FOR THE QUARTER	(3,573,654.73)	29,760,767.57	(33,334,422.30)	(112.01) %

Revenues- 382.47% increase from PHP 2.297 Million to PHP 11.085 Million (2010vs2009)

There is an outstanding increase in revenue growth for 1st quarter ending 2010 as against the 1st quarter ending 2009 due to interest income generated from additional investments to time deposits and other market placements. Additional placements were made to BDO, Chinabank and Premiere Bank for an aggregate amount of PHP 1.407 billion as of the end of the 1st quarter 2010. There is a minimal decrease with respect to interest rates having 4.25% average for the previous years as compared to current quarter of 4.125% for placements.

Revenues- 98% decrease from PHP 116.347 Million to PHP 2.297 Million (2009vs2008)

Total revenues generated for the first quarter of 2009 was PHP 2.297 million as against the PHP 116.347 million revenues garnered during the first quarter of 2008. There was a noted 98% change largely due to the following transactions which occurred in 2008 : (a) the 31% drop in interest income from PHP 3.328 million last March 31 2008 as against the PHP 2.297 million level this quarter March 31 2009 brought about by the decline in short-term deposit and placement interest rates as well as (b) the existence of the gain on sale of investment property to AlphaLand Corporation of PHP 113.019 MM, the sale of which occurred during the first quarter of 2008 and was considered as an extraordinary event last year. The gain on sale of investment property was gross of final taxes paid composed of capital gains taxes of PHP 36 million and documentary stamps taxes of PHP 9 million.

Expenses – 3.76% increase from PHP 2.150 Million to PHP 2.230 Million (2010vs2009)

The minimal increase of 3.76% is due to slight movement in rental and utilities, communication expenses and depreciation.

Due to relatively insignificant increase in expenses but a very remarkable increase in Revenue, the company posted a 5,884.39% increase in its income from operation.

Expenses – 98% decrease from PHP 86.602 Million to PHP 2.150 Million (2009vs2008)

Total Expenses during the first quarter of 2009 was relatively lower than the expense level during the first quarter of 2008 largely due to the following: (a) the provision of additional allowance for impairment of deferred exploration costs amounting to PHP 38.413 million during the first quarter of 2008; as well as (b) the payment of taxes and licenses of PHP 45.270 Million during the first quarter of 2008 related to the sale of investment property to Alpha Land Corporation. This was comprised mostly of the abovementioned final taxes (capital gains taxes and documentary stamp taxes) totaling PHP 45 million.

Given the above, income from operations likewise dropped by almost 100% from PHP 29.745 million to PHP 147,973.

Equity from Net Earnings of Associates- 106.17% increase from Loss of PHP4.530 million to Income of PHP279,700 (2010vs2009)

On December 18, 2009, the Company sold to Two Cassandra-CCI Conglomerates, Inc. the Company's Investment in 3,240,000 shares of the capital stock of Bell Telecommunication Philippines, Inc. at a selling price of P1, 227,825,489.00.

The 106.17% positive change in equity from net earnings of associates is due to the net income reaped by Premiere Development Bank for the 1st quarter of 2010 as opposed to the total shares in net loss of associates for the 1st quarter of previous year which is inclusive of loss by BellTel Co.

The computation for current quarter equity in net earnings of associate:

Net Income of Premiere 1 st Quarter 2010	PHP	5,814,970.74
Equity ownership in Premiere	X	4.81%

	PHP	279,700.00

Equity from Net Earnings of Associates- 6779% decrease from PHP67,827.00 to (PHP 4.530) million (2009vs2008)

For the first quarter of 2009, the Company recognized equity share in net losses of associates of PHP 4.531 million computed as follows:

Net loss of Belltel for the first quarter of 2009	(18,403,059.00)
Add back: Depreciation expense of revalued equipment	5,935,182.98
	(12,467,876.02)
Equity ownership in BellTel	x 32.40%
Equity share in net loss of Belltel	(4,039,591.83)
Add: 4.81% equity share in net loss of Premiere Bank	(491,010.70)*
Total Equity Share in net losses of associates	<u>(4,530,602.53)</u>

* Net loss of Premiere Bank for the first quarter of 2009 (10,208,122.63)

Equity ownership in Premiere Bank	x 4.81%
Equity share in net loss of Premiere Bank	<u>(491,010.70)</u>

Comprehensive Income / (Loss) – 17.61% increase from PHP803,250.00 to PHP944,699.00 (2010vs2009)

As per Philippine Accounting Standard 1: Presentation of Financial Statements, the preparation of Income Statements (now termed as Statement of Comprehensive Income) should include the presentation of comprehensive Income or loss by the company. Comprehensive Income or loss pertains to the market increment or decrement in value of financial instruments held by the company as well as the share in changes in value of instruments held by associates.

The movement in comprehensive income of 1st quarter 2010 from 1st quarter of 2009 is not so significant as to influence the total comprehensive income or loss generated. The main factor will still be the revenue earned.

The 17.61% movement in recognized comprehensive income from 1st quarter 2009 to 1st quarter 2010 is brought about by increase in market value of Petron and Aboitiz shares.

Comprehensive Income / (Loss) – 26875% increase from loss of PHP 3000 to PHP944,699.00 (2010vs2009)

This is due to the increase in market value of available for sale investments as well as increment in value of available for sale shares of associates.

Net Income / (Loss) – 307.78% increase from PHP 4.376 Million to PHP9.094 million (2010vs2009)

Despite the decreasing trend in market interest rates, the company still showed a positive progress in its net income due to additional placements made to BDO, Chinabank and Premiere Bank from proceeds of the sale of BellTel Co.

Net Income / (Loss) – 114.68% decrease from PHP 29.763 Million to (PHP 4.376 million)(2009vs2008)

The Company incurred a net loss of PHP 4.376 million for the first quarter of 2009 as against the PHP 29.763 Million net income during the first quarter of 2008. This was primarily brought about by the abovementioned equity share in net loss of associates for the period amounting to PHP 4.531 million.

FINANCIAL POSITION
Financial Highlights
(in PHP)

FOR THE QUARTER ENDING MARCH 31, 2010 VS. QUARTER ENDING MARCH 31, 2009

	March 31 2010 (UNAUDITED)	March 31 2009 (UNAUDITED)	INCREASE/ (DECREASE)	% Change
Current Assets	1,514,081,334	173,310,476	1,340,770,858	773.62%
Noncurrent Assets	64,359,679	520,484,124	(456,124,445)	(87.63)%
TOTAL ASSETS	1,578,441,014	693,794,600	884,646,414	127.51%
Current Liabilities	606,602	231,267	375,335	162.30%
Noncurrent Liabilities	-	171,720,000	(171,720,000)	(100.00)%
Total Liabilities	606,602	171,951,267	(171,344,665)	(99.65)%
Retained Earnings (Deficit)	833,756,818	(221,144,886)	1,054,901,704	477.02%
Equity	744,077,593	742,988,219	1,089,374	0.15%
TOTAL LIABILITIES & EQUITY	1,578,441,014	693,794,600	884,646,414	127.51%

FOR THE QUARTER ENDING MARCH 31, 2009 VS. QUARTER ENDING MARCH 31, 2008

	March 31 2009 (UNAUDITED)	March 31 2008 (UNAUDITED)	INCREASE/ (DECREASE)	% Change
Current Assets	173,310,476	493,151,985	(319,841,509)	(64.86)%
Noncurrent Assets	520,484,124	122,249,617	398,234,507	325.76%
TOTAL ASSETS	693,794,600	615,401,602	78,392,998	12.74%
Current Liabilities	231,267	229,468	1,799	0.78%
Noncurrent Liabilities	171,720,000	171,720,000	-	0.00
Total Liabilities	171,951,267	171,949,468	1,799	0.00
Retained Earnings (Deficit)	(221,144,886)	(299,860,923)	78,716,037	26.25%
Equity	742,988,219	743,313,057	(324,838)	(0.04)%
TOTAL LIABILITIES & EQUITY	693,794,600	615,401,602	78,392,998	12.74%

Current Assets- 773.62% increase from PHP173.310 Million to PHP1.514 billion (2010vs2009)

Due to the sale of equity shares of BellTel, the current asset of the company surge up to 773.62% since the whole proceeds was invested in time deposits. There is a slight movement in accounts receivable and prepayments thereby contributing insignificantly in the positive change of current assets.

Current Assets- 64% decrease from PHP 493.147 Million to PHP 173.306 Million(2009vs2008)

Largely due to the 86% drop in cash and cash equivalents since the proceeds from the sale of Alphaland was invested in associates in the form of advances.

Noncurrent Assets- 87.63% decrease from PHP520.484 Million to PHP64.360 Million(2010vs2009)

On December 18, 2009 a deed of sale was executed by and between South China Resources Inc. in favor of Two Cassandra-CCI Conglomerates, Inc. for the rights and interest of the former to 3,240,000 shares of stocks in Bell Telecommunication Philippines, Inc. for and in consideration of PHP 1,227,825,489.00.

The investment in associate account was decreased by PHP 324 million for the cost of the shares of BelTell and the corresponding share in net loss up to the date of the consummation of the sale. Other factors affecting the decrease in non current asset is the share in net income and other comprehensive income of Premiere Development Bank at 4.81% ownership for the 1st quarter 2010 amounting to PHP297,700.00 and 301.49 respectively.

Noncurrent Assets- 326% increase from PHP 122.254 Million to PHP 520.484 Million(2009vs2008)

The level of noncurrent assets more than tripled due to the 14.04 times increase in investments and advances in associates.

Current Liabilities- increase of 162.30% from 231,267 to 606,602.00 (2010vs2009)

This is due to income tax payable for the year 2009 amounting to PHP 159,582.00 and an increase in accrued expenses for the 1st quarter 2010.

Current Liabilities- slight 0.78% decrease (2009vs2008)

Noncurrent Liabilities – decrease of 100% (2010vs2009)

As of 2009 the company has no more outstanding non current liabilities pertaining to the unpaid subscription amounting to PHP171.720 Million payable in favor of Bell Telecommunication as it was already fully paid prior to the sale of the shares to Two Cassandra.

Noncurrent Liabilities – no change (2009vs2008)

Noncurrent liability consisting of Subscriptions payable of PHP 171.720 million remained unchanged during the year. This amount pertains to unpaid subscribed capital stock of BellTel Phils.

Equity- 0.15% increase from PHP742.988 Million to PHP 744.078 Million(2010vs2009)

The 0.15% is due to the following: a) issuance of 840,000 additional shares.

b) PHP391, 650 increase in unrealized valuation of available for sale shares investments.

Equity- 0.04% decrease from PHP742.988 Million to PHP 743.313 Million(2009vs2008)

Due to the reduction in unrealized gain(loss) on valuation of available for sale investment as well as reduction on share of unrealized gain(loss) on valuation of AFS of associates.

Total Liabilities & Equity – 26.25% increase from PHP 615.401 Million to PHP 693.794 Million (2010vs2009)

The increase in retained earnings of around 477.02% due to positive results of operation for the 1st quarter 2010 and a slight increase in valuation of AFS investments contributed to the 26.25% increase for the current year over the 1st quarter of 2009.

Total Liabilities & Equity – 26.25% increase from PHP 615.401 Million to PHP 693.794 Million (2009vs2008)

Due to the 26.25 % increase in retained earnings.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next interim period that will have a material favorable or unfavorable impact on the results of the Company's liquidity or sales.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or accumulation of an obligation.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

The Company's cash requirement is provided by the management. There is no foreseen increase in funds for the next twelve months however the need should arises, the management will satisfy such cash requirements.

There is no expected purchase or sale of plant and significant equipment in the next twelve months.

The Company has no plans of changing the number of employees for the next twelve months.

For the period ended March 31, 2010, the Company is still in exploration stage, and therefore, NO commercial production yet for the performance indicators analysis. It has no majority-owned subsidiaries.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next twelve months that will have a material favorable or unfavorable impact on the results of the Company's liquidity. Should there be material changes in working capital it would be advances from the management to support the Company's operation or a sale of non-current assets.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Company has no material commitments for capital expenditures within the next twelve months.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the quarter ended March 31, 2010, quarter ended March 31, 2009 and quarter ended Mar 31, 2008.

KEY FINANCIAL RATIOS	March 31 2010	March 31 2009	March 31 2008
Revenue Growth/ (Decline)	382.47%	(98.03) %	1087463.42%
Net Income Growth/ (Decline)	308.57%	(114.71) %	634.18%
EBITDA	Php 9,488,436.57	Php 779,474.00	Php 29,745,055.00
Return on Equity	0.58%	NA	6.71%
Return on Assets	0.58%	NA	4.84%
Current Ratio (in x)	2496.00 x	749.40 x	2149.11 x
Debt-to-equity ratio (in x)	0.0004 x	0.33 x	0.39 x

Quarter ending March 2010 versus Quarter ending March 2009

There is an outstanding increase in revenue growth for 1st quarter ending 2010 as against the 1st quarter ending 2009 due to interest income generated from additional investments to time deposits and other market placements.

A great soar of 382.47% in revenue growth, minimal increase of 3.76% in expenses and 106.17% increase in equity in net earnings of associates contributed to exceptional 634.18% increase in net income for 1st quarter 2010 as against the 1st quarter of 2009.

There was an improvement in the liquidity of the company as evidenced by 2,496x current ratio for the 1st quarter 2010 due to increased in current assets with the greater portion thereof identified with cash and market placements.

There is around 0.58% both for return on equity and return on assets for the 1st quarter 2010 as compared to 1st quarter 2009 due to positive net income generated by the company for the current quarter.

A debt to equity ratio of 0.0004x proves the great stability of the company as it shows that only around 0.04% of the total equity represents the borrowed capital as against invested.

Quarter ending March 2009 versus Quarter ending March 2008

Profitability-wise, there was a 98% decline in revenues and a 114% drop in bottom line figure for the first quarter of 2009 as compared to the positive growth levels during the first quarter of 2008 vis a vis 2007 levels. These were previously discussed under 2009 Results of Operations.

The Company maintained a high liquidity ratio during the first quarter of 2009 as evidenced by the current ratio pegging at 749.38 xs as current assets were carried at PHP 173.306 million as compared to current liabilities which was very minimal at PHP 231,267 as of end of the first quarter of 2009.

Leverage ratio evidenced by the debt-to-equity ratio of 0.33 x was at low but favorable levels.

The manner by which the Company calculates the foregoing indicators is as follows:

Key Financial Ratios	Formula
Revenue growth	$(\text{Total Revenues (current period)} - \text{Total Revenues (prior period)}) / \text{Total Revenues (prior period)}$
Net income growth	$\text{Net Income (current period)} / \text{Net income (prior period)}$
EBITDA	Income from operations plus depreciation and amortization
Return on equity (ROE)	$\text{Net income} / \text{Equity}$
Return on assets (ROA)	$\text{Net income} / \text{Total Assets}$
Current ratio	$\text{Current Assets} / \text{Current Liabilities}$
Debt-to-equity ratio	$\text{Total Liabilities} / \text{Equity}$

FOR THE QUARTER ENDING MARCH 31, 2010 VS QUARTER ENDING MARCH 31, 2009

Highlights of selected accounts with 5% material changes (In Million Pesos)

	2010 March	2009 March	Change Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	1,413.56	68.67	1,344.89	1958.36%
Prepayments and other current assets	0.40	1.40	(1.00)	(71.25)%
Investment in and Advances to Associates	33.98	487.86	(453.89)	(93.04)%
Property and equipment - net	7.70	10.13	(2.43)	(23.99)%
Accounts payable and accrued expenses	0.61	0.23	0.38	162.30%
*Subscription Payable	-	171.72	(171.72)	(100.00)%
Unrealized valuation gains on available for sale investments	2.93	2.54	0.39	15.40%
Share in unrealized gains (Loss) on AFS investments of an associate	(0.06)	(0.13)	0.07	(53.54)%
Retained Earnings (Deficit)	833.76	(221.14)	1,054.90	477.02%
TOTAL ASSETS	1,578.44	693.79	884.65	127.51%
Total Current Assets	1,514.08	173.31	1,340.77	773.62%
Total Current liability	0.61	0.23	0.38	162.30%
Current Ratio	2,496.00	749.40	1,746.61	233.07%
Income Statement				
REVENUES	11.09	2.30	8.79	382.47%
COST AND EXPENSES	(2.23)	(2.15)	(0.08)	
Equity in net earnings (losses) of Associate	0.28	(4.53)	4.81	(106.17)%
Foreign Exchange Gain (Losses)	(0.01)	0.01	(0.01)	(207.45)%
Net Income (Loss)	9.13	(4.38)	13.51	(308.57)%

FOR THE QUARTER ENDING MARCH 31, 2009 VS QUARTER ENDING MARCH 31, 2008

Highlights of selected accounts with 5% material changes (In Million Pesos)

	2009 March	2008 March	Change Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	68.67	492.13	(423.46)	(86.05)%
Accounts receivable	103.24	0.08	103.16	126423.21%
Prepayments and other current assets	1.40	0.94	0.46	48.72%
Investment in and Advances to Associates	487.86	34.75	453.12	1304.05%
Deposit for future Investment		30.00	(30.00)	(100.00)%
Deferred exploration costs - net of allowance for impairment losses of PHP 75,464,430 in 201	14.89	39.19	(24.30)	(62.01)%
Property and equipment - net	10.13	10.69	(0.56)	(5.20)%
Share in unrealized gains (Loss) on AFS in of an associate	(0.13)	0.19	(0.31)	(167.15)%
Retained Earnings (Deficit)	(221.14)	(299.86)	78.72	(26.25)%
TOTAL ASSETS	693.79	615.40	78.39	12.74%
Total Current Assets	173.31	493.15	(319.84)	(64.86)%
Total Current liability	0.23	0.23	0.00	
Current Ratio	749.40	2,149.11	(1,399.71)	(65.13)%
Income Statement				
REVENUES	2.30	116.35	(114.05)	(98.03)%
COST AND EXPENSES	(2.15)	(86.60)	84.45	(97.52)%
Equity in net earnings (losses) of Associate	(4.53)	0.07	(4.60)	(6779.64)%
Foreign Exchange Gain (Losses)	0.01	(0.05)	0.05	
Net Income (Loss)	(4.38)	29.76	(34.14)	(114.71)%

Cash and cash equivalents- 1958% increase from PHP 68.67 million to PHP 1.413 billion (2010vs2009).

The huge increase in cash and cash equivalents is due to the investment of the proceeds of the sale of BellTel to time deposits. The interest income of PHP 9,339,216.78 from time deposits also intensified the increase.

Cash and cash equivalents- 86% decrease from PHP 492.130 million to PHP 68.674 million (2009vs2008)

The PHP 492.130 million cash and cash equivalents as of March 31 2008 emanated from the collection on the sale of investment property amounting to PHP 495 million, the interest income on short term deposits and placements of PHP 3.328 million and partial collection of subscriptions receivable of PHP 82,500.00.

The remaining cash and cash equivalents as of March 31 2009 of PHP 68.674 million consisted of the deposits and short term placements with BPI, Metrobank and Premiere Bank still coming from the above proceeds from sale of the investment property in 2008.

Accounts Receivable- the changes in this part of balance sheet is not so material for discussion purposes (2010vs2009)

Accounts Receivable- 1265x increase from PHP 81,596 to PHP103.237 million (2009vs2008)

The accounts receivable level as of March 31, 2009 largely consisted of the the PHP 100 million advances made to a related party, Puyat Steel Corporation (PSC) plus accrued interest of PHP 3.133 million (b) receivables from South China Petroleum International, a foreign company set up last November 2003 amounting to PHP 88,108.56 and (c) receivables from officers and employees for PHP 16,279.40.

The Board of Directors through Board resolution date January 24, 2008 authorized the Company to enter into a related party agreement with PSC to invest an amount of up to PHP 130 million for the acquisition of raw materials to be processed into finished steel products. The funding facility extended to PSC is secured by way of assignment to the Company of finished goods inventories and all receivables and proceeds of postdated checks arising from the sale of the finished goods. The facility is renewable on a yearly basis where the Company received a guaranteed ROI of at least 8% per annum.

The receivables from South China Petroleum International represented pre-operating costs logged under accounts receivable of South China Resources Inc. This foreign company is non operational since 2003 and serves as a wholly-owned subsidiary to undertake the proposed spin-off of the company's oil exploration assets and activities.

Prepayments & other current assets- 71.25% decrease from PHP1.40 Million to PHP0.40 million (2010vs2009)

Due to the 100% decrease in input already claimed against output tax for BIR purposes.

Prepayments & other current assets- 49% increase from PHP 935,692 to PHP1.394 million (2009vs2008)

Due to increases in input taxes, prepayments and office supplies inventory.

Investments in and advances to associates- 93.04% decrease from PHP 487.86 million to Php 33.98 million (2010vs2009)

On December 18, 2009 a deed of sale was executed by and between South China Resources Inc. in favor of Two Cassandra-CCI Conglomerates, Inc. for the rights and interest of the former to 3,240,000 shares of stocks in Bell Telecommunication Philippines, Inc. for and in consideration of PHP 1,227,825,489.00.

The investment in associate account was decreased by PHP 324 million for the cost of the shares of BelTell and the corresponding share in net loss up to the date of the consummation of the sale. Other factors affecting the change in investment in associates is the share in net income and other comprehensive income of Premiere Development Bank at 4.81% ownership for the 1st quarter 2010 amounting to PHP297, 700.00 and 301.49 respectively.

Investments in and advances to associates- 1304.05% increase from PHP 34.746 million toPhp 487.864 million (2009vs2008)

Largely brought about by the following: (a) investments in and advances to BellTel amounting to PHP 362.808 million as well as (b) the Investments in associates account of PHP 92.232 Million as of the end of the first quarter of 2009.

Deferred Exploration costs - no material change (2010vs2009)

Deferred Exploration costs- 62% decrease from PHP 39.193 Million to PHP 14.891 Million(2009vs2008)

On top of the existing PHP 12.618 Million allowance for impairment losses on deferred exploration costs, the Company provided an additional allowance amounting to PHP 38.333 Million last March 31, 2008 and an additional PHP 24.512 MM allowance set up during 2008 for a total of PHP 62.845 Million bringing the total allowance of PHP 75.646 Million as of first quarter 2009. Given the foregoing, the deferred exploration costs account had an ending balance PHP 14.891 MM for the first quarter of 2009.

Property & Equipment- 23.99% decrease from PHP 10.13 Million to PHP 7.70 Million(2010vs2009)

Solely due to depreciation purposes.

Property & Equipment- 5.20% decrease from PHP 10.688 Million to PHP 10.132 Million(2009vs2008)

The slight 5% drop was due to depreciation of the three (3) units of vehicle acquired in 2008.

Accounts Payable- 162.30% increase from PHP0.23 Million to PHP0.61 Million (2010vs2009)

This is due to income tax payable for the year 2009 amounting to PHP 159,582.00 and an increase in accrued expenses for the 1st quarter 2010 as previously discussed.

Subscription Payable- 100% decrease (2010vs2009)

As of 2009 the company has no more outstanding non current liabilities pertaining to the unpaid subscription amounting to PHP171.720 Million payable in favor of Bell Telecommunication as it was already fully paid prior to the sale of the shares to Two Cassandra as previously discussed.

Share in unrealized gains on AFS investment of an associate- 167% decrease from PHP 188,346 gain to PHP 126,483 loss(2009vs2008)

The loss of PHP 126,483 for the first quarter of 2009 represented the share in unrealized loss on AFS investments in an associate

Retained Earnings- 477.02% increase from PHP221.144 Million deficit to PHP 833.76 Million (2010vs2009)

The 382.47% increase in Net Income for the 1st quarter 2010 and 3.72% slight lift in expenses brought the 477.02% increase in retained earnings as well as the 106.17% increase in equity in earnings of associates.

Deficit- 26.25% lower from PHP 299.861 Million to PHP 221.144 Million (2009vs2008)

Deficit for the first quarter of 2009 was at P 221.144 Million which was an improvement over the previous level due to the generation of a positive bottom line figure by yearend 2008 of PHP 112 million causing the reduction of deficits by the beginning of 2009.

The Company has NO earnings yet from commercial production. Therefore, there were NO dividends declared for the period ended March 31, 2010.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next interim period that will have a material favorable or unfavorable impact on the results of the Company's liquidity or sales.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or accumulation of an obligation.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

The Company's cash requirement is provided by the management. There is no foreseen increase in funds for the next twelve months however the need should arise, the management will satisfy such cash requirements.

There is no expected purchase or sale of plant and significant equipment in the next twelve months.

The Company has no plans of changing the number of employees for the next twelve months.

For the period ended March 31, 2010, the Company is still in exploration stage, and therefore, NO commercial production yet for the performance indicators analysis. It has no majority-owned subsidiaries.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next twelve months that will have a material favorable or unfavorable impact on the results of the Company's liquidity. Should there be material changes in working capital it would be advanced from the management to support the Company's operation or a sale of non-current assets.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Company has no material commitments for capital expenditures within the next twelve months.

Results and Plans of Operation

SC-41 Offshore Sulu Sea Sandakan Basin

SC-41 will run its tenth contract year to May 10, 2010 unless extended by the DOE. For Contract Year #10 (CY 10), the operator, Tap Oil Ltd., completed the reprocessing of the Alpine 3D seismic data and consequent inversion studies for the re-interpretation and prospect modeling. This enables the group to delineate prospects for further exploration and farm-out. In the event a prospect is determined to be highly prospective then the SC-41 joint group will apply for an extension of the Service Contract. South China has 1.090% paying participating interest in this block. If a well is committed by the group then South China will pay its pro-rata share of the well costs. Such wells range upwards in cost from \$40 million.

SC-60 (GSEC-99 Offshore NE Palawan)

South China, Shell Philippines Exploration B.V. and Kuwait Foreign Petroleum Co. ksc. entered the second sub-phase of SC-60 in July 8, 2008. The objective is to continue and further the exploration of the block with a commitment to drill one well during the sub-phase. Cutting edge technologies were used to delineate the prospect. On October 08, 2009 the DOE extended the second sub-phase to February 10, 2011.

The first well will be called the Silangan-1 well and will be the first deep water drilled in the area. South China is carried for this first well and is expected to be drilled in the third quarter of 2010.

After this period the Joint group may at its option continue with the work program and enter a third sub-phase and commit to drill another well until February 2012. A fourth sub-phase with a commitment to drill will continue the term of the SC until February 2013.

A positive outcome on the Silangan well drilling will result in an accelerated exploration program which should entail a new 3D seismic program and/or additional wells. South China will then be paying its pro-rata share of all exploration costs after the first well. South China retains 15% interest in the block.

SC-71 (formerly Area 4 Offshore Mindoro-Cuyo)

On April 1, 2009, South China, Pitkin Petroleum, and the Department of Energy signed Service Contract No. 71 (SC-71). SC-71 covers the Cuyo/Mindoro/East Palawan region. The operator, Pitkin, is currently conducting geological and geophysical assessment of the block. The joint venture embarked on a comprehensive seismic reprocessing of over 3000 line kms of 2D seismic data over the area for the first sub-phase of work which has been extended to April 1, 2011 as per advice by Pitkin.

South China has 15% participating interest in SC-71 and is carried in the first sub-phase.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTH CHINA RESOURCES, INC.
Issuer


Atty. JAIME M. BLANCO, Jr.
Corporate Secretary

Date : May 13, 2010


Atty. Zosimo L. Padro, Jr.
VP- Finance

Date : May 13, 2010

SOUTH CHINA RESOURCES, INC
STATEMENTS OF FINANCIAL POSITION
As of March 31,2010 (Unaudited)
With comparative figures as of December 31,2009
In PHP

	2010	CY
	MARCH	2009
	(Unaudited)	DECEMBER
		(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	1,413,562,825	1,434,171,589
Accounts receivable	100,116,561	70,182,601
Prepayments and other current assets	401,949	1,347,984
Total Current Assets	1,514,081,334	1,505,702,174
Noncurrent Assets		
Investment in and Advances to Associates	33,977,997	33,698,598
Available-for-sale (AFS) investments - net	7,717,456	6,772,456
Deferred exploration costs - net of allowance for impairment losses of PHP 75,464,430 as of March 31,2010	14,961,956	14,961,956
Property and equipment - net	7,702,271	8,286,154
Total Noncurrent Assets	64,359,679	63,719,164
TOTAL ASSETS	1,578,441,014	1,569,421,338
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	606,602	1,817,852
Total Current Liabilities	606,602	1,817,852
EQUITY		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued - 589,719,569 shares as of March 31,2010	589,719,569	589,509,569
Subscribed - 316,840,000 shares as of March 31,2010	316,840,000	317,050,000
* Subscriptions receivable	(237,630,000)	(237,787,500)
Additional paid in capital	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	2,934,643	1,989,643
Share in unrealized gains (Loss) on AFS investments of an associate	(58,759)	(58,457)
Retained Earnings	833,756,818	824,628,091
Total Equity	1,577,834,411	1,567,603,486
TOTAL LIABILITIES AND EQUITY	1,578,441,014	1,569,421,338

SOUTH CHINA RESOURCES, INC
COMPARATIVE STATEMENT OF FINANCIAL POSITION
As of March 31, 2010,2009,2008 (UNAUDITED)
(IN PHP)

	AS OF MARCH		
	2010	2009	2008
ASSETS			
Current Assets			
Cash and cash equivalents	1,413,562,825	68,674,326	492,130,197
Accounts receivable	100,116,561	103,237,874	81,596
Prepayments and other current assets	401,949	1,398,275	940,192
Total Current Assets	1,514,081,334	173,310,476	493,151,985
Noncurrent Assets			
Investment in and Advances to Associates	33,977,997	487,864,269	34,746,822
Available-for-sale (AFS) investments - net	7,717,456	7,595,806	7,620,815
Deposit for future Investment	-	-	30,000,000
Deferred exploration costs - net of allowance for impairment losses of PHP 75,464,430 in 2010,2009,2008	14,961,956	14,891,080	39,193,040
Property and equipment - net	7,702,271	10,132,969	10,688,940
Total Noncurrent Assets	64,359,679	520,484,124	122,249,617
TOTAL ASSETS	1,578,441,014	693,794,600	615,401,602
LIABILITIES AND EQUITY			
Current liability			
Accounts payable and accrued expenses	606,602	231,267	229,468
Noncurrent liability			
*Subscription Payable	-	171,720,000	171,720,000
Total Liabilities	606,602	171,951,267	171,949,468
EQUITY			
Common Stock - P1 par value			
Authorized - 1 billion shares			
Issued - 589,719,569 shares as of March 31,2010	589,719,569	588,879,569	588,859,569
Subscribed - 316,840,000 shares as of March 31,2010	316,840,000	317,680,000	317,700,000
** Subscriptions receivable	(237,630,000)	(238,260,000)	(238,275,000)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	2,934,643	2,542,993	2,568,002
Share in unrealized gains (Loss) on AFS investments of an associate	(58,759)	(126,483)	188,346
Retained Earnings (Deficit)	833,756,818	(221,144,886)	(299,860,923)
Total Equity	1,577,834,411	521,843,333	443,452,134
TOTAL LIABILITIES AND EQUITY	1,578,441,014	693,794,600	615,401,602

* Subscription payable represents 53% unpaid subscribed capital stock of Bell Telecom (P171.72M).

**Subscription Receivable represents 75% unpaid balance of the stockholders for their subscribed shares of the company's capital stock.

SOUTH CHINA RESOURCES, INC
STATEMENT OF INCOME AND DEFICIT
FOR THE QUARTER ENDED MARCH 31, 2010
(With comparison of prior year figures)

	2010	2009	2008
	31-Mar	31-Mar	31-Mar
REVENUES			
Interest Income	11,085,677	2,297,692	3,328,014
Gain on sale of investment property			113,019,521
	11,085,677	2,297,692	116,347,535
COST AND EXPENSES			
Valuation allowance on expired contracts			(38,413,210)
General and administrative expenses	(2,230,497)	(2,149,721)	(48,189,270)
	(2,230,497)	(2,149,721)	(86,602,480)
Equity in net earnings (losses) of Associates	279,700	(4,530,603)	67,827
Foreign Exchange Gain (Losses)	(6,153)	5,727	(49,114)
Net Income (Loss)	9,128,727	(4,376,905)	29,763,768
Other Comprehensive Income (Losses):			
Unrealized (Loss) / Gain in Market Value of AFS	945,000	803,250	(3,000)
Share in Unrealized (Loss)/Gain on AFS of an associate	(301)	-	-
Total Comprehensive Income (Loss)	10,073,425	(3,573,655)	29,760,768
ADD:DEFICIT, BALANCE BEGINNING OF YEAR - as previously reported	824,628,092	(216,767,981)	(329,624,691)
RETAINED EARNINGS(DEFICIT), BALANCE END	833,756,819	(221,144,886)	(299,860,923)
Basic/Diluted Income (Loss) Per Share	0.01007	(0.00483)	0.03283
*Computed as =	$\frac{\text{Net income(loss) for the period}}{\text{Weighted average number of shares}}$		
	$\frac{9,128,727}{906,741,236}$	$\frac{(4,376,905)}{906,559,569}$	$\frac{29,763,768}{906,559,569}$

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2010, 2009 and 2008
(in comparison with prior years)

	Common Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at January 1, 2008	588,749,569	317,810,000	(238,357,500)	72,272,140	2,571,002	188,346	(329,624,691)	413,608,866
Net income for the 1st quarter 2008							29,763,768	29,763,768
Unrealized gains/(loss) on AFS investments					(3,000)			(3,000)
Collection of subscriptions receivable			82,500					82,500
Shares of stock issued from subscribed	110,000	(110,000)						-
Balances at March 31, 2008	588,859,569	317,700,000	(238,275,000)	72,272,140	2,568,002	188,346	(299,860,923)	443,452,134
Balances at January 1, 2009	588,879,569	317,680,000	(238,260,000)	72,272,140	1,739,743	(126,483)	(216,767,981)	525,416,988
Net loss for the 1st quarter 2009							(4,376,905)	(4,376,905)
Unrealized gains/(loss) on AFS investments					803,250			803,250
Collection of subscriptions receivable								
Shares of stock issued from subscribed								
Balances at March 31, 2009	588,879,569	317,680,000	(238,260,000)	72,272,140	2,542,993	(126,483)	(221,144,886)	521,843,333
Balances at January 1, 2010	589,509,569	317,050,000	(237,787,500)	72,272,140	1,989,643	(58,457.00)	824,628,092	1,567,603,487
Net Loss for the 1st quarter 2010							9,128,727	9,128,727
Unrealized gains on AFS investments					945,000			945,000
Unrealized gain on AFS - associates						(301.49)		(301)
Collection of subscriptions receivable			157,500					157,500
Shares of stock issued from subscribed	210,000	(210,000)						-
Balances at March 31, 2010	589,719,569	316,840,000	(237,630,000)	72,272,140	2,934,643	(58,758)	833,756,819	1,577,834,412

SOUTH CHINA RESOURCES, INC
STATEMENTS OF CASH FLOWS
As of March 31, 2010, 2009 and 2008
(with comparative figures)

FOR THE QUARTER ENDED MARCH 31

	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income(loss) from operation	9,128,727	(4,376,905)	29,763,768
Adjustments for:			
Equity in net (income) losses of associates	(279,700)	4,530,603	(67,827)
Depreciation and amortization	633,256	631,501	13,082
Dividend income	-	-	-
Interest Income	(11,085,677)	(2,297,692)	(3,328,014)
Gain on sale of investment property	-	-	(113,019,521)
Valuation allowance	-	-	38,413,210
Net unrealized foreign exchange losses (gains)	6,153	(5,727)	49,114
Operating loss before working capital changes	(1,597,240)	(1,518,220)	(48,176,188)
Decrease (increase) in:			
Accounts receivable	66,040	(24,252,816)	(2,874)
Prepayments and other current assets	946,035	(265,491)	(290,499)
Increase (decrease) in:			
Accounts payable and accrued expenses	(1,211,250)	(366,159)	(13,271,733)
Net cash flows used in operating activities	(1,796,415)	(26,402,685)	(61,741,294)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in deferred exploration costs			-
Advances to Officers	(30,000,000)		
Proceeds from sale of investment property			540,000,000
Decrease in refundable deposits and others			137,054
Dividend received			-
Interest received	11,085,677	2,297,692	3,328,014
Acquisitions of property and equipment	(49,373)	(55,625)	(10,539,533)
Net cash flows from investing activities	(18,963,696)	2,242,067	532,925,535
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	157,500		82,500
Deposit for future investment			(30,000,000)
Net cash flows from financing activities	157,500	-	(29,917,500)
NET INCREASE IN CASH	(20,602,611)	(24,160,618)	441,266,741
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(6,153)	5,727	(49,114)
CASH AT BEGINNING OF YEAR	1,434,171,590	92,829,217	50,912,570
CASH AT END OF THE PERIOD	1,413,562,825	68,674,326	492,130,197

South China Resources, Inc.									
Aging of Accounts Receivable									
As of March 31, 2010									
	CURRENT					PAST DUE			Past due accounts & Items in Litigation
	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos. To 1 Year	1-2 Years	3-5 Years	5 Years - Above	
Accounts Receivable									
1) Amounts owed by a related party - PSC	70,000,000.00			45,000,000.00	25,000,000.00				
2) Officers and employees	30,018,398.51		30,018,398.51						
3) Others	98,162.19	10,053.63	10,722.84		9,603.63	10,303.63	57,478.46		NONE
Subtotal	100,116,560.70	10,053.63	30,029,121.35	45,000,000.00	25,009,603.63	10,303.63	57,478.46		
Less: Allow. For Impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	100,116,560.70	10,053.63	30,029,121.35	45,000,000.00	25,009,603.63	10,303.63	57,478.46		NONE
Net Receivables	100,116,560.70	10,053.63	30,029,121.35	45,000,000.00	25,009,603.63	10,303.63	57,478.46	-	NONE
Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.									

Accounts Receivable Description :

Type of A/R :	Nature/Description	Collection Period
		monthly payment of interest & quarterly payment of principal
1) Amounts owed by a related party	Receivable from third party PUYAT STEEL CORP. (Principal & Interest)	monthly
2) Officers and employees	Advances to employees for emergency purpose on a 1 year term payable monthly	past due yet collectible
3) Others	Receivable from third party; amount payable by South China Petroleum Int'l.	
Notes : Indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both for trade and non-trade accounts.		

Normal Operating Cycle: 1 (one) year