

COVER SHEET

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SEC Registration Number

S O U T H C H I N A R E S O U R C E S , I N C .

(Company's Full Name)

3 / F L O W R I S E P A C I F I C S T A R

B L D G . , S E N . G I L J . P U Y A T A V E .

M A K A T I C I T Y

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

Atty. Magilyn T. Loja

Contact Person

8403413-15

Company Telephone Number

SEC FORM 17Q 1st Quarter 2011

1 2 3 1

Month Day

Fiscal Year

FORM TYPE

(last Friday of May)

0 5 2 7

Month Day

Annual Meeting

Not Applicable

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

_____ LCU

Document ID

_____ Cashier

STAMPS

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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 31,2011
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. 3/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, 2011 VS. QUARTER ENDING MARCH 31, 2010

	March 31 2011 (UNAUDITED)	March 31 2010 (UNAUDITED)	INCREASE/ (DECREASE)	% CHANGE
Revenues	6,311,610	11,085,677	(4,774,067)	-43.07%
Expenses	(2,663,277)	(2,230,497)	432,780	19.40%
Income From Operations	3,648,333	8,855,180	(5,206,847)	-58.80%
Equity in Net Earnings (Losses)				
of associates	103,339	279,700	(176,361)	63.05%
Foreign Exchange Gain (Loss)	206	(6,153)	6,359	(103.35) %
NET INCOME/ (LOSS) FOR				
the Quarter	3,751,877	9,094,352	(5,342,475)	58.74%
Other Comprehensive Income				
or (Loss)	(880,397)	944,699	(1,825,096)	-193.19%
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE QUARTER	2,871,480.00	10,039,050.39	(7,167,570)	71.40%

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%

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 2011 (UNAUDITED)	March 31 2010 (UNAUDITED)	INCREASE/ (DECREASE)	% Change
Current Assets	925,462,975	1,514,081,334	(588,618,359)	(0.39)%
Noncurrent Assets	678,454,091	64,359,679	614,094,412	95416.01%
TOTAL ASSETS	1,603,917,066	1,578,441,014	25,476,052	1.61%
Current Liabilities	464,407	606,602	(142,195)	(0.23)%
Noncurrent Liabilities	-	-	-	#DIV/0!
Total Liabilities	606,602	606,602	-	0.00
Retained Earnings (Deficit)	841,119,783	833,756,818	7,362,965	(0.01)%
Equity	762,190,680	744,077,593	18,113,086	2.43%
TOTAL LIABILITIES & EQUITY	1,603,917,065	1,578,441,014	25,476,051	1.61%

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%

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 2011	March 31 2010	March 31 2009
Revenue Growth/ (Decline)	-95.64%	382.47%	(98.03) %
Net Income Growth/ (Decline)	-96.83%	308.57%	(114.71) %
EBITDA	24.56M	Php 9,488,436.57	Php 779,474.00
Return on Equity	2.06%	0.58%	NA
Return on Assets	2.06%	0.58%	NA
Current Ratio (in x)	1148.10X	2496.00 x	749.40 x

There has been a reported decrease in revenue growth and net income for the year 2010 as compared last year. However, this did not entails negative outcome for the current year since what composes the last year bulk of revenue was the gain earned from the sale of Belltel shares amounting to ₱1.17B and the interest income from time deposits and savings amounting to ₱9.9M. The 95.64% decrease in revenue growth and 96.83% decrease in net income growth was mainly due to the gain on sale of belltel shares earned last 2009. The company earned ₱51.5 0M interest income for 2010 which is about 4X of the interest income earned last 2009 which is ₱9.9M.

The company has 2.06% for its return on equity and return on assets for the year 2010. The decline on rates was due to the decrease in the bottomline figure having ₱17M for the year 2010 as compared with ₱1.04B for 2009 of which it consists of the gain earned from sale of Belltel shares as previously discussed.

For the year 2009, there was an improvement in net income growth rates as against the Company's 2008 level as evidenced by the above figures. The great leap in net income for 2009 as against 2008 was brought by the gain earned from sale of Belltel shares as previously discussed. The big increase in revenue growth and net income growth for the year 2008 takes into consideration the revenue and net income earned by the company for the year 2007. For the year 2007, the company earned an interest income from savings and time deposit of ₱10.96M and from advances made to Puyat Steel of ₱9.6M. It was also in year 2008 that the company sold the Pilipinas Plaza earning a gain inclusive of capital gains tax amounting to ₱113.019M.

Profitability for 2009 was also measured by ROE and ROA reaching 66.45% and 66.38% respectively with a big difference from the previous period. The difference pertains to the gain earned from Belltel shares as previously discussed.

The Company posted a remarkable increase for the past three years on its current ratio. The 1148.10x for 2010 as against 828.29x for 2009 was due to the interest earned in time deposits for the year 2010 amounting ₱45.39M and interest from Puyat Steel of ₱5.97M of which has caused the increase in cash and cash equivalents composing the current assets. It can be noted in the company's financial statements that it has been consistent in its low current liabilities which are oftentimes composed of taxes withheld and employee benefits not yet remitted to the BIR and other government entities. The 828.29x for 2009 vs 289.49x in 2008 was due to the astounding increase in cash and cash equivalents amounting to ₱1.341B brought about by the investment to short term market placements of the whole net proceeds of sale of shares in Belltel as previously discussed.

The company exhibited an outstanding leverage ratio for the last three years which means that it can finance its own operation without using or relying from outside financing sources. There has been a continuous decrease in debt to equity ratio of the company for the past three years which is a very good indicator that the company is very much liquid in paying its liabilities. As per table above there has been a constant increase in the total equity of the company ₱525.42M for 2008, ₱1,567.6M for 2009 and ₱1,606.41M for 2010 of which in contrast there has been a constant decrease in the total liabilities: ₱172.317M in 2008, ₱0.86M in 2009 and ₱.714 in 2010. The ₱172.31M total liabilities for 2008 was composed of ₱171.720M subscription payable to Belltel Co. which was fully paid on 2009 prior to the sale of Belltel shares.

Earnings before interest taxes depreciation and amortization (EBITDA) for 2010 was at PHP 22.28 million though the company has negative changes in its revenue growth. The gain earned from the sale of Belltel shares make up for the ₱1,061M difference for 2010 against 2009 as well as the difference from 2009 and 2008.

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, 2011.

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, 2011, 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.

Results and Plans of Operation

C-41 Offshore Sulu Sea Sandakan Basin

Service Contract No. 41 ran the full length of its exploration period extending exploration activity to ten (10) contract years. The Joint Venture drilled the Lumba-lumba well in 2008. It also undertook extensive seismic processing and re-processing of the 3D seismic data in 2009 to 2010, completing the reprocessing of the Alpine 3D seismic data along consequent inversion studies and re-interpretation and prospect modelling.

The SC-41 group was given until August 10, 2010 to decide to whether or not to extend the SC by another year. Given that the next phase of the service contract would have included a work program commitment to drill an exploratory well by May 2011, it was concluded that a well was not appropriate in light of the tight schedule and a pending Philippines Energy Contracting Round.

The operator was not able to secure an appropriate farmout due in part to the tight time frame of the work program and made the decision to relinquish SC-41 prior to incurring the well commitment.

The SC-41 group views the area as still having prospectivity and may pursue exploration in the future with an appropriate work program to address the technical risks. Agreement on the composition of the new joint venture would be discussed in advance of making any application over the area, with the intent that existing partners would participate in new energy bidding round expected in 2011.

South China had 1.090% paying participating interest in this block.

SC-60 (GSEC-99 Offshore NE Palawan)

SC-60 joint venture comprised by South China, together with SPEX (Shell Philippines Exploration B.V.) and KUFPEC (Kuwait Foreign Petroleum Co. ksc) entered the second sub-phase of SC – 60 in July 2008. The objective is to continue and further the exploration of the block with a commitment to drill one well during this sub-phase.

The second sub-phase was extended by the DOE to February 10, 2011. This was so the SC60 JV partners would have sufficient time to commence and complete the drilling of the exploration well due to delays attributed to mechanical difficulties on the drillship Frontier Phoenix. To ascertain dependability of the drillship and ensure its proper operation and safety of ship and personnel, Operator SPEX used an alternate drillship. On July 20, 2010, the SC-60 JV spudded the Silangan-1 well, the first deep water drilled in the area using the drillship Atwood Falcon. South China was carried on this first well.

The well was plugged and abandoned without encountering significant hydrocarbons. Operator, SPEX, reviewed the well data to determine the cause of the unexpected results and identified appropriate next steps over the area. Using cutting edge technologies the Joint Operations launched a CSEM (Controlled Source Electro-Magnetics) survey during the second half of November 2010. The survey was undertaken by Electromagnetic Geoservices ASA (EMGS) using the vessel "BOA Galatea". EMGS employed their proprietary EM Technology to support the SC-60 Joint Operations in its search for offshore hydrocarbons. To give enough time to process the data obtained from the survey, a request to the DOE to extend the decision period to enter the third sub-phase by a year was made.

The DOE in its letter dated January 26, 2011 approved the request to defer commitment to enter the third sub-phased to February 10, 2012 and upon exercise of a commitment to enter the third sub-phase relinquish 25% of the original area.

A positive outcome of the survey will result in an accelerated exploration program. Within the extension period the Joint group will decide if it is to enter the third sub-phase and commit to drill another well by February 2013.

South China retains 15% interest in the block and is a paying partner after the first well.

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

South China participated in the Department of Energy's Philippine Energy Contracting Round No. 3 (PECR-3). On April 1, 2009, the DOE awarded SC-71 to South China and UK company Pitkin Petroleum Ltd. (as operator), a block that covers the offshore Mindoro-Cuyo with an area of 1.164 million hectares.

The joint group embarked on a comprehensive seismic reprocessing of over 3000 line kms of 2D seismic data over the area for the first phase of work. It also included a reprocessing and re-interpretation of available gravity data. By year-end work was still ongoing. The first phase has been extended to April 1, 2011.

The joint venture completed comprehensive reprocessing of over 3000 line kms of 2D data as well as reprocessing of gravity data. The operator was unable to map any significant prospects and made the decision to relinquish SC-71 before April 1, 2011, prior to incurring any further commitments on the area under the succeeding phase. The Service Contract had term of seven (7) years compartmentalized into five (5) phases. South China had 15% participating interest in this block

Other Energy and Mineral Resources

The Company continues to focus on conventional energy resources as it explores entry into opportunities in other oil exploration areas as well as potential conventional and non-conventional energy resources. A new Petroleum Contracting Round (Philippine Energy Contracting Round 4, PECR4) is expected to be announced in 2011.

The global situation in recent years presents opportunities for the Company to seek entry into mineral exploration and exploitation sector. It recognizes that the demand added by China and India into the current global mineral resource market and into the foreseeable future will have a significant impact in the metals and non-metals market.

(D) Other Investments

Real Estate Property

South China completed, last July 28, 2010, the purchase of the 24,022.90 sq.m. parcel of land located at the East Service Road of South Superhighway, Brgy. Buli, Muntinlupa City, Metro Manila at a purchase price of P312,297,000.00.

In the Company's history, it had made good in investments in real estate property, primarily the property investment in Pilipinas Plaza which the Company sold for a profit in January of 2007. It is in this manner that the Company employed the proven business model of acquiring property investments along major and strategic thoroughfares.

SOC Land Development Corporation

On November 25, 2010 South China Resources, Inc, registered with the Securities and Exchange Commission(SEC) SOC Land Development Corporation (SOC Land) as a wholly-owned subsidiary with an authorized capital stock of One Hundred Sixty Million Pesos (PHP

160,000,000.00), a subscribed capital stock of Forty Million Pesos (PHP 40,000,000.00) and a paid-up capital of Ten Million Pesos (PHP 10,000,000.00).

On March 24, 2011, the Board of Directors approved the transfer of the Company's property situated in Barangay Buli, Muntinlupa City (the "Buli Property") to its wholly-owned subsidiary, SOC Land, in exchange for the latter's shares of stock valued at PHP312,298,000.00. The registrant's investment into property development through SOC Land is seen as an important aspect in enhancing its shareholder value.

The government estimates the country's housing backlog at almost 4 million. There lies the opportunity for South China to serve a basic need of Filipinos through SOC Land that is to put up quality homes at affordable prices. SOC Land's maiden venture will be the P2 Billion Anuva MRB (mid-rise residential building) project in the Buli Property which is along the east service road of the Southern Luzon Expressway (SLEX).

Four tandem buildings (20-storey building floors adjoined with another 14-storey building floors) will rise in the 2.4 hectare property while preserving approximately eighty percent (80%) thereof in open space for the benefit of the project's future residents. The project time frame is estimated to be about five (5) years with the first building expected to be completed at the end of 2013.

AGP International Holdings Inc.

On December 21, 2010, South China subscribed to, and subsequently fully paid for, 26,086,957 Series A Preferred shares of AGP International at a purchase price of US\$0.23 per share or a total amount of USD\$6,000,000.00.

AGP International is a British Virgin Islands business company formed in November 2010 by Icaza, Gonzalez-Ruiz & Aleman (BVI) Trust Limited with registered office at the Vanterpool Plaza, 2nd Floor, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. AGP International's authorized securities, as of 21 December 2010, consist of 1,400,000,000 no par value shares divided into 1,000,000,000 Common Shares and 400,000,000 Series A Preferred Shares. As to the ownership structure, SOC has yet to receive information regarding the other investors and their respective investments.

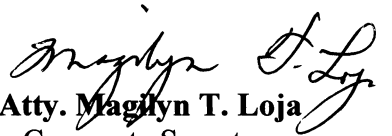
AGP International invested in 40% of the outstanding capital stock of AGP Philippines Holdings I, Inc. ("AGP Philippines"). On 22 December 2010, AGP Philippines finalized the acquisition of all of the shares of DMCI Holdings, Inc. ("DMCI-HI") in Atlantic Gulf & Pacific Company of Manila, Inc. ("AG&P"). The shares comprise of 973,089,025 shares directly owned, and 17 shares beneficially owned, by DMCI-HI representing 98.19% of the outstanding capital stock of AG&P.

SOC's subscription of AGP International's Series A Preferred Shares is purely for investment purposes. By investing in AGP International, SOC believes that it will be benefited by a return of the investment of AGP Philippines from AG&P. AG & P, one of the country's oldest construction and engineering firms, is involved in steel fabrication, preassembly works, engineering design and manpower deployment.

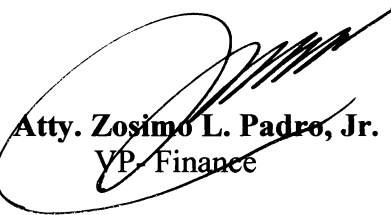
SIGNATURES

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. Magilyn T. Loja
Corporate Secretary

Date : May 16, 2011


Atty. Zosimo L. Padro, Jr.
VP Finance

Date : May 16, 2011

SOUTH CHINA RESOURCES, INC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31,2011 (Unaudited)
With comparative figures as of December 31,2010
In PHP

	2011	CY
	MARCH	2010
	(Unaudited)	DECEMBER
		(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	826,643,407	893,083,578
Accounts receivable	89,969,586	56,005,049
Prepayments and other current assets	12,612,545	8,114,701
Total Current Assets	929,225,538	957,203,328
Noncurrent Assets		
Investment in and Advances to Associates	31,926,947	31,836,983
Available-for-sale (AFS) investments - net	286,226,155	285,956,005
Investment Property	321,048,252	321,048,252
Deferred exploration costs - net of allowance for impairment losses of PHP 88,713,164 as of March 31,2011	21,692,280	1,692,615
Property and equipment - net	6,391,863	6,098,757
Other Noncurrent Assets	3,188,444	3,410,248
Total Noncurrent Assets	670,473,941	650,042,860
TOTAL ASSETS	1,599,699,479	1,607,246,188
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	2,091,026	714,368
Income Taxes Payable	143,455	119,358
Total Current Liabilities	2,234,481	833,726
EQUITY		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued - 600,489,569 shares as of March 31,2011	600,489,569	597,189,569
Subscribed - 306,070,000 shares as of March 31,2011	306,070,000	309,370,000
Subscriptions receivable	(229,552,500)	(232,027,500)
Additional paid in capital	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	13,053,650	17,672,548
Share in unrealized gains (Loss) on AFS investments of an associate	18	13,393
Retained Earnings - Appropriated	500,000,000	500,000,000
Retained Earnings - Unappropriated	335,132,121	341,922,312
Total Equity	1,597,464,998	1,606,412,462
TOTAL LIABILITIES AND EQUITY	1,599,699,479	1,607,246,188

SOUTH CHINA RESOURCES, INC
COMPARATIVE STATEMENT OF FINANCIAL POSITION
As of March 31, 2011,2010,2009 (UNAUDITED)
(IN PHP)
(CONSOLIDATED)

	AS OF MARCH		
	2011	2010	2009
ASSETS			
Current Assets			
Cash and cash equivalents	826,643,407	1,413,562,825	68,674,326
Accounts receivable	89,969,586	100,116,561	103,237,874
Prepayments and other current assets	12,612,545	401,949	1,398,275
Total Current Assets	929,225,538	1,514,081,334	173,310,476
Noncurrent Assets			
Investment in and Advances to Associates	31,926,947	33,977,997	487,864,269
Available-for-sale (AFS) investments - net	286,226,155	7,717,456	7,595,806
Deferred exploration costs - net of allowance for impairment	21,692,280	14,961,956	14,891,080
Investment Property	321,048,252		
Property and equipment - net	6,391,863	7,702,271	10,132,969
Other Noncurrent Assets	3,188,444		
Total Noncurrent Assets	670,473,941	64,359,679	520,484,124
TOTAL ASSETS	1,599,699,479	1,578,441,014	693,794,600
LIABILITIES AND EQUITY			
Current liability			
Accounts payable and accrued expenses	2,091,026	606,602	231,267
Income Taxes Payable	143,455		
Noncurrent liability			
*Subscription Payable		-	171,720,000
Total Liabilities	2,234,481	606,602	171,951,267
EQUITY			
Common Stock - P1 par value			
Authorized - 1 billion shares			
Issued - 589,719,569 shares as of March 31,2010	600,489,569	589,719,569	588,879,569
Subscribed - 316,840,000 shares as of March 31,2010	306,070,000	316,840,000	317,680,000
** Subscriptions receivable	(229,552,500)	(237,630,000)	(238,260,000)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	13,053,650	2,934,643	2,542,993
Share in unrealized gains (Loss) on AFS investments of an associate	18	(58,759)	(126,483)
Retained Earnings- Appropriated	500,000,000	833,756,818	(221,144,886)
Retained Earnings- Unappropriated	335,132,121		
Total Equity	1,597,464,998	1,577,834,411	521,843,333
TOTAL LIABILITIES AND EQUITY	1,599,699,479	1,578,441,014	693,794,600

* 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
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2011

(With comparison of prior year figures)

	2011	2010	2009
	31-Mar	31-Mar	31-Mar
REVENUES			
Interest Income	6,317,581	2,297,692	3,328,014
Dividend Income	350		
Gain on sale of investment property			113,019,521
	6,317,931	2,297,692	116,347,535
COST AND EXPENSES			
Valuation allowance on expired contracts			(38,413,210)
General and administrative expenses	(6,339,902)	(2,149,721)	(48,189,270)
	(6,339,902)	(2,149,721)	(86,602,480)
Equity in net earnings (losses) of Associates	103,339	(4,530,603)	67,827
Foreign Exchange Gain (Losses)	206	5,727	(49,114)
Net Income (Loss)	81,574	(4,376,905)	29,763,768
Provision for Income tax	(24,097)		
	57,477	(4,376,905)	29,763,768
Other Comprehensive Income (Losses):			
Unrealized (Loss) / Gain in Market Value of AFS	(4,618,900)	803,250	(3,000)
Share in Unrealized (Loss)/Gain on AFS of an associate	(13,375)		
Total Comprehensive Income (Loss)	(4,574,798)	(3,573,655)	29,760,768

SOUTH CHINA RESOURCES, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
As of March 31, 2011, 2010 and 2009
(with comparative figures)

FOR THE QUARTER ENDED MARCH 31

	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income(loss) from operation	81,574	9,128,727	(4,376,905)
Adjustments for:			
Equity in net (income) losses of associates	(103,339)	(279,700)	4,530,603
Depreciation and amortization	781,364	633,256	631,501
Dividend income	-	-	-
Interest Income	(6,317,581)	(11,085,677)	(2,297,692)
Gain on sale of investment property	-	-	-
Valuation allowance	-	-	-
Net unrealized foreign exchange losses (gains)	(206)	6,153	(5,727)
Operating loss before working capital changes	(5,558,188)	(1,597,240)	(1,518,220)
Decrease (increase) in:			
Accounts receivable	(40,766,569)	66,040	(24,252,816)
Others	(3,371,477)		
Prepayments and other current assets	(1,126,367)	946,035	(265,491)
Increase (decrease) in:			
Accounts payable and accrued expenses	1,376,658	(1,211,250)	(366,159)
Net cash flows used in operating activities	(49,445,943)	(1,796,415)	(26,402,685)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in deferred exploration costs	(19,999,665)		
Advances to Officers		(30,000,000)	
AFS Investments	(4,889,049)		
Proceeds from sale of investment property			
Decrease in refundable deposits and others			
Dividend received			
Interest received	6,271,946	11,085,677	2,297,692
Increase in other Assets	221,804		
Acquisitions of property and equipment	(1,074,470)	(49,373)	(55,625)
Net cash flows from investing activities	(19,469,434)	(18,963,696)	2,242,067
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	2,475,000	157,500	
Deposit for future investment			
Net cash flows from financing activities	2,475,000	157,500	-
NET INCREASE IN CASH	(66,440,377)	(20,602,611)	(24,160,618)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	206	(6,153)	5,727
CASH AT BEGINNING OF YEAR	893,083,578	1,434,171,590	92,829,217
CASH AT END OF THE PERIOD	826,643,407	1,413,562,825	68,674,326

SOUTH CHINA RESOURCES, INC.
CONSOLIDATED STATEMENT OF EQUITY
AS OF THE QUARTER ENDED MARCH 31, 2011

	Common Stock (Note 15)		Additional Paid-in Capital	Unrealized Gains on AFS Investments (Note 7)	Share in Unrealized Valuation Gains on AFS Investments of an Associate (Note 9)	Retained Earnings (Deficit) (Note 15)		Total
	Issued	Subscribed - net				Appropriated	Unappropriated	
Balances at January 01, 2009	588,879,569	79,420,000	72,272,140	1,739,743	-126,483	-	-216,767,980	525,416,989
Total comprehensive income	-	-	-	249,900	68,026	-	1,041,396,072	1,041,713,998
Collection of subscriptions receivable	-	472,500	-	-	-	-	-	472,500
Shares of stock issued from s subscribed	630,000	-630,000	-	-	-	-	-	-
Balances at December 31, 2009	589,509,569	79,262,500	72,272,140	1,989,643	-58,457	-	824,628,092	1,567,603,487
Total comprehensive income	-	-	-	15,682,905	71,850	-	10,446,552	26,201,307
Collection of subscriptions receivable	-	5,760,000	-	-	-	-	-	5,760,000
Shares of stock issued from subscribed	7,680,000	-7,680,000	-	-	-	-	-	-
Appropriation for future investments	-	-	-	-	-	500,000,000	-500,000,000	-
Balances at December 31, 2010	597,189,569	77,342,500	72,272,140	17,672,548	13,393	500,000,000	335,074,644	1,599,564,794
Total comprehensive income	-	-	-	-4,618,899	-13,375	-	57,476	-4,574,798
Collection of subscriptions receivable	-	2,475,000	-	-	-	-	-	2,475,000
Shares of stock issued from subscribed	3,300,000	-3,300,000	-	-	-	-	-	-
Balances at March 31, 2011	600,489,569	76,517,500	72,272,140	13,053,649	18	500,000,000	335,132,120	1,597,464,996

SOUTH CHINA RESOURCES, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2011, 2010 and 2009
(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	Retained Earnings		Total
	Issued	Subscribed	Subscriptions Receivable				Appropriated	Unappropriated	
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
Balances at January 1, 2011	597,189,569	309,370,000	(232,027,500)	72,272,140	17,672,548	13,393	500,000,000	335,074,644	1,599,564,794
Net Income for the 1st quarter 2011								57,476	57,476
Unrealized gains (loss) on AFS investments					(4,618,899)				(4,618,899)
Unrealized gain (loss) on AFS - associates						(13,375)			(13,375)
Collection of subscriptions receivable			2,475,000						2,475,000
Shares of stock issued from subscribed	3,300,000	(3,300,000)							-
Balances at March 31, 2011	600,489,569	306,070,000	(229,552,500)	72,272,140	13,053,649	18	500,000,000	335,132,120	1,597,464,996

SOUTH CHINA RESOURCES, INC.
SCHEDULE OF ACCOUNTS RECEIVABLE - NET
As of March 31, 2011
(in PHP)

	BALANCE BEGINNING 12.31.10 (AUDITED)	ADDITIONS DR	COLLECTIONS (CR)	BALANCE ENDING 3.31.11 (UNAUDITED)
Amounts owed by a related party-				
Puyat Steel Corp.	45,000,000.00	30,000,000.00		75,000,000.00
IPI		10,000,000.00		10,000,000.00
Interest		51,111.11		51,111.11
	<u>45,000,000.00</u>	<u>40,051,111.11</u>	<u>-</u>	<u>85,051,111.11</u>
Officers and employees				
Officers				
Edgardo P. Reyes	4,000,000.00			4,000,000.00
Employees				
Reynaldo P. Carreon	27,120.35		(27,120.35)	-
David R. Baladad	10,337.15		(6,891.54)	3,445.61
Ronna C. De Leon	15,000.00	26,000.00	(40,566.73)	433.27
Ronald E. Comon	2,500.12		(2,499.96)	0.16
	<u>4,054,957.62</u>	<u>26,000.00</u>	<u>(77,078.58)</u>	<u>4,003,879.04</u>
Others				
PLDT	350.00		(350.00)	-
South China Petroleum International	98,362.19	10,982.63		109,344.82
Advances to SOC Land	11,256,968.14	3,992,898.70		15,249,866.84
	<u>11,355,680.33</u>	<u>4,003,881.33</u>	<u>(350.00)</u>	<u>15,359,211.66</u>
TOTAL A/R	<u>60,410,637.95</u>	<u>44,080,992.44</u>	<u>(77,428.58)</u>	<u>104,414,201.81</u>
LESS: ALLOWANCE FOR IMPAIRMENT LOSSES OF RECEIVABLES	-	-	-	-
A/R - NET	<u>60,410,637.95</u>	<u>44,080,992.44</u>	<u>(77,428.58)</u>	<u>104,414,201.81</u>

SOUTH CHINA RESOURCES, INC.
SCHEDULE OF ACCOUNTS RECEIVABLE - NET
As of June 30, 2011
(in PHP)

	BALANCE BEGINNING 12.31.10 (AUDITED)	ADDITIONS DR	COLLECTIONS (CR)	BALANCE ENDING 6.30.11 (UNAUDITED)
Amounts owed by a related party-				
 Puyat Steel Corporation (PSC)				
Principal	70,000,000.00			70,000,000.00
Interest	366,666.67	1,948,972.81	(1,673,972.81)	641,666.67
	<u>70,366,666.67</u>	<u>1,948,972.81</u>	<u>(1,673,972.81)</u>	<u>70,641,666.67</u>