



# SOUTH CHINA RESOURCES, INC.

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

November 12, 2009

## **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 3<sup>rd</sup> Quarter Report (on SEC Form 17-Q) for year 2009 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

SEC Number : ASO92-06441

File Number : \_\_\_\_\_

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**SOUTH CHINA RESOURCES, INC.**

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**(Company's Full Name)**

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

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**(Company's Address)**

(632) 812-2383 / 892-2049

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**(Telephone Number)**

December 31

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**Fiscal Year Ending (Month & Day)**

17 - Q

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**Form Type**

Not Applicable

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**Amendment Designation (if applicable)**

September 30, 2009

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**Period Ended Date**

Not Applicable

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**(Secondary License Type and File Number)**

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 **September 30, 2009**
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**  
Address of principal office **1200**  
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<br>Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| <b>Common Shares</b> | <b>906,559,568</b>   |

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

Yes [ **X** ] 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**

**Financial Position & Results of Operations** - based on the outcome of the adoption of PFRS and Philippine Financial Reporting Interpretations Committee (IFRIC).

**FOR THE QUARTER ENDED SEPTEMBER 30, 2009 VS. QUARTER ENDED SEPTEMBER 30, 2008**

**Results of Operations**

Financial Highlights (in Php)

	3 <sup>rd</sup> Quarter 2009	3 <sup>rd</sup> Quarter 2008	Increase/ Decrease	% Change
Revenues	2,455,696	5,259,574	(2,803,878)	(53.31%)
Expenses	(1,842,574)	(2,258,689)	(416,115)	18.42%
Income from Operations	613,122	3,000,885	2,387,763	79.57%
Equity in Net Income/ (Losses) of Associates	(3,861,766)	6,147,146	(10,008,912)	(162.82%)
Net Income/ (Losses) for the 3 <sup>rd</sup> quarter	(3,252,517)	9,061,844	(12,314,361)	(135.89%)

Revenues – 53.31% decrease from ₱5.259 MM to ₱2.456 MM. Total Revenues generated for the third quarter of 2009 was ₱2.456 MM as against the ₱5.259 MM revenues generated during the third quarter of 2008. There was a 53.31% decrease in net interest income derived from investments in Puyat Steel Corporation (PSC) on account of reduction of interest rate brought about by market forces and the partial liquidation/payment of accounts by PSC. Note that the investment agreement with PSC began last February 2008.

Expenses – 18.42% decrease from ₱2.259MM to ₱1.842 MM. Total Expenses during the third quarter of 2009 was lower than the expense level during the third quarter of 2008 due to the retroactive recognition of provision for depreciation in March to June 2008 which was only reflected in July 2008.

Given the above, income from operations was lower by 79.57% from ₱3.000MM to ₱0.613MM.

Equity from net losses of associates – 162.82% decrease from ₱6.147 MM to (₱3.861 MM). For the third quarter of 2009, the Company recognized equity share in net losses of associates of ₱3.861MM.

Net losses for the third quarter 2009 – 135.89% decrease from ₱9.062 MM to (₱3.252 MM). The Company incurred a net loss of ₱3.252MM for the third quarter of 2009 as against the ₱9.061MM net income during the third quarter of 2008.

**FOR THE PERIOD ENDED SEPTEMBER 30, 2009 VS. PERIOD ENDED SEPTEMBER 30, 2008**

**Results of Operations**

Financial Highlights (in Php)

	Jan. 1 to Sept. 30, 2009	Jan. 1 to Sept. 30, 2008	Increase/ Decrease	% Change
Revenues	8,896,667	126,913,343	118,016,676	92.99%
Expenses	(6,302,673)	(92,186,166)	(85,883,493)	93.16%
Income from Operations	2,593,993	34,727,177	32,133,184	92.53%
Equity in Net Losses of Associates	(12,553,313)	(577,133)	11,976,180	(2075.12%)
Net Income/ (Loss) for the period	(9,958,067)	34,133,116	44,091,183	129.17%

Revenues – 93% drop from ₱126.913 MM to ₱8.897 MM. Total revenues generated for the period ended September 30, 2009 was ₱8.897 MM as against the ₱126.913 MM revenues garnered during the previous period due to the following: (1) the existence of the ₱113.019 MM gain on sale of investment property which occurred in 2008; and (2) the net interest income from ₱13.894 MM to ₱8.897 MM derived largely from investment in PSC.

Expenses - 93.16% drop from ₱92.186 MM to ₱6.302 MM. Total expenses during the period ended September 30, 2009 was 93.16% lower than the previous period level due to the following: (1) the provision of additional allowance from impairment of deferred exploration costs amounting to ₱38.413 MM during the first quarter of 2008 as well as (2) the payment of taxes and licenses of ₱45.270 MM during the first quarter of 2008 related to the sale of investment property to Alphaland Corporation.

Given the above, income from operations dropped by 92.53% from ₱34.727 MM to ₱2.594 MM.

Equity in net losses of associate – 2,075% increase from ₱0.577MM to ₱12.553 MM.

For the period ended September 30, 2009, the Company recognized equity share in net losses of associates of ₱12.553 MM as follows:

Net loss of BellTel for the 3 <sup>rd</sup> quarter of 2009	(56,460,087)
Add back: Depreciation expense of revalued eqpt.	17,805,549
	<u>(38,654,538)</u>
x equity ownership in BellTel	32.40%
	<u>(12,524,070)</u>
 Add: 4.81% equity share in net loss of PDB	 (29,243)
 Total equity share in net losses of associates	 (12,553,313)
 • Net loss of PDB for the 3 <sup>rd</sup> quarter of 2009	 (607,965)
x equity ownership in PDB	4.81%
	<u>(29,243)</u>

Net income/ (loss) for the period – 129.17% drop from net income of ₱34.133 MM to net loss of (₱9.958 MM). The Company incurred a net loss of ₱9.958 MM for the period ended September 30, 2009 as against the ₱34.133 MM net income during 2008. This was brought about by the following: (1) the abovementioned lower level of operating income in 2009 vs. 2008 as well as (2) the higher level of equity in net loss of associates in 2009 vs. 2008.



## Financial Position

Financial Highlights (in Php)

	As of Sept. 30, 2009	As of Sept. 30, 2008	Increase/ (Decrease)	% Change
Current assets	174,807,234	528,633,458	353,826,224	66.93%
Noncurrent assets	513,715,721	91,225,229	(422,490,492)	(463.13%)
Total assets	688,522,955	619,858,687	(68,664,268)	(11.08%)
Current liabilities	936,934	65,381	871,553	(1333.04%)
Noncurrent liabilities	171,720,000	171,720,000	-	-
Total liabilities	172,656,934	171,785,381	871,553	(0.51%)
Equity	515,866,021	448,073,306	(67,792,715)	(15.13%)
Total liabilities & equity	688,522,955	619,858,687	(68,664,268)	(11.08%)

Cash and cash equivalents – 61.81% decrease from ₱266.187 MM to ₱101.666 MM. The ₱266.187MM cash and cash equivalents as of September 30, 2008 consisted of the collection on sale of investment property, the interest income on short term deposits and placements and partial collection of subscriptions receivable. On the other hand, the ₱101.666 MM cash and cash equivalents are deposits and short-term placements with BPI, Metrobank, and Premiere Bank.

Accounts receivable – 47,699% increase from ₱0.150 MM to ₱71.747 MM. The accounts receivable level as of September 30, 2009 amounting to ₱71.747 MM largely consisted of the outstanding ₱70.00 MM advances to a related party, Puyat Steel Corporation (PSC) plus accrued interest of ₱1.617 MM, receivables from South China Petroleum International amounting to ₱0.088 MM and receivables from officers and employees for ₱0.042 MM.

The Board of Directors through a board resolution dated January 24, 2008 authorized the Company to enter into a related party agreement with PSC to invest an amount of up to ₱130 MM 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 post dated checks arising from the sale of the finished goods. Based on an agreed pricing scheme, as of June 30, 2009, an effective interest rate of 11.56% was earned from the advances.

The abovementioned investment agreement was renewed for another year from February 1, 2009 to February 1, 2010.

The receivables from South China Petroleum International represented pre-operating costs logged under accounts receivables of the Company. This 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 and other assets – 41.04% increase from ₱0.988 MM to ₱1.394 MM due to the increase in input taxes, prepayments and office supplies inventory.

Current assets – 66.93% decrease from ₱528.633 MM to ₱174.807 MM largely due to the 61.81% decrease in cash and cash equivalents as previously discussed.

Available for sale (AFS) investments – 13.39% decrease from ₱7.854 MM to ₱6.802 MM due to the adjustment in the market value of AFS investments.

Investments in and advances to associates – 1,316.76% increase from ₱34.102 MM to ₱483.142 MM largely brought about by the investments in and advances to associate amounting to ₱483.142 MM.

Deferred exploration costs – 62.08% decrease from ₱39.266 MM to ₱14.891 MM. On top of the existing ₱12.618 MM allowance for impairment losses on deferred exploration costs, the Company provided an additional allowance amounting to ₱38.333 MM last March 31, 2008, and an additional ₱24.512 MM allowance provided during 2008 for a total of ₱62.845 MM bringing the total allowance for impairment to ₱75.464 MM as of third quarter 2009. Given the foregoing, the deferred exploration costs account had an ending balance of ₱14.891 MM for the third quarter of 2009.

Property and equipment – 11.23% decrease from ₱9.999 MM to ₱8.876 MM. The 11.23% drop was due to the depreciation of transportation equipment acquired in 2008.

Noncurrent assets – 463.13% increase from ₱91.225 MM to ₱513.715 MM. The level of noncurrent assets increased due to the 1,316.76% increase in investments in and advances to associates as previously discussed.

Total assets – 11.08% increase from ₱619.859 MM to ₱688.523 MM due to the previously discussed 463.13% increase in noncurrent assets and the 66.93% decline in current assets.

Current liabilities – 1,333% increase from ₱0.065 MM to ₱0.937 MM payment of accounts payable and accrued expenses.

Noncurrent liabilities – No change. Noncurrent liability consisting of subscriptions payable of ₱171.720 MM remains unchanged during the year. This amount is unpaid subscribed capital stock of BellTel.

Total liabilities – slight increase from ₱171.785 MM to ₱172.656 MM due to the 1,333% increase in current liabilities.

Unrealized gains on AFS investments – 37.55% decrease from ₱2.801 MM to ₱1.749 MM due to the decline in market value of AFS investments.

Share in unrealized gains on AFS investments of an associate – 167.15% decrease from ₱.0188 MM gain to ₱0.126 MM loss.

No change since the first quarter of 2009. The loss of ₱126,483 for the first quarter of 2009 represented the share in unrealized loss of AFS investments in an associate.

Deficit – 23.27% lower from ₱295.488 MM to ₱226.726 MM. The generation of a positive bottom line figure by yearend 2008 of ₱112 MM caused the reduction of deficits by the beginning of 2009 and further until the third quarter of the year.

Equity – 15.13% increase from ₱448.073 MM to ₱515.866 MM due to the 23.27% reduction in deficits as previously discussed.

Total liabilities and equity – 11.08% increase from ₱619.859 MM to ₱688.523 MM due to the 15.13% increase in equity level as previously discussed.

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.

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 September 30, 2009, 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 period ended September 30, 2009 versus period ended September 30, 2008

Key Financial Ratios	September 30, 2009	September 30, 2008
Revenue growth/(Decline)	(7.01%)	474,690.84%
Net income growth/(Decline)	(7.47%)	969.96%
EBITDA	₱4,490,537	35,990,023
Return on equity	0.50% N/A	7.75%
Return on assets	0.38% N/A	5.60%
Current ratio (in x)	186.574	8,085.429
Debt-to-equity ratio (in x)	0.33x	0.38x

Profitability-wise, there was a 7.01% decline in revenues and a 7.47% drop in bottom line figures for the three quarters of 2009 as compared to the positive growth levels during the previous period in comparison. These were previously discussed under 2009 results of operations.

The Company has a high liquidity ratio for the first half of 2009 as evidenced by the current ratio pegging at 186.574x.

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

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

## SEPTEMBER 30, 2008 vs. SEPTEMBER 30, 2007

### Highlights of selected accounts with 5% material changes September 2008 vs September 2007

	2008 Sept	2007 Sept Restated	Change Increase / (Decrease)	% Change
<b>Balance Sheet</b>				
Cash and cash equivalents	266.187	5.679	260.508	4,587.41
Accounts receivable	0.150	0.098	0.052	53.72
Prepayments and other current assets	0.988	0.654	0.334	51.06
Available-for-sale (AFS) investments - noncurrent	7.854	7.624	0.230	3.01
Investment in properties	-	486.980	(486.980)	(100.00)
Investment in associates	34.102	58.235	(24.133)	(41.44)
Deferred exploration costs	39.266	77.606	(38.340)	(49.40)
Property and equipment - net	9.999	0.176	9.823	5,595.05
Refundable deposits	0.005	0.142	(0.137)	(96.82)
Issued shares	588.880	588.700	0.180	0.03
Subscribed shares	317.680	317.860	(0.180)	(0.06)
Subscriptions receivable	(238.260)	(238.395)	0.135	(0.06)
Unrealized gains on AFS investments	2.801	2.572	0.230	8.92
Share in unrealized gains on AFS investment of an associate	0.188	-	0.188	100.00
<b>Deficit</b>	<b>(295.488)</b>	<b>(294.625)</b>	<b>(0.862)</b>	<b>0.29</b>
<b>Total Assets</b>	<b>619.859</b>	<b>637.194</b>	<b>(17.335)</b>	<b>(2.72)</b>
Total Current Assets	528.633	6.431	522.203	8,120.38
Total Current Liabilities (Accounts payables and accrued expenses)	0.065	17.091	(17.025)	(99.62)
<b>Current Ratio</b>	<b>8,085.429</b>	<b>0.376</b>	8,085.053	2,150,280.05
<b>Income Statement</b>				
Net Income/(Loss) for the quarter ended	9.062	(5.725)	14.786	(258.30)
Net Income/(Loss) for the period ended	34.133	(17.055)	51.188	300.13
Revenues for the quarter ended	5.260	0.007	5.252	75,028.57
Revenues for the period ended	126.913	0.027	126.887	469,948.10
Expenses for the quarter ended	3.788	6.024	1.206	162.88
Expenses for the period ended	92.763	18.051	74.712	413.90

The Company's current ratio as of September 30, 2008 was ₱8,085.429 every peso liability – an increase of ₱8,085.053 from last year's current ratio of ₱0.376. The 2,150,280.05% increase

was due to the collection on the sale of noncurrent asset classified as held for sale (formerly classified in 2007 as investment in properties), partial collection of subscriptions receivable, and additions of prepayments consisting of listing fees, annual dues and input tax.

The Company's total assets amounted to ₱619.859 million as of September 30, 2008 as compared to ₱637.194 million as of September 30, 2007, lower than last year by ₱17.335million or 2.72%. The net decrease was due to the sale of noncurrent asset classified as held for sale, which effectively resulted to the increase in cash and cash equivalents; and increase in deposit for future investment, and provision of a valuation allowance on expired Geophysical Survey and Exploration Contracts (GSEC).

Cash and cash equivalents were ₱266.187 million as of September 30, 2008 which is ₱260.508 million or 4,587.41% higher than the ₱5.679 million as of September 30, 2007. The increase was due to the receipt of proceeds on the sale of noncurrent asset classified as held for sale, partial collection of subscriptions receivable, and interest income.

Accounts receivable of ₱0.150 million as of September 30, 2008 increased by a minimal amount of ₱0.052 million or 53.72% as compared to the prior year's balance of ₱0.098 million due to additional advances to employees.

Prepayments and other currents assets of ₱0.988 million as of September 30, 2008 increased by ₱0.334 million or 51.06% as compared to prior year's amount of ₱0.654 million due to payment of annual listing fees and annual dues.

Available-for-sale (AFS) investment noncurrent amounted to ₱7.854 million as of September 30, 2008 which is ₱0.230 million or 3.01% higher than the aggregate carrying amount of ₱7.624 million as of September 30, 2007. The increase was due to the recovery in market value of shares.

The Company's investment in property account decreased by ₱486.980 million as a result of its reclassification to noncurrent asset classified as held for sale, which is in accordance with PFRS 5 *Noncurrent Assets Held for Sale*.

Investment in associates amounted to ₱34.102 million as of September 30, 2008 which is ₱24.133 million or 41.44% lower than the restated ₱58.235 million as of September 30, 2007. The decrease was due to share in net loss of investee companies.

The deposit for future investment of ₱34.844 million in Premiere Development Bank (PDB) was converted to investment in associates on September 30, 2007. As of September 30, 2008, the Company's equity is 4.81% of PDB's authorized capital stock.

The Board of Directors has authorized the Company to enter into a related party agreement with Puyat Steel Corporation, to invest a maximum of ₱130.00 million for the acquisition of raw materials to be processed into finished steel products. The Company will receive a guaranteed return on investment of at least eight percent (8%) per annum up to a maximum of 12% per annum.

The Company extended advances of ₱161.308 million to Belltel, one of its associates. The Company believes that Belltel continues to maintain its long term prospects having acquired new broadband bandwidth frequencies as well as new mobile licenses in addition to its existing licenses. A third party assessment of Belltel by Sallmans Philippines, Inc. showed the fair value of its franchise at over ₱14 billion. Other shareholders of Belltel have also made similar advances in order to keep it on track in evolving into a full service telecommunications company.

Deferred exploration costs of ₱39.266 million as of September 30, 2008 decreased by ₱38.340 million or 49.40% as compared to the ₱77.606 million in 2007 on account of the Company's recognition of 100% provision for valuation allowance on expired Geophysical Survey and Exploration Contracts (GSEC).

Property and equipment amounted to ₱9.999 million as of September 30, 2008 which was ₱9.823 million or 5,595.05% higher than the ₱0.176 million as of September 30, 2007. The net increase was due to the acquisition of new equipments.

Refundable deposit amounted to ₱0.005 million as of September 30, 2008, a decreased of ₱0.137 million or 96.82% as compared to last year's balance of ₱0.142 million due to collection/refund of rental deposit.

Accounts payable and accrued expenses amounted to ₱0.065 million as of September 30, 2008, lower than ₱17.025 million or 99.62% as compared to the ₱17.091 million balances as of September 30, 2007. The decrease was due to the partial payment of accrued expenses and receipt of full payment of advances from officers.

Unrealized gains on AFS investments of ₱2.801 million as of September 30, 2008 increased by ₱0.230 million or 8.92% as compared to previous year's ₱2.572 million due to the recovery on the market value of shares of stocks.

Issued shares increased by ₱0.180 million due to the issuance of stock certificates to fully paid shares of some stockholders thereby decreasing the subscribed shares by the same amount.

Subscriptions receivable in 2008 decreased by ₱0.135 million compared to 2007 due to the payment of the 75% balance by some stockholders.

Revenues earned for the three quarters of 2008 amounted to ₱126.913 million which was ₱126.887 million or 469,948.10% higher than last year's revenues of ₱0.027 million. On the other hand, the total expenses incurred for the three quarters of 2008 which amounted to ₱92.763 million was ₱74.713 million or 413.90% higher than last year's amount of ₱18.051 million. The resulting increase for both the revenues and expenses was mainly due to the net gain on the sale of noncurrent asset classified as held for sale, increase in interest income and payment of capital gains tax on the said sale and provision of valuation allowance on expired GSECs.

Net income for the quarter ended September 30, 2008 was ₱9.062 million is a net increase of ₱14.786 million or 258.30% as compared to the net loss for the quarter September 30, 2007 of



₱5.725 million. This was mainly due to the increase in interest income earned and lesser expenses incurred. The net income of ₱34.133 million for the period ended September 30, 2008 was ₱51.188 million or 300.13% higher than the ₱17.055 million net loss as of September 30, 2007.

The income of ₱34.133 million for the period ended September 30, 2008 resulted to a restated deficit of ₱295.488 million as of September 30, 2008. This income is a net increase of ₱0.862 million or 0.29% as compared to 2007 net loss of ₱294.625 million due to net gain on sale of noncurrent asset classified as held for sale (formerly classified in 2007 as investment in properties) and increase in interest income earned.

The Company has NO earnings yet from commercial production. Therefore, there were NO dividends declared for the period ended September 30, 2008.

## **Results and Plans of Operation**

### **SC-41 Offshore Sulu Sea Sandakan Basin**

SC-41 is on its tenth contract year which started in May 10, 2008 and will last until May 10, 2010 unless extended. The SC-41 group still believes that the block has the potential to host commercial hydrocarbons despite the momentary set back as Lumba-Lumba-1 well only tested one of the several different independent prospects in the block. Operator, Tap Oil Ltd's program for Service Contract Year #10 (SCY 10) is to continue reprocessing of the Alpine 3D seismic data and consequent inversion studies and re-interpretation and prospect modelling. In the event a prospect is determined to be drillable in 2010 or earlier, then the SC-41 joint group will apply for an extension of SCY10 to May 10, 2011. Geological and geophysical studies are ongoing. South China has 1.090% participating interest in this block.

### **SC-60 (GSEC-99 Offshore NE Palawan)**

SC-60 is one of the Company's as well as the country's most promising areas in terms of potential for large accumulations for petroleum. A rigorous study of the 3D seismic data was conducted and highlighted a number of leads, several of which have been elevated to prospect status. In July 8, 2008, 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. 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 is valid until February 10, 2010.

The operator submitted a letter to the DOE last July 14, 2009 requesting for an extension on the second sub-phase of the SC-60. This extension to the Second Sub-Phase will allow the SC60 JV partners sufficient time to commence and complete the drilling of the exploration well towards the 1<sup>st</sup> quarter of 2010 and to analyze and interpret the results during the course of the second sub-phase.

South China retains 15% interest in the block and will be carried for all activities including the drilling of one deep water exploration well.

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

On May 30, 2007, South China together with UK company Pitkin Petroleum Ltd. submitted a bid for a block covering Offshore Mindoro- Cuyo. The bid was under the Department of Energy's Philippine Energy Contracting Round No. 3 (PECR-3).

On April 1, 2009, South China, Pitkin Petroleum, and the Department of Energy signed Service Contract No. 71 (SC-71). SC-71 covers an area of 1.164 MM hectares in the Cuyo/Mindoro/East Palawan region. The operator is currently conducting geological and geophysical assessment of the block. South China has 15% participating interest in SC-71.

## **SIGNATURES**

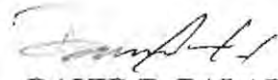
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**SOUTH CHINA RESOURCES, INC.**  
Issuer



**Atty. JAIME M. BLANCO, Jr.**  
Corporate Secretary

Date : November 11, 2009



**DAVID R. BALADAD**  
VP- Operations

Date : November 11, 2009

**SOUTH CHINA RESOURCES, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2009 (UNAUDITED)**  
(with comparative figures as of December 31, 2008)  
(in PHP)

	<b>2009</b> <b>30-Sep</b> <b>(Unaudited)</b>	<b>2008</b> <b>31-Dec</b> <b>(Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	101,665,785	92,829,217
Accounts receivable	71,747,338	78,985,059
Prepayments and other current assets	1,394,111	1,128,284
<b>Total Current Assets</b>	<b>174,807,234</b>	<b>172,942,560</b>
<b>Noncurrent Assets</b>		
Available-for-sale (AFS) investments - net of current portion	6,802,156	6,792,556
Investments in and advances to associates - net	483,141,558	492,394,871
Deferred exploration costs - net of allowance for impairment of P75,464,430 for 2009 & 2008	14,891,080	14,891,080
Property and equipment - net	8,876,426	10,708,846
Refundable deposits	4,500	4,500
<b>Total Noncurrent Assets</b>	<b>513,715,721</b>	<b>524,791,853</b>
<b>TOTAL ASSETS</b>	<b>688,522,955</b>	<b>697,734,414</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	936,934	597,426
<b>Noncurrent liabilities</b>		
* Subscriptions payable	171,720,000	171,720,000
<b>Total Liabilities</b>	<b>172,656,934</b>	<b>172,317,426</b>
<b>EQUITY</b>		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued	589,409,569	588,879,569
Subscribed	317,150,000	317,680,000
** Subscriptions receivable	(237,862,500)	(238,260,000)
Additional paid in capital	72,272,140	72,272,140
Unrealized gains on AFS investments - net	1,749,343	1,739,743
Share in unrealized gains/(losses) on AFS investment of an associate	(126,483)	(126,483)
Deficit	(226,726,048)	(216,767,981)
<b>Total Equity</b>	<b>515,866,021</b>	<b>525,416,988</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>688,522,955</b>	<b>697,734,414</b>

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

\*\* Subscription receivable 75% unpaid balance of the stockholders for their subscribed shares of the Company's capital stock.

**SOUTH CHINA RESOURCES, INC**  
**COMPARATIVE STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2009, 2008, and 2007 (UNAUDITED)**  
**(in PHP)**

	<b>AS OF SEPTEMBER</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>SEPTEMBER</b>	<b>SEPTEMBER</b>	<b>SEPTEMBER</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>Previous Report Restated</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	101,665,785	266,187,126	5,678,773
Accounts receivable	71,747,338	150,101	97,644
Notes Receivable	-	100,000,000	-
Advances to Associates	-	161,307,750	-
Prepayments and other current assets	1,394,111	988,481	654,349
<b>Total Current Assets</b>	<b>174,807,234</b>	<b>528,633,458</b>	<b>6,430,766</b>
<b>Noncurrent Assets</b>			
Available for Sale (AFS) Investments	6,802,156	7,853,915	7,624,415
Investment in properties	-	-	486,980,479
Investments in and advances to associates - net	483,141,558	34,101,862	58,234,653
Deferred exploration costs - net of allowance for impairment of P75,464,430 P51,031,563 and P12,618,353 for 2009, 2008, and 2007	14,891,080	39,266,157	77,606,250
Property and Equipment - net	8,876,426	9,998,795	175,570
Other assets	4,500	4,500	141,554
<b>Total Noncurrent Assets</b>	<b>513,715,721</b>	<b>91,225,229</b>	<b>630,762,921</b>
<b>TOTAL ASSETS</b>	<b>688,522,955</b>	<b>619,858,687</b>	<b>637,193,687</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	936,934	65,381	17,090,761
<b>Noncurrent liabilities</b>			
* Subscriptions payable	171,720,000	171,720,000	171,720,000
<b>Total Liabilities</b>	<b>172,656,934</b>	<b>171,785,381</b>	<b>188,810,761</b>
<b>EQUITY</b>			
Common Stock - P1 par value			
Authorized - 1 billion shares			
Issued	589,409,569	588,879,569	588,699,569
Subscribed	317,150,000	317,680,000	317,860,000
** Subscriptions receivable	(237,862,500)	(238,260,000)	(238,395,000)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized gains on AFS investments	1,749,343	2,801,102	2,571,602
Share in unrealized gains/(losses) on marketable equity securities/ AFS investments of an associate	(126,483)	188,346	-
Deficit	(226,726,048)	(295,487,851)	(294,625,385)
<b>Total Equity</b>	<b>515,866,021</b>	<b>448,073,306</b>	<b>448,382,926</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>688,522,955</b>	<b>619,858,687</b>	<b>637,193,687</b>

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

\*\*Subscription receivable 75% unpaid balance of the stockholders for their subscribed shares of the Company's capital stock.

**SOUTH CHINA RESOURCES, INC**  
**STATEMENTS OF INCOME AND DEFICITS**  
**FOR THE QUARTERS ENDED SEPTEMBER 30, 2009, 2008, and 2007**

	2009	2008	2007
	(Unaudited)	(Unaudited)	Previous Report Restated (Unaudited)
<b>INCOME</b>			
Net interest income	2,455,696	5,259,574	7,295
	<b>2,455,696</b>	<b>5,259,574</b>	<b>7,295</b>
<b>EXPENSES</b>			
General and administrative expenses	(1,842,574)	(2,258,689)	(1,125,071)
	<b>(1,842,574)</b>	<b>(2,258,689)</b>	<b>(1,125,071)</b>
<b>INCOME (LOSSES) FROM OPERATIONS</b>	<b>613,122</b>	<b>3,000,885</b>	<b>(1,117,776)</b>
* EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES	(3,861,766)	6,047,146	(4,899,377)
<b>UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)</b>	<b>(3,874)</b>	<b>13,813</b>	<b>292,607</b>
<b>NET INCOME(LOSS) FOR THE QUARTER</b>	<b>(3,252,517)</b>	<b>9,061,844</b>	<b>(5,724,546)</b>
<b>NET LOSS FOR THE PERIOD JANUARY TO JUNE</b>	<b>(6,705,550)</b>	<b>25,071,272</b>	<b>(11,330,653)</b>
<b>NET INCOME(LOSS) AS OF SEPTEMBER 30</b>	<b>(9,958,067)</b>	<b>34,133,116</b>	<b>(17,055,199)</b>
<b>ADD:DEFICIT, BALANCE BEGINNING AS PREVIOUSLY REPORTED</b>	<b>(216,767,981)</b>	<b>(329,624,691)</b>	<b>(190,609,609)</b>
Prior period adjustment	-	3,724	-
Share in prior period adjustment by an associate	-	-	(86,960,577)
<b>DEFICIT, BALANCE BEGINNING AS RESTATED</b>	<b>-</b>	<b>(329,620,967)</b>	<b>(277,570,186)</b>
<b>DEFICIT, BALANCE END</b>	<b>(226,726,048)</b>	<b>(295,487,851)</b>	<b>(294,625,385)</b>
<b>** Basic / Diluted Income (Loss) Per Share</b>	<b>(0.00359)</b>	<b>0.01000</b>	<b>(0.00631)</b>
<b>** Computed as</b> = $\frac{\text{Net income(loss) for the quarter}}{\text{Weighted average number of shares}}$	$\frac{609,248.10}{906,559,569}$	$\frac{9,061,844}{906,559,569}$	$\frac{(5,724,546)}{906,559,569}$

**SOUTH CHINA RESOURCES, INC**  
**UNAUDITED STATEMENTS OF INCOME AND (DEFICIT)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2009, 2008 AND 2007**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	(Unaudited)	(Unaudited)	Previous Report Restated (Unaudited)
<b>INCOME</b>			
Net interest income	8,896,667	13,893,822	26,386
Dividend and miscellaneous income	-	-	350
Gain on sale of investment property	-	113,019,521	-
	<b>8,896,667</b>	<b>126,913,343</b>	<b>26,736</b>
<b>EXPENSES</b>			
Valuation allowance	-	(38,413,210)	-
General and administrative expenses	(6,302,673)	(53,772,956)	(3,606,999)
	<b>(6,302,673)</b>	<b>(92,186,166)</b>	<b>(3,606,999)</b>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>2,593,993</b>	<b>34,727,177</b>	<b>(3,580,263)</b>
<b>* EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES</b>	<b>(12,553,313)</b>	<b>(577,133)</b>	<b>(14,443,659)</b>
<b>UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)</b>	<b>1,253</b>	<b>(16,928)</b>	<b>968,723</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(9,958,067)</b>	<b>34,133,116</b>	<b>(17,055,199)</b>
<b>ADD:DEFICIT, BALANCE BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	<b>(216,767,981)</b>	<b>(329,624,691)</b>	<b>(190,609,609)</b>
Prior period adjustment	-	3,724	-
Share in prior period adjustment by an associate	-	-	(86,960,577)
<b>DEFICIT, BALANCE BEGINNING OF YEAR AS RESTATED</b>		<b>(329,620,967)</b>	<b>(277,570,186)</b>
<b>DEFICIT, BALANCE END</b>	<b>(226,726,048)</b>	<b>(295,487,851)</b>	<b>(294,625,385)</b>
<b>** Basic/Diluted Income (Loss) Per Share</b>	<b>(0.01098)</b>	<b>0.03765</b>	<b>(0.01881)</b>
<b>**Computed as</b> = $\frac{\text{Net income(loss) for the period}}{\text{Weighted average number of shares}}$	$\frac{(9,958,067)}{906,559,569}$	$\frac{34,133,116}{906,559,569}$	$\frac{(17,055,199)}{906,559,569}$

**SOUTH CHINA RESOURCES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE QUARTERS ENDED SEPTEMBER 30, 2009, 2008, and 2007**

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on MV of AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
<b>Balances at June 30, 2007, as previously stated</b>	<b>588,449,569</b>	<b>318,110,000</b>	<b>(238,582,500)</b>	<b>72,272,140</b>	<b>2,235,927</b>	<b>-</b>	<b>(201,940,262)</b>	<b>540,544,874</b>
Share in prior period adjustment of associate						-	(86,960,577)	(86,960,577)
<b>Balances at June 30, 2007 as restated</b>	<b>588,449,569</b>	<b>318,110,000</b>	<b>(238,582,500)</b>	<b>72,272,140</b>	<b>2,235,927</b>	<b>-</b>	<b>(288,900,839)</b>	<b>453,584,297</b>
Net loss for the 3rd quarter 2007							(5,724,546)	(5,724,546)
Unrealized gains on AFS investments					335,675			335,675
Collection of subscriptions receivable			187,500					187,500
Shares of stock issued from subscribed	250,000	(250,000)						-
<b>Balances at September 30, 2007 as restated</b>	<b>588,699,569</b>	<b>317,860,000</b>	<b>(238,395,000)</b>	<b>72,272,140</b>	<b>2,571,602</b>	<b>-</b>	<b>(294,625,385)</b>	<b>448,382,926</b>
<b>Balances at June 30, 2008</b>	<b>588,869,569</b>	<b>317,690,000</b>	<b>(238,267,500)</b>	<b>72,272,140</b>	<b>3,489,002</b>	<b>188,346</b>	<b>(304,549,695)</b>	<b>439,691,862</b>
Net income for the 3rd quarter 2008							9,061,844	9,061,844
Unrealized gains/(loss) on AFS investment					(687,900)			(687,900)
Collection of subscription payable			7,500					7,500
Shares of stock issued from subscribed	10,000	(10,000)						-
<b>Balances at September 30, 2008</b>	<b>588,879,569</b>	<b>317,680,000</b>	<b>(238,260,000)</b>	<b>72,272,140</b>	<b>2,801,102</b>	<b>188,346</b>	<b>(295,487,851)</b>	<b>448,073,306</b>
<b>Balances at June 30, 2009</b>	<b>588,979,569</b>	<b>317,580,000</b>	<b>(238,185,000)</b>	<b>72,272,140</b>	<b>2,202,943</b>	<b>(126,483)</b>	<b>(223,473,531)</b>	<b>519,249,638</b>
Net income for the 3rd quarter 2009							(3,252,517)	(3,252,517)
Unrealized gains/(loss) on AFS investment					(453,600)			(453,600)
Collection of subscription payable			322,500					322,500
Shares of stock issued from subscribed	430,000	(430,000)						-
<b>Balances at September 30, 2009</b>	<b>589,409,569</b>	<b>317,150,000</b>	<b>(237,862,500)</b>	<b>72,272,140</b>	<b>1,749,343</b>	<b>(126,483)</b>	<b>(226,726,048)</b>	<b>515,866,021</b>



**SOUTH CHINA RESOURCES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2009, 2008, and 2007**

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on MV of AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
<b>Balances at January 1, 2007, as previously stated</b>	<b>587,739,569</b>	<b>318,820,000</b>	<b>(239,115,000)</b>	<b>72,272,140</b>	<b>735,515</b>	<b>-</b>	<b>(190,609,609)</b>	<b>549,842,615</b>
Share in prior period adjustment of associate						-	(86,960,577)	(86,960,577)
Balances at January 1, 2007, as restated	587,739,569	318,820,000	(239,115,000)	72,272,140	735,515	-	(277,570,186)	462,882,038
Net loss for the 1st quarter 2007							(5,571,822)	(5,571,822)
Unrealized gains on AFS investments					696,737			696,737
Collection of subscriptions receivable			45,000					45,000
Shares of stock issued from subscribed	60,000	(60,000)						-
Net loss for the 2nd quarter 2007							(5,758,831)	(5,758,831)
Unrealized gains on AFS investments					803,675			803,675
Collection of subscriptions receivable			487,500					487,500
Shares of stock issued from subscribed	650,000	(650,000)						-
Net loss for the 3rd quarter 2007							(5,724,546)	(5,724,546)
Unrealized gains on AFS investments					335,675			335,675
Collection of subscriptions receivable			187,500					187,500
Shares of stock issued from subscribed	250,000	(250,000)						-
<b>Balances at Sept. 30, 2007, as restated</b>	<b>588,699,569</b>	<b>317,860,000</b>	<b>(238,395,000)</b>	<b>72,272,140</b>	<b>2,571,602</b>	<b>-</b>	<b>(294,625,385)</b>	<b>448,382,926</b>
<b>Balances at January 1, 2008</b>	<b>588,749,569</b>	<b>317,810,000</b>	<b>(238,357,500)</b>	<b>72,272,140</b>	<b>2,571,002</b>	<b>188,346</b>	<b>(329,624,691)</b>	<b>413,608,866</b>
Net income/(loss) 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)						-
Net income/(loss) for the 2nd quarter 2008							(4,692,496)	(4,692,496)
Unrealized gains/(loss) on AFS investments					921,000			921,000
Collection of subscriptions receivable			7,500					7,500
Shares of stock issued from subscribed	10,000	(10,000)						-
Prior period adjustment							3,724	3,724
Net income/(loss) for the 3rd quarter 2008							9,061,844	9,061,844
Unrealized gains/(loss) on AFS investment					(687,900)			(687,900)
Collection of subscription payable			7,500					7,500
Shares of stock issued from subscribed	10,000	(10,000)						-
<b>Balances at September 30, 2008</b>	<b>588,879,569</b>	<b>317,680,000</b>	<b>(238,260,000)</b>	<b>72,272,140</b>	<b>2,801,102</b>	<b>188,346</b>	<b>(295,487,851)</b>	<b>448,073,306</b>
<b>Balances at January 1, 2009</b>	<b>588,879,569</b>	<b>317,680,000</b>	<b>(238,260,000)</b>	<b>72,272,140</b>	<b>1,739,743</b>	<b>(126,483)</b>	<b>(216,767,981)</b>	<b>525,416,988</b>
Net income/(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								-
Net income/(loss) for the 2nd quarter 2009							(2,328,645)	(2,328,645)
Unrealized gains/(loss) on AFS investments					(340,050)			(340,050)
Collection of subscriptions receivable			75,000					75,000
Shares of stock issued from subscribed	100,000	(100,000)						-
Prior period adjustment								-
Net income/(loss) for the 3rd quarter 2009							(3,252,517)	(3,252,517)
Unrealized gains/(loss) on AFS investment					(453,600)			(453,600)
Collection of subscription receivable			322,500					322,500
Shares of stock issued from subscribed	430,000	(430,000)						-
<b>Balances at September 30, 2009</b>	<b>589,409,569</b>	<b>317,150,000</b>	<b>(237,862,500)</b>	<b>72,272,140</b>	<b>1,749,343</b>	<b>(126,483)</b>	<b>(226,726,048)</b>	<b>515,866,021</b>

**SOUTH CHINA RESOURCES, INC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED September 30, 2009, 2008, and 2007**

	<b>FOR THE PERIOD ENDED JANUARY TO SEPTEMBER</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>Previous Report Restated (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income(loss) from operation	(9,958,067)	34,133,116	(17,055,199)
Adjustments for:			
Equity in net (income) losses of associates	12,553,313	577,133	14,443,659
Depreciation and amortization	1,896,544	1,242,846	41,294
Dividend and miscellaneous income	-	-	(350)
Interest Income	(8,896,667)	(13,893,822)	(26,386)
Gain on sale of investment property	-	(113,019,521)	-
Valuation allowance	-	38,413,210	-
Unrealized foreign exchange loss/(gain)	(1,253)	16,928	968,723
Operating loss before working capital changes	(4,406,129)	(52,530,110)	(1,628,259)
Decrease (increase) in:			
Accounts receivable	7,237,721	(71,379)	(30,980)
Prepayments and other current assets	(265,827)	(343,288)	(230,693)
Increase (decrease) in:			
Accounts payable and accrued expenses	339,508	(13,432,094)	(1,998,533)
Net cash flows from (used in) operating activities	2,905,273	(66,376,871)	(3,888,465)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in deferred exploration costs	-	(73,117)	4,725,608
Proceeds from sale of investment property	-	540,000,000	-
Proceeds from the refund of rental deposit	-	137,054	-
Dividend and miscellaneous income	-	-	350
Interest Income	8,896,667	13,893,822	26,386
Decrease (increase) in other assets	-	-	-
Acquisitions of property and equipment	(64,125)	(11,079,154)	(26,990)
Net cash flows from (used in) investing activities	8,832,542	542,878,605	4,725,354
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Collection of subscriptions receivable	397,500	97,500	-
Advances to associates	(3,300,000)	(161,307,750)	-
Notes Receivable	-	(100,000,000)	720,000
		(261,210,250)	720,000
<b>NET INCREASE IN CASH</b>	<b>8,835,315</b>	<b>215,291,484</b>	<b>1,556,889</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>1,253</b>	<b>(16,928)</b>	<b>(968,723)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>92,829,217</b>	<b>50,912,570</b>	<b>5,090,607</b>
<b>CASH AT END OF THE PERIOD</b>	<b>101,665,785</b>	<b>266,187,126</b>	<b>5,678,773</b>

<b>South China Resources, Inc.</b> Aging of Accounts Receivable As of September 31, 2009									
		CURRENT				PAST DUE			Past due accounts & Items in Litigation
Accounts Receivable	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos. To 1 Year	1-2 Years	3-5 Years	5 Years - Above	
1) Amounts owed by a related party - PSC	71,616,933.59		25,000,000.00	45,000,000.00					NONE
2) Officers and employees	42,295.81				10,722.84	19,907.26	57,478.46		
3) Others	88,108.56								
Subtotal	71,747,337.96		25,000,000.00	45,000,000.00	10,722.84	19,907.26	57,478.46		
Less: Allowance for impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	71,747,337.96		25,000,000.00	45,000,000.00	10,722.84	19,907.26	57,478.46		NONE
Net Receivables	71,747,337.96	-	25,000,000.00	45,000,000.00	10,722.84	19,907.26	57,478.46	-	NONE
<b>Notes:</b> 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 Receivable	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)	
2) Officers and employees	Advances to employees for emergency purpose on a 1 year term payable monthly	monthly
3) Others	Receivable from third party; amount payable by South China Petroleum Int'l.	immediate
<b>Notes :</b> 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