



SOUTH CHINA RESOURCES, INC.

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

November 15, 2010

PHILIPPINE STOCK EXCHANGE

3/F Philippine Stock Exchange Plaza

Ayala Triangle, Ayala Ave.

Makati City, Philippines 1226

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

Gentlemen:

Please find herewith the 3rd Quarter Report (on SEC Form 17-Q) for year 2010 of South China Resources, Inc.

We hope that you may find the above in order.

Thank you.

Yours faithfully,

DAVID R. BALADAD
Corporate Information Officer/
VP – Operations

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, 2010**
2. SEC Identification Number **ASO92-06441** 3. BIR Tax Identification No. **001-945-016**
4. Exact name of issuer as specified in its charter **SOUTH CHINA RESOURCES, INC.**
5. **Not Applicable** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **3/F Low Rise Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City**
Address of principal office **1200**
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 |
|----------------------|--|
| Common Shares | 906,559,568 |
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
<u>Philippine Stock Exchange</u> | Class of Securities listed
<u>U</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 ENDED: SEPT. 30, 2010 VS. SEPT. 30, 2009

	April 01,2010 to Sept. 30,2010	April 01,2009 to Sept. 30,2009	INCREASE/ (DECREASE)	% CHANGE
Revenues	9,792,501	2,455,696	7,336,805	298.77%
Expenses	(7,346,821)	(1,842,574)	5,504,247	298.73%
Income From Operations	2,445,680	613,122	1,832,558	298.89%
Equity in Net Earnings (Losses)				
of associates	(1,024,429)	(3,861,766)	2,837,337	73.47%
Foreign Exchange Gain (Loss)	(13,091)	(3,874)	(9,217)	-237.92%
NET INCOME/ (LOSS) FOR				
the Quarter	1,408,160	(3,252,518)	4,660,678	143.29%
Other Comprehensive Income				
or (Loss)	299,330	(399,005)	698,335	175.02%
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE QUARTER	1,707,489.55	(3,651,523.00)	5,359,013	146.76%

FOR THE QUARTER ENDED: SEPT. 30, 2009 VS. SEPT. 30, 2008

	July 01,2009 to Sept. 30,2009	July 01,2008 to Sept. 30,2008	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 Earnings (Losses)				
of associates	(3,861,766)	6,047,146	(9,908,912)	(163.86) %
Foreign Exchange Gain (Loss)	(3,874)	13,813	(17,687)	(128.04) %
NET INCOME/ (LOSS) FOR				
the Quarter	(3,252,517)	9,061,844	(12,314,361)	(135.89) %
Other Comprehensive Income				
or (Loss)	(399,005)	(687,900)	288,895	42%
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE QUARTER	(3,651,522.25)	8,373,944.00	(12,025,466.25)	(143.61) %

REVENUES:

2010 VS 2009: 298.77% increase from PHP 2.46 Million to PHP 9.79 Million

There is an outstanding increase in revenue growth for the 3rd quarter of 2010 as against the 3rd quarter of 2009 due to the interest income generated from additional investments in time deposits and other money market placements. Placements were made to BDO, Chinabank and Premiere Bank for an aggregate amount of PHP 1.12 billion as of the end of the 3rd quarter 2010. There is a minimal decrease with respect to interest rates having an average rate of 4.25% per annum for the previous years as compared to current quarter average interest rate per annum of 4.125%-for placements.

2009 VS 2008: 53.31% decrease from PHP 5.26 Million to PHP 2.46 Million

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:

2010 VS 2009: 298.73% increase from PHP 1.84 Million to PHP 7.35 Million

3rd quarter of 2010 almost tripled as compared to previous quarter due to increase in salaries and wages, rental and utilities, travel and transportation and repairs and maintenance.

2009 VS 2008: 18.42% decrease from PHP 2.26 Million to PHP 1.84 Million

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 figures, income from operations for the 3rd quarter 2010 as compared to 3rd quarter 2009 was lower by 4256.90% brought about by great leap in expenses while income from operations for the 3rd quarter 2009 was lower by 79.57% as compared to 3rd quarter 2008 due to relative decrease in revenue by 53.31%.

EQUITY FROM NET EARNINGS OF ASSOCIATES:

2010 VS 2009: 73.47% increase from a Loss of PHP 3.86 MM to Loss of PHP 1.02 MM

The 73.47% positive change in equity from net earnings of associates is due to change in the composition of investments in associates as opposed to the total shares in net loss of associates for the 3rd quarter of 2009 which is inclusive of loss by BellTel Co.

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

Net Loss of Premiere (July 01, 2010 – Sept. 30, 2010)	PHP	21,297,906.93
Equity ownership in Premiere	X	4.81%

PHP	1,024,429.32
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2009 VS 2008: 163.86% Decrease from income of PHP 6.05 MM to a loss of PHP 3.86 MM

For the third quarter of 2009, the Company recognized equity share in net losses of associates of ₱3.861MM.

OTHER COMPREHENSIVE INCOME / (LOSS):

2010 VS 2009: 175.02% increase from a loss of PHP 0.399 MM to income of PHP 0.299 MM

As per Philippine Accounting Standard 1: Presentation of Financial Statements, the preparation of Income Statements (now denominated 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 3rd quarter 2010 from 3rd 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 175.02% movement in recognized comprehensive income from the 3rd quarter 2009 to the 3rd quarter 2010 is brought about by the increase in market value of Petron and Aboitiz shares.

2009 VS 2008: 42% increase from loss of PHP 0.688 MM to a loss of PHP 0.399 MM

This is due to the decrease in market value of available for sale investments and available for sale shares of associates.

NET INCOME / (LOSS) FOR THE QUARTER:

2010 VS 2009: 143.29 % increase from a loss of PHP 3.25 MM to income of PHP 1.41 MM

Due to the 298.77% increase in the revenue earned for the 3rd quarter of 2010, the company earned a 143.29% increase in net income due to decrease in loss recognized from equity sharing in associates.

2009 VS 2008: 135.89% decrease from income of PHP 9.06 MM to loss of PHP 3.25 MM

There is 135.89% decrease in net income of 3rd quarter 2009 as against 3rd quarter 2008 due to the recognized negative figures for share in equity of associates.

RESULTS OF OPERATIONS
Financial Highlights
(in PHP)

FOR THE PERIOD ENDED: SEPT. 30, 2010 VS. SEPT 30, 2009

	January 01,2010 to Sept 30,2010	January 1 2009 to Sept 30,2009	INCREASE/ (DECREASE)	% CHANGE
Revenues	35,509,075	8,896,667	26,612,408	299.13%
Expenses	(12,524,922)	(6,302,673)	6,222,248	98.72%
Income From Operations	22,984,153	2,593,993	20,390,160	786.05%
Equity in Net Earnings (Losses)				
of associates	384,621	(12,553,313)	12,937,934	103.06%
Foreign Exchange Gain (Loss)	(13,337)	1,253	(14,590)	(1164.81) %
NET INCOME/ (LOSS) FOR				
the Period	23,355,437	(9,958,067)	33,313,504	334.54%
Other Comprehensive Income				
(Loss)	1,855,599	64,195	1,791,404	2790.56%
TOTAL COMPREHENSIVE INCOME				
(LOSS) FOR THE PERIOD	25,211,036.00	(9,893,872.26)	35,104,908	354.81%

FOR THE PERIOD ENDED: SEPT 30, 2009 VS. SEPT. 30, 2008

	January 1 2009 to Sept. 30,2009	January 1 2008 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 Earnings (Losses)				
of associates	(12,553,313)	(577,133)	(11,976,180)	2075%
Foreign Exchange Gain (Loss)	1,253	(16,928)	18,181	107.40%
NET INCOME/ (LOSS) FOR				
the Period	(9,958,067)	34,133,116	(44,091,183)	(129.17) %
Other Comprehensive Income				
or (Loss)	64,195	230,100	(165,905)	(72.10) %
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE PERIOD	(9,893,872.26)	34,363,216.00	(44,257,088.26)	(128.79) %

REVENUES:

2010 VS 2009: 299.13% increase from PHP 8.90 MM to PHP 35.51 MM

There is an outstanding increase in revenue growth for the 3rd quarter ended 2010 as against the 3rd quarter ended 2009 due to interest income generated from additional investments to time deposits and other money market placements. Placements were made to BDO, Chinabank and Premiere Bank for an aggregate amount of PHP 1.115 billion as of the end of the 3rd 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.

2009 VS 2008: 92.99% decrease from PHP 126.91 MM to PHP 8.90 MM

Total revenues generated for the period ended Sept. 30, 2009 was ₱6.441 MM as against the ₱121.654 MM revenues garnered during the previous period due to the existence of the ₱113.019 MM gain on sale of investment property in 2008.

EXPENSES:

2010 VS 2009: 98.72% increase from PHP 6.30 MM to PHP 12.52 MM

Expenses as of the period ending 3rd quarter of 2010 showed 98.72% increase compared to previous quarter due to increase in salaries and wages, rental and utilities, travel and transportation and repairs and maintenance.

2009 VS 2008: 93.16% increase from loss of PHP 92.19 MM to loss of PHP 6.30 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.

EQUITY FROM NET EARNINGS OF ASSOCIATES:

2010 VS 2009: 103.06% increase from Loss of PHP 12.55 MM to Income of PHP 0.384 MM

The 103.06% positive change in equity from net earnings of associates is due to the net income reaped by Premiere Development Bank as of the 3rd quarter of 2010 as opposed to the total shares in net loss of associates as of the 3rd 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 as of 3rd Quarter 2010	PHP	7,996,274.53
Equity ownership in Premiere	X	4.81%

PHP 384,620.80

2009 VS 2008: 2075.12% Increase from loss of PHP 0.577 MM to loss of PHP 12.55 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 rd 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 rd 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.

OTHER COMPREHENSIVE INCOME / (LOSS):

2010 VS 2009: 2790.56% increase from PHP 0.064 MM to PHP 1.86 MM

The 2750.96% movement in recognized comprehensive income as of 3rd quarter 2010 as against the period ended 3rd quarter 2009 is brought about by the increase in market value of Petron and Aboitiz shares.

2009 VS 2008: 72.10% decrease from PHP 0.230 MM to PHP 0.064 MM

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

NET INCOME / (LOSS) FOR THE PERIOD:

2010 VS 2009: 334.54% increase from loss of PHP 9.96 MM to income of PHP 23.36 MM

The Net Income of PHP 23.36 MM as of period ending Sept. 30, 2010 is composed of the following: (a) PHP 12.52 MM expenses which comprises about 35.26% of the total revenues as of the 3rd quarter of 2010.

(b) Interest earned from placements totaling PHP 30.54 MM (c) Interest earned from amount owed to related parties totaling PHP 4.86 MM (d) interest from savings account and (e) share in net income of Associates worth PHP 0.384 MM.

The increase in net income for the period being compared was also due to the sale of Belltel Co. thereby reducing the amount of share in equity of associates.

2009 VS 2008: 129.17% decrease from income of PHP 34.13 MM to loss of PHP 9.96 MM

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)

FOR THE PERIOD ENDED SEPT. 30, 2010 VS. SEPT. 30,2009

	<u>As of Sept. 30,2010</u>	<u>As of Sept. 30,2009</u>	<u>INCREASE/ (DECREASE)</u>	% Change
Current Assets	1,211,088,896	174,811,734	1,036,277,162	592.80%
Noncurrent Assets	387,584,170	513,711,221	(126,127,051)	(24.55)%
TOTAL ASSETS	1,598,673,066	688,522,955	910,150,111	132.19%
Current Liabilities	113,544	936,934	(823,390)	(87.88)%
Noncurrent Liabilities	-	171,720,000	(171,720,000)	(100.00)%
Total Liabilities	113,544	172,656,934	(172,543,390)	(99.93)%
Retained Earnings (Deficit)	847,983,528	(226,726,048)	1,074,709,576	474.01%
Equity	750,575,994	742,592,069	7,983,925	1.08%
TOTAL LIABILITIES & EQUITY	1,598,673,066	688,522,955	910,150,111	132.19%

FOR THE PERIOD ENDED SEPT. 30, 2009 VS. SEPT. 30,2008

	<u>As of June 30,2009</u>	<u>As of June 30,2008</u>	<u>INCREASE/ (DECREASE)</u>	% Change
Current Assets	174,811,734	528,637,958	(353,826,224)	(66.93)%
Noncurrent Assets	513,711,221	91,220,729	422,490,492	463.15%
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	-	0.00
Total Liabilities	172,656,934	171,785,381	871,553	0.51%
Retained Earnings (Deficit)	(226,726,048)	(295,487,851)	68,761,803	23.27%
Equity	742,592,069	743,561,157	(969,088)	(0.13)%
TOTAL LIABILITIES & EQUITY	688,522,955	619,858,687	68,664,268	11.08%

CURRENT ASSETS

2010 VS 2009: 592.37% increase from PHP174.81 MM to PHP1.21 billion

Due to the sale of equity shares of BellTel, the current asset of the company surge up to 592.37% 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.

2009 VS 2008: 66.93% decrease from PHP 528.64 MM to PHP 174.81 MM

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.

NONCURRENT ASSETS

2010 VS 2009 24.55% decrease from PHP513.71 MM to PHP 387.58 MM

On July 28, 2010 a deed of absolute sale was executed in consideration of PHP 312,297,000.00 for the purchase of a vacant parcel of land situated at the East Service Road of South Super Highway by South China Resources, Inc. Despite the purchase of land property, the noncurrent assets of the company exhibited a decrease as compared to the previous period due to the sale of equity in Belltel Company.

2009 VS 2008: 463.15% increased from PHP 91.22 MM to PHP 513.71 MM

The level of noncurrent assets increased due to the 1,316.76% increase in investments in and advances to associates brought about largely by advances made to Belltel Corp.

CURRENT LIABILITIES

2010 VS 2009: 87.88% decrease from PHP 0.937 MM to PHP 0.114 MM

The big difference accounts for output tax not yet offset against the input tax.

2009 VS 2008: 1333.04% increase from PHP 65,381 to PHP .937 MM

There is a minimal change in the amount of liabilities except for the output tax brought about by the recognition of VAT in interest paid by Puyat Steel for the amount owed to South China Resources, Inc.

NONCURRENT LIABILITIES

2010 VS 2009: decrease of 100%

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

2009 VS 2008: – no change

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

2010 VS 2009: 1.08% increase from PHP742.59 MM to PHP 750.58 MM

The 1.08% increase is due to the following: a) issuance of 7,660,000 additional shares from January to September 2010 (b) and an insignificant increase in other comprehensive income earned as of the third quarter 2010.

2009 VS 2008 0.13% decrease from PHP743.56 MM to PHP 742.59 MM

The slight decrease was due to the recognized comprehensive income as of 3rd quarter ending 2009 as against 2008.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the period ended Sept. 30, 2010, period ended Sept. 30, 2009 and period ended Sept. 30, 2008.

<u>KEY FINANCIAL RATIOS</u>	<u>as of Sept. 30,2010</u>	<u>as of Sept. 30,2009</u>	<u>as of Sept. 30,2008</u>
Revenue Growth/ (Decline)	299.13%	(92.99)%	474590.84%
Net Income Growth/ (Decline)	334.54%	(129.17)%	300.02%
EBITDA	Php 24,901,007.52	Php 4,490,537.44	Php 35,970,023.00
Return on Equity	3.11%	NA	4.59%
Return on Assets	1.46%	NA	5.50%
Current Ratio (in x)	10659.70 x	186.58 x	8085.50 x
Debt-to-equity ratio (in x)	0.0002 x	0.23 x	0.23 x

Period Ended: As of Sept. 30, 2010 versus Sept. 30,2009

There is a remarkable increase in revenue growth for the period ending Sept 30, 2010 as against the 3rd quarter ending 2009 due to interest income generated from additional investments to time deposits and other market placements.

A great leap of 299.13% in revenue growth, increase of 98.72% in expenses and 103.06% increase in equity in net earnings of associates contributed to the 334.54% increase in net income as of Sept.30, 2010 as against the period ending Sept. 30, 2009.

The increase in EBITDA as of the period ending Sept. 2010 as against the period ending Sept. 2009 is mainly due to interest income earned from placements made in the bank.

There was an improvement in the liquidity of the company as evidenced by the 10659.70x current ratio covering the period as of 3rd quarter 2010 due to the increase in current assets with the greater portion thereof identified with cash and cash equivalents.

A debt to equity ratio of 0.0002x proves the great stability of the company as it shows that only around 0.02% of the total equity represents the borrowed capital as against invested.

Period Ended: As of Sept. 30, 2009 versus Sept. 30, 2008

There was a decrease of 92.99% in the revenue growth for the 3rd quarter period 2009 as against 2008 due to the gain on sale of Pilipinas Plaza.

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))/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

PERIOD ENDED: SEPT 30, 2010 VS SEPT 30, 2009

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

	as of Sept. 30,2010	as of Sept 30,2009	Change Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	1,150.74	101.67	1,049.07	1031.84%
Accounts Receivable	59.88	71.75	(11.87)	(16.54)%
Prepayments and other current assets	0.47	1.40	(0.93)	(66.43)%
Investment in and Advances to Associates	34.42	483.14	(448.72)	(92.88)%
Deferred Exploration Cost	17.34	14.89	2.45	16.45%
Property and equipment - net	320.74	8.88	311.86	3511.94%
Accounts payable and accrued expenses	0.110	0.940	(0.83)	(88.30)%
*Subscription Payable	-	171.72	(171.72)	(100.00)%
Unrealized valuation gains on available for sale investments	3.86	1.75	2.11	120.57%
Share in unrealized gains (Loss) on AFS investments	-	-	-	
of an associate	0.070	0.130	(0.06)	(46.15)%
Retained Earnings (Deficit)	847.98	(226.73)	1,074.71	474.00%
TOTAL ASSETS	1,591.36	691.01	900.35	130.29%
Total Current Assets	1,210.34	174.81	1,035.53	592.37%
Total Current liability	0.110	0.940	(0.830)	(88.30)%
Income Statement				
REVENUES (for the period ended)	35.51	8.90	26.61	298.99%
COST AND EXPENSES (for the period ended)	(12.52)	(6.30)	(6.22)	98.73%
Equity in net earnings (losses) of Associates	0.38	(12.55)	12.93	103.03%
Foreign Exchange Gain (Losses)	0.0133	0.0013	0.01	923.08%
Net Income (Loss) for the quarter ended	1.41	(3.25)	4.66	14329.44%
Net Income (Loss) for the period ended	23.36	(9.96)	33.32	334.54%
Available for Sale Investment - non current	8.64	6.80	1.84	27.06%

QUARTER ENDED: SEPT 30, 2009 VS SEPT 30,2008

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

	as of Sept 30,2009	as of Sept 30,2008	Change Increase/ (Decrease)	% Change
ASSETS				
Current Assets				
Cash and cash equivalents	101.67	266.19	(164.52)	(61.81)%
Notes Receivable	-	100.00	(100.00)	(100.00)%
Adv. to Assoc.	-	161.31	(161.31)	(100.00)%
Accounts Receivable	71.75	0.15	71.60	47733.33%
Prepayments and other current assets	1.40	0.99	0.41	41.41%
Investment in and Advances to Associates	483.14	34.10	449.04	1316.83%
Deferred Exploration Cost	14.89	39.27	(24.38)	(62.08)%
Property and equipment - net	8.88	10.00	(1.12)	(11.20)%
Accounts payable and accrued expenses	0.940	0.070	0.87	1242.86%
Unrealized valuation gains on available for sale investments	1.75	2.80	(1.05)	(37.50)%
Share in unrealized gains (Loss) on AFS investments	-	-	-	
of an associate	(0.130)	0.190	(0.32)	(168.42)%
Retained Earnings (Deficit)	(226.73)	(295.49)	(68.76)	(23.27)%
Total Current Assets	174.81	528.64	(353.83)	(66.93)%
Total Current liability	0.940	0.070	0.870	1242.86%
Income Statement				
REVENUES (for the period ended)	8.90	126.91	(118.01)	(92.99)%
COST AND EXPENSES (for the period ended)	(6.30)	(92.19)	85.89	(93.17)%
Equity in net earnings (losses) of Associates	(12.55)	(0.58)	11.97	2063.79%
Foreign Exchange Gain (Losses)	0.001	(0.017)	0.02	107.69%
Net Income (Loss) for the quarter ended	(3.25)	9.06	5.81	(64.11)%
Net Income (Loss) for the period ended	(9.96)	34.13	(44.09)	(129.18)%
Available for Sale Investment - non current	6.80	7.85	(1.05)	(13.38)%

Cash & Cash Equivalents

2010 VS 2009: 1031.84% increase from PHP 101.67 MM to PHP 1.15 billion.

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 30.54 MM from time deposits and PHP 4.86 MM interest income from Puyat Steel also contributed to the increase.

2009 VS 2008 61.81% decrease from PHP 266.19 MM to PHP 101.67 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

2010 VS 2009: 16.54% decrease from PHP 71.75 MM to PHP 59.88 MM

Due to partial settlement of advances made by related party Puyat Steel.

2009 VS 2008: 47733% increase from PHP .15MM to PHP 71.75 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 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 upon maturity 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 represent pre-operating costs logged under accounts receivable of South China Resources Inc. 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 & Other Current Assets

2010 VS 2009: 66.43% decrease from PHP1.40 MM to PHP0.47 MM

Due to the 100% decrease in input tax already set-off against output tax pursuant to existing BIR regulations.

2009 VS 2008 41.41% increase from PHP 0.99MM to PHP1.40 MM

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

Investment in and advances to associates

2010 VS 2009: 92.88% decrease from PHP 483.14 MM to Php 34.42 MM

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 losses 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% as previously discussed.

2009 VS 2008: 1316.83% increase from PHP 34.10 MM to PHP 483.14 MM

Largely brought about by the following: (a) investments in and advances to BellTel amounting to PHP 362.807 million as well as (b) the Investments in associates account of PHP 120.33 Million as of the end of the 3rd quarter of 2009.

Deferred Exploration Cost

2010 VS 2009: 16.45% increase from PHP 14.89 MM to PHP 17.34 MM.

Due to the additional amount invested for gas and oil exploration purposes.

2009 VS 2008: 62.08% decrease from PHP 39.27 MM to PHP 14.89 MM

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 on March 31, 2008 and an additional PHP 24.512 MM allowance set up in 2008 for a total of PHP 62.845 Million bringing the total allowance of PHP 75.464 Million as of 3rd quarter of 2009. Given the foregoing, the deferred exploration costs account had an ending balance PHP 14.891 MM as of the 3rd quarter of 2009.

Property and Equipment

2010 VS 2009: 3511.94% increase from PHP 8.88 MM to PHP 320.74 MM

On July 28, 2010 a deed of sale was executed between Belen Castro, Edgardo Reyes and Wilfrido Reyes as co-owners/vendor and South China Resources as vendee for a vacant parcel of land situated at the East Service Road of South Super Highway Brgy. Buli, Muntinlupa for and in consideration of the amount PHP 312,297,000.00.

2009 VS 2008: 11.20% decrease from PHP 10.00 MM to PHP 8.88 MM

The slight 11.20% drop was due to the provision for depreciation.

Accounts Payable and Accrued Expenses

2010 VS 2009: 88.30% decrease from PHP 0.940MM to PHP 0.110MM

This is due to VAT payable, tax withheld on compensation and suppliers as previously discussed.

2009 VS 2008: 1242.86% increase from PHP 0.070MM to PHP 0.940

The increase pertains to the output tax recognized from interest income collected from Puyat Steel Corp.

Subscription Payable

2010 VS 2009: 100% decrease

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 for prior to the sale of the shares to Two Cassandra as previously discussed.

2009 VS 2008 – remained unchanged.

Retained Earnings

2010 VS 2009: 474.01% increase from a deficit of PHP 226.73 MM to a net earnings of PHP847.98MM

This is brought about by positive change in the revenue earned by the company as well as the positive earnings posted by associates.

2009 VS 2008: 23.27% increase from deficit of PHP 295.49 MM to deficit of PHP226.73 MM

Deficit as of the 3rd quarter of 2009 was at P 226.73 Million which was an improvement over the previous level due to the generation of a positive bottom line figure by year end 2008 of PHP 112 million causing the reduction of deficits at the beginning of 2009.

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

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

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

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

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

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

For the period ended September 30, 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 earnings yet from commercial production. Therefore, there were NO dividends declared for the period ended September 30, 2010.

Results and Plans of Operation 3rd QTR 2010

SC-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. Operator, Tap Oil, drilled a well in 2008 and undertook extensive seismic processing and re-processing of the 3D seismic data in 2009 to 2010.

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.

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

SC-60 (GSEC-99 Offshore NE Palawan)

South China, Shell Philippines Exploration B.V. and Kuwait Foreign Petroleum Co. ksc. entered the second sub-phase of SC-60 in July 8, 2008. The objective is to continue and further the exploration of the block with a commitment to drill one well during the sub-phase.

The Silangan-1 well was spud-in on July 20, 2010 and was the first deep water drilled in the area. This well was under the second sub-phase of the service contract and South China was carried on this well.

The well was plugged and abandoned without encountering significant hydrocarbons.

Operator, SPEX, is reviewing the well data to determine the cause of the unexpected results of the well and therefore identify appropriate next steps over the area

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

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

On April 1, 2009, South China, Pitkin Petroleum, and the Department of Energy signed Service Contract No. 71 (SC-71). SC-71 covers the Cuyo/Mindoro/East Palawan region.

The operator, Pitkin, is conducting geological and geophysical assessment of the block. The joint venture completed comprehensive reprocessing of over 3000 line kms of 2D seismic data over the area. Interpretative assessment is ongoing. The first sub-phase of work was extended to April 1, 2011 as per advice by Pitkin.

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

PROPERTY ACQUISITION

As previously disclosed, 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 ₱312, 297,700.00.

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.

SIGNATURES

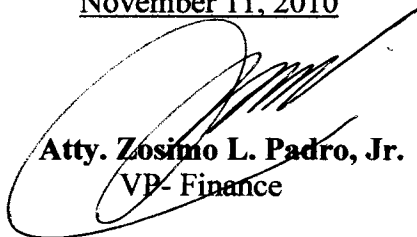
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTH CHINA RESOURCES, INC.
Issuer



Atty. Jaime M. Blanco, Jr.
Corporate Secretary

Date : November 11, 2010



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

Date : November 11, 2010

SOUTH CHINA RESOURCES, INC
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2010 (UNAUDITED)
(with comparative figures as of December 31, 2009)
(in PHP)

	2010 30-Sep Unaudited	2009 31-Dec Audited
ASSETS		
Current Assets		
Cash and cash equivalents	1,150,735,373	1,434,171,589
Accounts receivable	59,884,828	70,182,601
Prepayments and other current assets	468,695	1,347,984
Total Current Assets	1,211,088,896	1,505,702,174
Noncurrent Assets		
Investments in and Advances to Associates	34,417,141	33,698,598
Available-for-sale (AFS) investments - net	8,641,486	6,772,456
Deferred exploration costs - net of allowance for impairment losses of P75,464,430 as of Sept. 30, 2010	17,338,701	14,961,956
Property and equipment - net	327,186,842	8,286,154
Total Noncurrent Assets	387,584,170	63,719,164
TOTAL ASSETS	1,598,673,066	1,569,421,338
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	113,544	1,817,852
Total Current Liabilities	113,544	1,817,852
EQUITY		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued	597,169,569	589,509,569
Subscribed	309,390,000	317,050,000
* Subscriptions receivable	(232,042,500)	(237,787,500)
Additional paid in capital	72,272,140	72,272,140
Unrealized valuation gains on AFS investments	3,858,673	1,989,643
Share in unrealized gains/(loss) on AFS investment of an associate	(71,888)	(58,457)
Retained Earnings	847,983,528	824,628,091
Total Equity	1,598,559,522	1,567,603,486
TOTAL LIABILITIES AND EQUITY	1,598,673,066	1,569,421,338

* Subscription receivable represents 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, 2010, 2009, and 2008 (UNAUDITED)
(in PHP)

	AS OF SEPTEMBER		
	2010 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	1,150,735,373	101,665,785	266,187,126
Accounts receivable	59,884,828	71,747,338	150,101
Notes Receivable		-	100,000,000
Advances to Associates		-	161,307,750
Prepayments and other current assets	468,695	1,398,611	992,981
Total Current Assets	1,211,088,896	174,811,734	528,637,958
Noncurrent Assets			
Available for Sale (AFS) Investments	8,641,486	6,802,156	7,853,915
Investments in and advances to associates - net	34,417,141	483,141,558	34,101,862
Deferred exploration costs - net of allowance for impairment of P75,464,430 for 2010, 2009, and 2008	17,338,701	14,891,080	39,266,157
Property and Equipment - net	327,186,842	8,876,426	9,998,795
Total Noncurrent Assets	387,584,170	513,711,221	91,220,729
TOTAL ASSETS	1,598,673,066	688,522,955	619,858,687
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	113,544	936,934	65,381
Noncurrent liabilities			
* Subscriptions payable		171,720,000	171,720,000
Total Liabilities	113,544	172,656,934	171,785,381
EQUITY			
Common Stock - P1 par value			
Authorized - 1 billion shares			
Issued	597,169,569	589,409,569	588,879,569
Subscribed	309,390,000	317,150,000	317,680,000
** Subscriptions receivable	(232,042,500)	(237,862,500)	(238,260,000)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized gains on AFS investments	3,858,673	1,749,343	2,801,102
Share in unrealized gains/(losses) on marketable equity securities/ AFS investments of an associate	(71,888)	(126,483)	188,346
Retained Earnings/(Deficit)	847,983,528	(226,726,048)	(295,487,851)
Total Equity	1,598,559,522	515,866,021	448,073,306
TOTAL LIABILITIES AND EQUITY	1,598,673,066	688,522,955	619,858,687

*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
UNAUDITED STATEMENTS OF INCOME AND (DEFICIT)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010, 2009, and 2008

AS OF SEPTEMBER			
	2010 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
INCOME			
Net interest income	35,509,075	8,896,667	13,893,822
Gain on sale of investment property	-	-	113,019,521
	35,509,075	8,896,667	126,913,343
EXPENSES			
Valuation allowance		-	(38,413,210)
General and administrative expenses	(12,524,922)	(6,302,673)	(53,772,956)
	(12,524,922)	(6,302,673)	(92,186,166)
Equity in net earnings (losses) of Associates	384,621	(12,553,313)	(577,133)
Foreign Exchange Gain (Losses)	(13,337)	1,253	(16,928)
Net Income (Loss)	23,355,437	(9,958,067)	34,133,116
Other Comprehensive Income (Losses):			
Unrealized (Loss)/Gain in market value of AFS	1,869,030	9,600	230,100
Share in unrealized (Loss)/Gain on AFS of associate	(13,431)	54,595	0
Total Comprehensive Income / (Loss)	25,211,036	(9,893,872)	34,363,216
ADD: RETAINED EARNINGS (DEFICIT), BALANCE BEG. OF YEAR AS PREVIOUSLY REPORTED	824,628,091	(216,767,981)	(329,624,691)
Prior period adjustment		-	3,724
Share in prior period adjustment by an associate		-	-
DEFICIT, BALANCE BEGINNING OF YEAR AS RESTATED			(329,620,967)
RETAINED EARNINGS / (DEFICIT), BALANCE END	847,983,528	(226,726,048)	(295,487,851)
** Basic/Diluted Income (Loss) Per Share	0.02566	(0.01098)	0.03765
**Computed as = $\frac{\text{Net income(loss) for the period}}{\text{Weighted average number of shares}}$	$\frac{23,355,437}{910,266,236}$	$\frac{(9,958,067)}{906,559,569}$	$\frac{34,133,116}{906,559,569}$

SOUTH CHINA RESOURCES, INC
STATEMENTS OF INCOME AND DEFICITS
FOR THE QUARTERS ENDED SEPTEMBER 30, 2010, 2009, and 2008

	2010	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES			
Net interest income	9,792,501	2,455,696	5,259,574
	9,792,501	2,455,696	5,259,574
COST AND EXPENSES			
General and administrative expenses	(7,346,821)	(1,842,574)	(2,258,689)
	(7,346,821)	(1,842,574)	(2,258,689)
	2,445,680	613,122	3,000,885
Equity in net earnings / (losses) of Associates	(1,024,429)	(3,861,766)	6,047,146
Foreign Exchange Gain (Losses)	(13,091)	(3,874)	13,813
Net Income (Loss) for the quarter	1,408,159	(3,252,517)	9,061,844
Other Comprehensive Income (Loss):			
Unrealized Gain / (Loss) in Market Value of AFS	312,780	(453,600)	(687,900)
Share in Unrealized Gain / (Loss) on AFS of an Associate	(13,450)	54,595	0
Total Comprehensive Income (Loss)	1,707,489	(3,651,522)	8,373,944
Net Income / (Loss) for the period Jan. to June	21,947,278	(6,705,550)	25,071,272
Total Net Income (Loss) as of September 30	23,355,437	(9,958,067)	34,133,116
ADD: RETAINED EARNINGS/(DEFICIT), BALANCE BEGINNING AS PREVIOUSLY REPORTED	824,628,091	(216,767,981)	(329,624,691)
Prior period adjustment		-	3,724
Share in prior period adjustment by an associate		-	-
DEFICIT, BALANCE BEGINNING AS RESTATED		-	(329,620,967)
RETAINED EARNINGS (DEFICIT), BALANCE END	847,983,528	(226,726,048)	(295,487,851)
Basic / Diluted Income (Loss) Per Share	0.00155	(0.00359)	0.01000
Computed as	=		
Net income(loss) for the quarter	1,408,159	(3,252,517)	9,061,844
Weighted average number of shares	910,266,236	906,559,569	906,559,569

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2010, 2009, and 2008

	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					
Balances at January 1, 2008	588,749,569	317,810,000	(238,357,500)	72,272,140	2,571,002	188,346	(329,624,691)	413,608,866
Net income/(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)						-
Balances at September 30, 2008	588,879,569	317,680,000	(238,260,000)	72,272,140	2,801,102	188,346	(295,487,851)	448,073,306
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 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)						-
Balances at September 30, 2009	589,409,569	317,150,000	(237,862,500)	72,272,140	1,749,343	(126,483)	(226,726,048)	515,866,021
Balances at January 1, 2010	589,509,569	317,050,000	(237,787,500)	72,272,140	1,989,643	(58,457)	824,628,091	1,567,603,486
Net gain/(loss) for the 1st quarter 2010							9,128,727	9,128,727
Unrealized gains/(loss) on AFS investments					945,000			945,000
Unrealized gain on AFS - associates						(301)		(301)
Collection of subscriptions receivable			157,500					157,500
Shares of stock issued from subscribed	210,000	(210,000)						-
Net gain/(loss) for the 2nd quarter 2010							12,818,551	12,818,551
Unrealized gains/(loss) on AFS investments					611,250			611,250
Unrealized gain on AFS - associates						320		320
Collection of subscriptions receivable								
Shares of stock issued from subscribed								
Net income/(loss) for the 3rd quarter 2010							1,408,159	1,408,159
Unrealized gains/(loss) on AFS investment					312,780			312,780
Unrealized gain on AFS - associates						(13,450)		(13,450)
Collection of subscription receivable			5,587,500					5,587,500
Shares of stock issued from subscribed	7,450,000	(7,450,000)						-
Balances at September 30, 2010	597,169,569	309,390,000	(232,042,500)	72,272,140	3,858,673	(71,888)	847,983,528	1,598,559,522

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE QUARTERS ENDED SEPTEMBER 30, 2010, 2009, and 2008

	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	Retained Earnings / (Deficit)	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at June 30, 2008	588,869,569	317,690,000	(238,267,500)	72,272,140	3,489,002	188,346	(304,549,695)	439,691,862
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)						-
Balances at September 30, 2008	588,879,569	317,680,000	(238,260,000)	72,272,140	2,801,102	188,346	(295,487,851)	448,073,306
Balances at June 30, 2009	588,979,569	317,580,000	(238,185,000)	72,272,140	2,202,943	(126,483)	(223,473,531)	519,249,638
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)						-
Balances at September 30, 2009	589,409,569	317,150,000	(237,862,500)	72,272,140	1,749,343	(126,483)	(226,726,048)	515,866,021
Balances at June 30, 2010	589,719,569	316,840,000	(237,630,000)	72,272,140	3,545,893	(58,438)	846,575,369	1,591,264,533
Net income for the 3rd quarter 2010							1,408,159	1,408,159
Unrealized gains/(loss) on AFS investment					312,780			312,780
Unrealized gain on AFS - associates						(13,450)		(13,450)
Collection of subscription payable			5,587,500					5,587,500
Shares of stock issued from subscribed	7,450,000	(7,450,000)						
Balance at September 30, 2010	597,169,569	309,390,000	(232,042,500)	72,272,140	3,858,673	(71,888)	847,983,528	1,598,559,522

SOUTH CHINA RESOURCES, INC
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED September 30, 2010, 2009 and 2008

	FOR THE PERIOD ENDED JANUARY TO SEPTEMBER		
	2010	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income(loss) from operation	23,355,437	(9,958,067)	34,133,116
Adjustments for:			
Equity in net (income) losses of associates	(384,621)	12,553,313	577,133
Depreciation and amortization	1,916,854	1,896,544	1,242,846
Interest Income	(35,509,075)	(8,896,667)	(13,893,822)
Gain on sale of investment property		-	(113,019,521)
Valuation allowance		-	38,413,210
Unrealized foreign exchange loss/(gain)	13,337	(1,253)	16,928
Operating loss before working capital changes	(10,608,067)	(4,406,129)	(52,530,110)
Decrease (increase) in:			
Accounts receivable	10,297,773	7,237,721	(71,379)
Prepayments and other current assets	879,289	(265,827)	(343,288)
Increase (decrease) in:			
Accounts payable and accrued expenses	(1,704,308)	339,508	(13,432,094)
Net cash flows from (used in) operating activities	(1,135,313)	2,905,273	(66,376,871)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in deferred exploration costs	(2,376,745)		(73,117)
Proceeds from sale of investment property		-	540,000,000
Proceeds from the refund of rental deposit		-	137,054
Dividend and miscellaneous income		-	-
Interest Income	35,509,075	8,896,667	13,893,822
Decrease (increase) in other assets			
Acquisition of 3,016 share of PDB	(347,353)		
Acquisitions of property and equipment	(320,817,542)	(64,125)	(11,079,154)
Net cash flows from (used in) investing activities	(288,032,565)	8,832,542	542,878,605
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	5,745,000	397,500	97,500
Advances to associates		(3,300,000)	(161,307,750)
Notes Receivable		-	(100,000,000)
	5,745,000	(2,902,500)	(261,210,250)
NET INCREASE IN CASH	(283,422,879)	8,835,315	215,291,484
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(13,337)	1,253	(16,928)
CASH AT BEGINNING OF YEAR	1,434,171,589	92,829,217	50,912,570
CASH AT END OF THE PERIOD	1,150,735,373	101,665,785	266,187,126

South China Resources, Inc. Aging of Accounts Receivable As of September 30, 2010								
Accounts Receivable	CURRENT					PAST DUE		
	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	45,000,000.00			25,000,000.00	20,000,000.00			
2) Officers and employees	14,039,826.97	39,826.97	4,000,000.00		10,000,000.00			
3) Others	845,000.77		746,738.58		20,876.47	19,907.26	57,478.46	
Subtotal	59,884,827.74	39,826.97	4,746,738.58	25,000,000.00	30,020,876.47	19,907.26	57,478.46	
Less: Allowance for impairment losses on receivables	-	-	-	-	-	-	-	-
A/R - net	59,884,827.74		4,746,738.58	25,000,000.00	30,020,876.47	19,907.26	57,478.46	NONE
Net Receivables	59,884,827.74	-	4,746,738.58	25,000,000.00	30,020,876.47	19,907.26	57,478.46	-
Notes: If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.								

Accounts Receivable Description :

Type of 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
Notes : Indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both for trade and non-trade accounts.		

Normal Operating Cycle: 1 (one) year