



# SOUTH CHINA RESOURCES, INC.

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

November 14, 2011

**The Disclosure Department**

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 2011 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, 2011**
2. SEC Identification Number **ASO92-06441** 3. BIR Tax Identification No. **001-945-016**
4. Exact name of issuer as specified in its charter **SOUTH CHINA RESOURCES, INC.**
5. **Not Applicable** 6.  (SEC Use Only)  
Province, Country or other jurisdiction of Industry Classification Code:  
incorporation or organization
7. **3/F Low Rise Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City** **1200**  
Address of principal office Postal Code
8. **(632) 812-2383 / 892-2049**  
Issuer's telephone number, including area code
9. **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           | Class of Securities listed |
|----------------------------------|----------------------------|
| <b>Philippine Stock Exchange</b> | <b>U</b>                   |

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****CONSOLIDATED RESULTS OF OPERATIONS****Financial Highlights  
(in PHP)****FOR THE QUARTER ENDED: SEPT. 30, 2011 VS. SEPT. 30, 2010**

	<b>July 01,2011 to Sept. 30,2011</b>	<b>July 01,2010 to Sept. 30,2010</b>	<b>INCREASE/ (DECREASE)</b>	<b>% CHANGE</b>
Revenues	8,633,269	9,792,501	(1,159,232)	-11.84%
Expenses	(9,121,793)	(7,346,821)	1,774,971	24.16%
Equity in Net Earnings (Losses)				
of associates	157,934	(1,024,429)	1,182,363	115.42%
NET INCOME/ (LOSS) FOR				
the Quarter	(350,446)	1,379,650	(1,730,096)	125.40%
Other Comprehensive Income				
or (Loss)	1,354,740	299,330	1,055,410	352.59%
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE QUARTER	1,004,293.81	1,678,979.88	(674,686)	40.18%

**FOR THE QUARTER ENDED: SEPT. 30, 2010 VS. SEPT. 30, 2009**

	<b>July 01,2010 to Sept. 30,2010</b>	<b>July 01,2009 to Sept. 30,2009</b>	<b>INCREASE/ (DECREASE)</b>	<b>% CHANGE</b>
Revenues	9,792,501	2,455,696	7,336,805	298.77%
Expenses	(7,346,821)	(1,842,574)	5,504,248	298.73%
Equity in Net Earnings (Losses)				
of associates	(1,024,429)	(3,861,766)	2,837,336	73.47%
NET INCOME/ (LOSS) FOR				
the Quarter	1,379,650	(3,252,517)	4,632,167	142.42%
Other Comprehensive Income				
or (Loss)	299,330	(13,337)	312,667	2344.34%
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE QUARTER	1,678,980	(3,265,855)	4,944,834	151.41%

**REVENUES:****2011 VS 2010**

As a holding company, South China Resources' main source of revenue for the period currently on report are the interest income earned from placements or special deposits accounts and advances made to affiliates such as Puyat Steel Corp. ("Puyat") and International Pipe I Industries Corp. ("IPI").

The 11.84% drop in revenue growth for the Q3 2011 as against the same period last year was due to the decrease in the amount invested in time deposits or special deposit accounts amounting to Php755M as of Q3 2011 against Php1.12B as of Q3 2010. With the decrease in time deposits or special deposits accounts, equity investments registered an increase, as these funds were eventually channeled to equity investments in, among others: AGP International, the ultimate parent of AG & P Company of Manila, Inc., (b) SOC Land "SOC Land", a wholly owned subsidiary, and, (c) Alliance Global, Inc. (AGI), as will be discussed below. There has been also a decrease in the interest income earned from amount owed by Puyat Steel Corporation on account of the partial payments made by the latter for their accounts with the company.

Interest Income Earned From:	As of Jul. 01 - Sep 30	
<i>in millions</i>	<u>2011</u>	<u>2010</u>
Time Deposits	7.63	8.31
Amount Owed by Affiliates	0.97	1.43
<b>Total</b>	<b>8.60</b>	<b>9.74</b>

#### 2010 VS 2009:

There is an outstanding increase in revenue growth for the Q3 2010 vis-a-vis Q3 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 Q3 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 of 4.125% for placements.

#### **EXPENSES:**

#### 2011 VS 2010

There has been a 24.16% increase in the expenses of the group for the current Q3 2011 as against the same period last year due to the additional operating costs and expenses incurred by SOC Land amounting to PHP7.13M which comprises 78% of the total expenses. In Q3 2010, South China incurred an expenses totaling Php7.35M which is around 3X of what has been incurred for the current quarter reported. The two highest expenses incurred by SOC Land for the Q3 2011 amounted to Php1.88M and Php2.34M for personnel cost and advertising cost respectively while the parent company has incurred Php0.64M for personnel cost and Php0.63M for depreciation. It should be noted that SOC Land has just started its operation in November last year.

#### 2010 VS 2009

Q3 2010 expenses almost tripled as compared to previous quarter due to increase in salaries and wages, rental and utilities, travel and transportation and repairs and maintenance.

Given the above figures, income from operations for the Q3 2010 as compared to Q3 2009 was lower by 4256.90% brought about by the great leap in operating expenses while income from operations for Q3 2009 was lower by 79.57% as compared to Q3 2008 due to the relative decrease in revenue by 53.31%.

**EQUITY FROM NET EARNINGS OF ASSOCIATES:****2011 VS 2010**

The company recognized PhP0.16M net income from Premiere Bank for the Q3 2011 as compared to the Q3 2010 recognized net income of PhP1.129M. The equity interest rate changed from 4.81% to 4.79%

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

Net Loss of Premiere (July 01 – Sept. 30, 2011)	PHP	3,297,154.58
Equity ownership in Premiere	X	4.79%

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PHP	157,933.70
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**2010 VS 2009**

The 73.47% positive change in equity from net earnings of associates was due to the change in the composition of investments in associates as opposed to the total shares in net loss of associates for Q3 2009 which is inclusive of the losses incurred by BellTel.

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%

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PHP	1,024,429.32
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**OTHER COMPREHENSIVE INCOME / (LOSS):****2011 VS 2010**

The 352.59% increase in recognized other comprehensive income for Q3 2011 versus Q3 2010 was brought about by the increase in market value of listed shares owned by the company.

2011			2010		
	Market Price			Market Price	
	9/30/2011	6/30/2011		9/30/2011	6/30/2010
Petron	15.3	13.5	Petron	6.85	6.6
Aboitiz	38	42	Aboitiz	24.05	19.75
AGI	9.35	10.94			

SOURCE: PSE

The 13% increase in the market value of Petron shares for the period July – September 2011 has caused the company to recognize PhP1.33M unrealized gain in available for sale financial instrument despite the plunge in market value of other company owned listed shares. Last period in comparison has exhibited a surge in market value.

#### 2010 VS 2009

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 movements in comprehensive income of Q3 2010 versus Q3 2009 are not so significant as to influence the total comprehensive income or loss generated. The main factor will still be the revenue earned.

The 2344.34% movement in recognized comprehensive income from Q3 2009 versus Q3 2010 was brought about by the increase in market value of Petron and Aboitiz shares.

#### NET INCOME / (LOSS) FOR THE QUARTER:

#### 2011 VS 2010

As discussed above, the 11.84% decrease in revenue of the group and the 24.16% increase in the total expenses pull down the net income up to 125.40%. The wholly owned subsidiary has no revenue yet as of Q3 2011 since its inception on November 25, 2010 but the expenses it incurred for the period under consideration has contributed substantially to the negative bottom line figure for Q3 2011.

#### 2010 VS 2009

With the resulting 298.77% increase in the revenue earned for the Q3 2010, the company earned a 142.42% increase in net income, which was also, significantly influenced by the decrease in loss recognized from equity sharing in associates.

### **CONSOLIDATED RESULTS OF OPERATIONS**

#### **Financial Highlights**

**(in PHP)**

#### **FOR THE PERIOD ENDED: SEPT. 30, 2011 VS. SEPT 30, 2010**

	<b>January 01,2011 to Sept 30,2011</b>	<b>January 01,2010 to Sept 30,2010</b>	<b>INCREASE/ (DECREASE)</b>	<b>% CHANGE</b>
Revenues	25,337,671	35,509,075	(10,171,404)	-28.64%
Expenses	(24,554,042)	(12,524,922)	12,029,120	96.04%
Income From Operations	783,629	22,984,153	(22,200,524)	-96.59%
Equity in Net Earnings (Losses)				
of associates	(52,317)	384,621	(436,938)	-113.60%
<b>NET INCOME/ (LOSS) FOR</b>				
<b>    the Period</b>	<b>666,366</b>	<b>23,258,177</b>	<b>(22,591,812)</b>	<b>-97.13%</b>
Other Comprehensive Income				
(Loss)	(4,686,610)	1,855,599	(6,542,209)	-352.57%
<b>TOTAL COMPREHENSIVE INCOME</b>				
<b>(LOSS) FOR THE PERIOD</b>	<b>(4,020,244)</b>	<b>25,113,777</b>	<b>(29,134,021)</b>	<b>-116.01%</b>



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

	<b>January 01,2010 to Sept 30,2010</b>	<b>January 1 2009 to Sept 30,2009</b>	<b>INCREASE/ (DECREASE)</b>	<b>% CHANGE</b>
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) %
<b>NET INCOME/ (LOSS) FOR</b>				
<b>    the Period</b>	<b>23,258,177</b>	<b>(9,958,067)</b>	<b>33,216,245</b>	<b>333.56%</b>
Other Comprehensive Income				
(Loss)	1,855,599	64,195	1,791,404	2790.56%
<b>TOTAL COMPREHENSIVE INCOME</b>				
<b>(LOSS) FOR THE PERIOD</b>	<b>25,113,777</b>	<b>(9,893,872)</b>	<b>35,007,649</b>	<b>353.83%</b>

**REVENUES:****2011 VS 2010**

The group earned Php22.04M revenues from interest income of time deposits or special deposits accounts as of and for the period ended September 2011 as compared to the Php30.54M revenues as of and for the period ended September 2010. The partial retirement of money market placements to give way to the various equity investments made during the period as well as the funds used to finance the capital expenditures and operating costs of SOC Land has caused the decline in revenues earned in the form of interest income notwithstanding the fact that banks provided higher interest rates for the current year 2011 as compared to the previous period.

Puyat Steel also made a Php30M partial payment in April 2011 for their advances from the company leaving Php45M outstanding balance as of September 30, 2011. The company earns 11% annual interest VAT inclusive from Puyat Steel for the period January to June 2010 which was then reduced to 8% starting March 2011.

SOC Land, a wholly owned subsidiary incorporated in late 2010, is still in the process of obtaining the requisite permits for the development of the Company's 2.4 hectare Buli Property into a medium rise condominium project and has no revenue yet as of the period ended September 30, 2011.

**2010 VS 2009**

There is an outstanding increase in revenue growth for the Q3 2010 as against the Q3 2009 due to interest income generated from additional investments in time deposits and/or special deposit accounts 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 Q3 2010. There is a minimal decrease with respect to interest rates having a 4.25% average per annum for the previous years as compared to current quarter of 4.125% per annum, for placements.

## **EXPENSES:**

### **2011 VS 2010**

The 96.04% increase in expenses of the group was brought about by the PhP10.17M total increase in which PhP15.99M is for the account of SOC Land. It has incurred PhP4.80M, PhP2.65M and PhP4.29M for personnel cost, consultancy fees and advertising cost respectively. The parent company incurred PhP8.56M for general and administrative expenses.

Due to the relatively significant increase in expenses coupled with the considerable drop in and a decrease in revenues from interest income, the company posted a 96.59% decrease in its income from operation as of September 30, 2011 as against the period ended September 30, 2010.

### **2010 VS 2009**

Expenses as of the period ended Q3 quarter of 2010 showed a 98.72% increase compared to the previous quarter due to increase in salaries and wages, rental and utilities, travel and transportation and repairs and maintenance.

## **EQUITY FROM NET EARNINGS OF ASSOCIATES:**

### **2011 VS 2010**

The 113.60% decrease in recognized equity from associates was caused by the negative outcome of Premiere Bank's operation as of period ended September 30, 2011.

The computation for net earnings (loss) of associate:

<b>Net Loss</b> of Premiere as of the period ended September 30, 2011		(PHP 1,092,221.84)
Equity ownership in Premiere	X	4.79%
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		(PHP 52,317.43)
		-----

### **2010 VS 2009**

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 Q3 the 3rd quarter of 2010 as opposed to the total shares in net loss of associates as of the Q3 2009 quarter of previous year which was inclusive of losses incurred by BellTel Co.

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

Net Income of Premiere as of Q3 2010		PHP	7,996,274.53
Equity ownership in Premiere	X		4.81%
			-----
		<b>PHP</b>	<b>384,620.80</b>
			-----

**OTHER COMPREHENSIVE INCOME / (LOSS):****2011 VS 2010**

The 352.57% decrease in recognized comprehensive income as of the period ended Q3 quarter 2011 and 2010 is brought about by the decrease in market value of shares owned by the company.

2011			2010		
	Market Price			Market Price	
	1/1/2011	9/30/2011		1/1/2010	9/30/2010
Petron	18.82	15.30	Petron	5.30	6.85
Aboitiz	37.10	38.00	Aboitiz	9.00	24.05
AGI	10.86	9.35			

SOURCE:PSE

**2010 VS 2009**

The 2790.56% movement in recognized comprehensive income as of Q3 quarter 2010 versus Q3 2009 was brought about by the increase in market value of Petron and Aboitiz shares.

**NET INCOME / (LOSS) FOR THE PERIOD:****2011 VS 2010**

The Php22.59M decrease in net income of the group for the period being compared, which income mainly came from interest earned on placements, was brought about by the increase in equity investments which equally resulted to the decrease in funds invested in the money market and the increased start up capex and opex of its wholly owned subsidiary. The decrease in income earned from placements amounted to Php8.5M; the decrease in interest earned from amount owed by affiliates amounted to Php1.67M, while the increase in start up capex and opex of the wholly owned subsidiary amounted to Php15.99M.

**2010 VS 2009**

The Net Income of PHP 23.26 MM as of the period ended Sept. 30, 2010 is composed of the following: (a) PHP12.52M expenses which encompassed the 35.26% of the total revenues as of the 3<sup>rd</sup> 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 loss of associates.

**CONSOLIDATED FINANCIAL POSITION****Financial Highlights  
(in PHP)****FOR THE PERIOD ENDED SEPT. 30, 2011 VS. SEPT. 30,2010**

	<b>As of <u>Sept. 30,2011</u></b>	<b>As of <u>Sept. 30,2010</u></b>	<b>INCREASE/ <u>(DECREASE)</u></b>	<b>% Change</b>
Current Assets	949,493,073	1,211,088,896	(261,595,823)	(0.22)%
Noncurrent Assets	671,231,910	387,584,170	283,647,740	7318.35%
<b>TOTAL ASSETS</b>	<b>1,620,724,983</b>	<b>1,598,673,066</b>	<b>22,051,917</b>	<b>1.38%</b>
Current Liabilities	15,813,349	113,544	15,699,805	1382710.00%
Retained Earnings (Deficit)	842,633,094	847,983,528	(5,350,434)	(0.01)%
Equity	762,278,540	750,575,994	11,702,546	1.56%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,620,724,983</b>	<b>1,598,673,066</b>	<b>22,051,917</b>	<b>1.38%</b>

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

	<b>As of <u>Sept. 30,2010</u></b>	<b>As of <u>Sept. 30,2009</u></b>	<b>INCREASE/ <u>(DECREASE)</u></b>	<b>% Change</b>
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)%
<b>TOTAL ASSETS</b>	<b>1,598,673,066</b>	<b>688,522,955</b>	<b>910,150,111</b>	<b>132.19%</b>
Current Liabilities	113,544	936,934	(823,390)	(87.88)%
Noncurrent Liabilities	-	171,720,000	(171,720,000)	(100.00)%
<b>Total Liabilities</b>	<b>113,544</b>	<b>172,656,934</b>	<b>(172,543,390)</b>	<b>(99.93)%</b>
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%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,598,673,066</b>	<b>688,522,955</b>	<b>910,150,111</b>	<b>132.19%</b>

**CURRENT ASSETS****2011 VS 2010**

The decrease in current assets of the company was due to the following equity investments/purchase/payment of the following:

- (1) Buli Property last July 28, 2010 amounting to Php 312M. The same property is now being developed by its SOC Land into a medium rise residential building.
- (2) AGP International's 26,086,957 Series A Preferred Shares amounting US\$6M or Php264M., AGP International is a British Virgin Islands business company formed in November 2010 by Icaza,Gonzalez-Ruiz & Aleman (BVI) Trust Limited with registered office at the Vanterpool Plaza, 2nd Floor, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. AGP International invested in 40% of the outstanding capital stock of AGP Philippines Holdings I, Inc. ("AGP Philippines"). On 22 December 2010, AGP Philippines finalized the acquisition of all of

the shares of DMCI Holdings, Inc. ("DMCI-HI") in Atlantic Gulf & Pacific Company of Manila, Inc. ("AG&P"). The shares comprise of 973,089,025 shares directly owned, and 17 shares beneficially owned, by DMCI-HI representing 98.19% of the outstanding capital stock of AG&P.

- (3) Cash Call Request for the from SC60 Joint Venture amounting to US\$456,500 or PhP20M;
- (4) AGI 450,000 shares worth PhP4.9M;
- (5) Advances made to SOC Land for capex and opex amounting to PhP129M.

#### 2010 VS 2009

Due to the sale of equity shares of BellTel, the current asset of the company surge up to 592.80% since the whole proceeds was invested in time deposits. There is a slight movement in accounts receivables and prepayments thereby contributing insignificantly in the positive change of current assets.

#### **NONCURRENT ASSETS**

##### 2011 VS 2010

South China completed on, last July 28, 2010, the purchase of the 24,022.90 sqm parcel of land located at the East Service Road of South Superhighway, Brgy. Buli, Muntinlupa City, Metro Manila at a purchase price of P312, 298,000.00. This parcel of land is now the site of the medium rise residential building being developed by SOC Land.

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

##### 2010 VS 2009

On July 28, 2010 a deed of absolute sale was executed in consideration of PHP 312,298,000.00 for the purchase by South China Resources, Inc. 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 the said parcel 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.

#### **CURRENT LIABILITIES**

##### 2011 VS 2010

Current Liabilities for the period ended September 2011 composes mainly of various customer reservations made for the 1 bedroom, 2 bedrooms or studio type rooms for SOC Land's Anuva project amounting to PhP13.53M while the remaining amount pertains to accrued expenses.

Divestment of non-core businesses in recent years resulted in substantial liquidity for South China. This prompted the company's search for new business opportunities. In December 2010, the company decided to go into property development and established its property arm SOC Land Development Corporation (SOC Land). The new venture is geared at not only enhancing the company's shareholder value, but filling the need of Filipinos for better housing products which are affordable quality homes that will elevate their lifestyle while keeping within their means.

Anuva is a carefully master-planned community set in a strategically-located 2.4 hectare property just a kilometer off the Sucat Interchange.

## 2010 VS 2009

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

## EQUITY

### 2011 VS 2010

The 1.56% change is due to the following: a) issuance of shares amounting to Php3.32M (b) Php9.09M increase on recognized unrealized valuation gains on AFS and the (3) Php.04M increase in unrealized valuation gain for AFS of associate.

### 2010 VS 2009

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 Q3 the third quarter 2010.

## **KEY PERFORMANCE INDICATORS**

The following are the major financial ratios of the group as of Q3 the period ended September 30, 2011 versus against period ended September 30, Q3 2010.

<i>As of Sept. 30</i>					
	<b>2011</b>	<b>2010</b>	<b>Amount Change</b>	<b>% Change</b>	
<b>Revenue</b>	25,337,671	35,509,075	(10,171,404)	-28.64%	<i>Revenue Growth</i>
Cost and Expenses	24,554,042	12,524,922			
Depreciation	2,552,097	1,916,854			
<b>EBITDA</b>	<b>3,335,726</b>	<b>24,901,008</b>	(21,565,282)	-86.60%	<i>EBITDA Growth</i>
Depreciation	2,552,097	1,916,854			
Equity in Associates	(52,317)	384,621			
Forex	(809)	(13,337)			
Income Tax	64,137	97,259			
<b>NET INCOME</b>	<b>666,366</b>	<b>23,258,177</b>	(22,591,812)	-97.13%	<i>Net Income Growth</i>
Current Assets	949,493,073	1,211,088,896			
Non Current Assets	671,231,910	387,584,170			
<b>Total Assets</b>	<b>1,620,724,983</b>	<b>1,598,673,066</b>			
Current Liabilities	15,813,349	113,544			
Equity	1,604,911,634	1,598,559,522			
<b>Total Liabilities &amp; Equity</b>	<b>1,620,724,983</b>	<b>1,598,673,066</b>			
Current Ratio	60.04	10,666.28	(10,606.23)	-99.44%	
Debt to Equity Ratio	0.0099	0.0001	0.01	13771.98%	
Return on Assets	0.0004	0.0145	(0.01)	-97.17%	
Return on Equity	0.0004	0.0145	(0.01)	-97.15%	

The 28.64% decrease in revenue growth by the group was mainly due to the decrease in interest income earned from placements brought about by partial termination of some amounts such to finance the company's purchase of a parcel of land which eventually became the site of, the "Anuva"—a medium rise residential building project of

SOC Land, its wholly owned subsidiary as well as the acquisition of shares of stocks or equity investments in the company's mentioned above.

The company's bottom line figure and EBITDA were greatly affected by the costs and expenses attributed to the initial operations of its newly established wholly owned subsidiary, SOC Land as well as the decrease in investments in time deposits though the banks' current interest rates for placements exhibited a favorable change from an average of 4.125% per annum from previous period up to 4.625% per annum, currently.

There was a corresponding decrease in the ROE and ROA of the group as of quarter period ended September 30, 2011 due to the decrease in the net income earned for the period but the company exhibited an increase in total assets and equity.

Though the company exhibited a decrease in current ratio as compared with the previous period ended September 30, 2010, the decrease was attributed mainly to its various equity investments as discussed above, which are considered non-current assets, and therefore, resulted to a corresponding decrease in current assets. It should not be construed as a negative change because it was the purchase of noncurrent assets such as Land and AGP shares of stocks that contributed to the decrease in current assets of the group. Henceforth, it can still be concluded that the company was able to retain its healthy liquidity ratio as of to date.

The change in debt to equity ratio of the group from the period ended September 30, 2011 versus September 30, 2010 was caused by the reservations collected from customers for the Anuva project.

The following are the major financial ratios of the group as of Q3 the period ended September 30, 2010 versus Q3 against period ended September 30, 2009.

<i>As of Sept. 30</i>				
	<b>2010</b>	<b>2009</b>	<b>Amount Change</b>	<b>% Change</b>
<b>Revenue</b>	35,509,075	8,896,667	26,612,408	299.13%
Cost and Expenses	12,524,922	6,302,673		
Depreciation	1,916,854			
<b>EBITDA</b>	<b>24,901,008</b>	<b>2,593,993</b>	22,307,014	859.95%
Depreciation	1,916,854	1,896,544		
Equity in Associates	384,621	(12,553,313)		
Forex	(13,337)	1,253		
Income Tax	97,259			
<b>NET INCOME</b>	<b>23,258,177</b>	<b>(11,854,612)</b>	35,112,789	-296.20%
Current Assets	1,211,088,896	174,811,734		
Non Current Assets	387,584,170	513,711,221		
<b>Total Assets</b>	<b>1,598,673,066</b>	<b>688,522,955</b>		
Current Liabilities	113,544	936,934		
Non Current Liabilities		171,720,000		
Equity	1,598,559,522	515,866,021		
<b>Total Liabilities &amp; Equity</b>	<b>1,598,673,066</b>	<b>688,522,955</b>		
Current Ratio	10,666.28	186.58	10,479.70	5616.78%
Debt to Equity Ratio	0.0001	0.0014	(0.00)	-94.79%
Return on Assets	0.0145	(0.0172)	0.03	-184.50%
Return on Equity	0.0145	(0.0230)	0.04	-163.31%

**Period Ended: As of Q3 Sept. 30, 2010 versus Q3 Sept. 30, 2009**

There is a remarkable increase in revenue growth for the period ended Sept 30, 2010 as against the 3rd quarter ended 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 the period ended Sept.30, 2010 as against the period ended Sept. 30, 2009.

The increase in EBITDA as of the period ended Sept. 2010 as against the period ended Sept. 2009 was 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 ended Q3 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.

The group computed the key performance indicators through the following formulas:

**Revenue Growth**    
$$\frac{\text{Total Revenues Current Period} - \text{Total Revenues (Prior Period)}}{\text{Total Revenues (Prior Period)}}$$

**Net Income Growth**    
$$\frac{\text{Total Net Income (Current Period)} - \text{Total Net Income (Prior Period)}}{\text{Total Net Income (Prior Period)}}$$

**EBITDA Growth**    
$$\frac{\text{EBITDA (Current Period)} - \text{EBITDA (Prior Period)}}{\text{EBITDA (Prior Period)}}$$

**Earning Before Interest, Taxes, Depreciation & Amortization (EBITDA)**

*An approximate measure of a company's operating cash flow based on data from the company's income statement. Income from Operations plus interest, taxes and Depreciation*

**Return on Equity (ROE)**

*Net Income/ Average Shareholders' Equity*

**Return on Assets (ROA)**

*Net Income/ Average Total Assets*

**Current Ratio**

*Current Asset/ Current Liabilities*

**Debt to Equity Ratio**

*Total Liabilities/Equity*



**PERIOD ENDED: SEPT 30, 2011 VS SEPT 30, 2010****Highlights of selected accounts with 5% material changes (In Million Pesos)**

Consolidated	as of Sept. 30,2011	as of Sept 30,2010	Change Increase/ (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	796.58	1,150.74	(354.16)	-30.78%
Accounts Receivable	64.30	59.88	4.42	7.38%
Construction Work in Progress	87.00	-	87.00	100.00%
Prepayments and other current assets	1.61	0.47	1.14	243.28%
Investment in Associates	31.81	34.42	(2.61)	-7.57%
Available for Sale Investments	287.42	8.64	278.78	3226.20%
Deferred Exploration Cost	21.56	17.34	4.22	24.36%
Property and equipment - net	6.11	6.44	(0.33)	-5.09%
Other Noncurrent Assets	12.03		12.03	100.00%
Accounts payable and accrued expenses	2.27	0.11	2.15	1887.72%
Customers' Reservations	13.53	-	13.53	100.00%
Unrealized valuation gains(loss) on AFS	12.96	3.86	9.10	235.76%
Retained Earnings -Unappropriated	342.48	847.98	(505.51)	-59.61%
				100.00%
<b>TOTAL ASSETS</b>	<b>1,591.36</b>	<b>1,591.36</b>	-	0.00%
Total Current Assets	949.49	1,211.09	(261.60)	-21.60%
Total Current liability	15.81	0.11	15.70	13893.81%
<b>Income Statement</b>				
REVENUES (for the period ended)	25.34	35.51	(10.17)	-28.65%
COST AND EXPENSES (for the period ended)	(24.55)	(12.52)	(12.03)	96.06%
Equity in net earnings (losses) of Associates	(0.05)	0.38	(0.43)	-113.68%
Net Income (Loss) for the quarter ended	(0.35)	1.38	(1.73)	-125.36%
Net Income (Loss) for the period ended	0.67	23.26	(22.59)	-97.14%

**Cash & Cash Equivalents**

The decrease in cash and cash equivalents of the group was due to the acquisition/purchase/payment of the following equity investments and/or capital assets:

- (1) Buli Property last July 28, 2010 amounting to PhP 312M;
- (2) AGP International's 26,086,957 Series A Preferred Shares amounting US\$6M or PhP264M;
- (3) Cash Call Request from SC60 Joint Venture amounting to US\$456,500 or PhP20M;
- (4) AGI 450,000 shares worth PhP4.9M
- (5) Cash disbursements by SOC Land amounting to PhP101M.

**Accounts Receivable**

Puyat Steel made the partial payment for their amount owed to the group on April 19, 2011 amounting to PhP30M. Other change pertains to liquidations of advances by employees. International Pipe Industries (IPI) also advanced an amount from the company on March 08, 2011 and fully paid the principal plus the interest on May 02, 2011. IPI again borrowed from the company on last June 13, 2011 amounting to PhP10M. The company charged an annual interest rate of 8% inclusive of applicable VAT.

South China Resources Inc., pursuant to an unnumbered resolution of the Board of Directors of the Company in its special meeting on May 24, 2011, has entered into a related party agreement with International Pipe Industries Corporation to provide a standby fund facility in the amount of Fifty Million Pesos (PhP50, 000,000.00) for the acquisition of raw materials to be processed into finished steel products.

### **Construction Work in Progress**

This refers to SOC Land's payments for Anuva building Capex, i.e. design, permits and licenses and master planning.

Particulars	COST TO DATE (CTD) (1)	% over Cost to Date
Master Planning	1,390,380	2%
Site Engineering Plan	1,398,148	2%
Landscape Design	378,599	0%
Drainage Plan	194,652	0%
Permits & Licenses (1)	16,476,621	19%
Land Development Works	4,326,307	5%
Building Design	9,194,601	11%
Building Construction (2)	47,921,168	55%
Indirect Construction Cost (3)	5,723,430	7%
<b>Total</b>	<b>87,003,905</b>	<b>100%</b>

As of Q3 2011, total construction work in progress for Anuva Tandem Building 1 is up to P87 Million. The amount is mainly due to payments of progress billings of P47.9 Million or 55% for building construction, P16.4 Million or 19% for permits and licenses and P9 Million or 11% for building design. Other indirect cost incurred for the period amounting to P5.7 Million represents progress billings for the construction of Anuva Sales and Marketing Office which is expected to be completed on November 2011. Below are further details and discussions of the above table.

(1) Permits and licenses increased to P16.4 Million due to the recognition of intercompany receivables by South China Resources, Inc. (SCRI) representing land transfer processing fees amounting to P8.7 Million accrued in July 2011. The corresponding land investment of South China Resources, Inc. amounted to P312.2 Million.

(2) Building construction cost increased to P47.9 Million as of Q3 2011 or 8.68% of the total budget for building construction. Majority of the spending represents down payments and progress billings to contractors and suppliers for the construction of Tandem building 1.

(3) Indirect Cost represents construction cost of Anuva Marketing and Sales Office and Model Units. As of Q3 2011 the construction of the building is still in progress.

### **Prepayments & Other Current Assets**

The increase was due to the increase in Input Tax accumulated by the wholly owned subsidiary which were not utilized or set-off against its output tax liabilities as it has no reported revenues yet.

### **Investment in associates**

The 7.57% decrease in recognized equity from associates was caused by the negative outcome of Premiere Bank's operation as of and for the period ended Q3 2011.

### **Available for sale Investments**

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

### **Deferred Exploration Cost**

Due to the cash call requested by Shell Philippines Exploration for SC60 amounting to US\$456,500.

### **Property and Equipment**

Solely due to the provision for depreciation of these equipment.

### **Other Noncurrent Assets**

This pertains to the accumulated input tax of the SOC Land amounting to PhP8.74 million as well as the advances made by the parent to Diwalwal Projects, cassava and mining research amounting to PhP2.40 million.

### **Accounts Payable and Accrued Expenses**

#### **2011 VS 2010**

Current Liabilities for the period ended Q3 composes mainly of customer reservations made for 1 bedroom, 2 bedrooms or studio type rooms for SOC Land's Anuva project amounting to PhP13.53M while the remaining amount pertains to accrued expenses.

### **Retained Earnings**

#### **2011 VS 2010**

The company's bottom line figure was greatly affected by the pre-operating costs of its newly established wholly owned subsidiary, SOC Land as well as the decrease in investments in Time Deposits while at the same time increasing equity investments/acquisition of shares of stocks of companies mentioned above, though the banks' current interest rates for placements exhibited a favorable change from an average of 4.125% per annum from previous period up to 4.625% per annum, currently.

**PERIOD ENDED: SEPT 30, 2010 VS SEPT 30, 2009****Highlights of selected accounts with 5% material changes (In Million Pesos)**

Consolidated	as of Sept. 30,2010	as of Sept 30,2009	Change Increase/ (Decrease)	% Change
<b>ASSETS</b>				
<b>Current Assets</b>				
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 Associates	34.42	483.14	(448.72)	(92.88)%
Available for Sale Investment	8.64	6.80	1.84	27.06%
Deferred Exploration Cost	17.34	14.89	2.45	16.45%
Property and equipment - net	6.44	8.88	(2.44)	(27.48)%
Accounts payable and accrued expenses	0.110	0.940	(0.83)	(88.30)%
*Subscription Payable	-	171.72	(171.72)	(100.00)%
Unrealized valuation gains(Loss) on AFS	3.86	1.75	2.11	120.57%
Share in unrealized gains (Loss) on AFS of assoc	0.070	0.130	(0.06)	(46.15)%
Retained Earnings (Deficit)	847.98	(226.73)	1,074.71	474.00%
<b>TOTAL ASSETS</b>	<b>1,591.36</b>	<b>691.01</b>	<b>900.35</b>	<b>130.29%</b>
Total Current Assets	1,211.09	174.81	1,036.28	592.80%
Total Current liability	0.110	0.940	(0.830)	(88.30)%
<b>Income Statement</b>				
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%
Net Income (Loss) for the quarter ended	1.38	(3.25)	4.63	14242.87%
Net Income (Loss) for the period ended	23.26	(9.96)	33.22	333.53%

**Cash & Cash Equivalents**

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.

**Accounts Receivable**

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

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**

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

#### **Investment in associates**

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.

#### **Available for sale Investments**

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

#### **Deferred Exploration Cost**

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

#### **Property and Equipment**

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.

#### **Accounts Payable and Accrued Expenses**

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

#### **Retained Earnings**

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

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

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

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

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

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

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

For the period ended September 30, 2011, the Company is still in exploration stage, and therefore, NO commercial production yet for the performance indicators analysis. It has one wholly owned subsidiary, SOC Land Development Corporation.

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, 2011.

## **Results and Plans of Operation 3rd QTR 2011**

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

SC-60 joint venture comprised by South China, together with SPEX (Shell Philippines Exploration B.V.) and KUFPEC (Kuwait Foreign Petroleum Co. ksc) entered the second sub-phase of SC – 60 in July 2008.

Under the second sub-phase, the SC-60 JV on July 20, 2010 spudded the Silangan-1 well, the first deep water drilled in the area using the drillship Atwood Falcon. The well was plugged and abandoned without encountering significant hydrocarbons. South China was carried on this first well.

The SC-60 JV in the second half of November 2010 launched a CSEM (Controlled Source Electro-Magnetics) survey. The survey was undertaken by Electromagnetic Geoservices ASA (EMGS) using the vessel "BOA Galatea". EMGS employed their proprietary EM Technology to support the SC-60 Joint Operations in its search for offshore hydrocarbons. To give enough time to process the data obtained from the survey, a request to the DOE to extend the decision period to enter the third sub-phase by a year was made.

The DOE in its letter dated January 26, 2011 approved the request to defer commitment to enter the third sub-phased to February 10, 2012. The operator is still processing and interpreting the data obtained from the survey. The outcome will determine whether or not the SC-60 JV is to enter the third sub-phase and commit to drill another well by February 2013.

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

### ***Other Energy and Mineral Resources***

The Company continues to focus on conventional energy resources as it explores entry into opportunities in other oil exploration areas as well as potential conventional and non-conventional energy resources. A new Petroleum Contracting Round (Philippine Energy Contracting Round 4, PECR4) was recently launched this June 30, 2011 by the Department of Energy. The company is expected to actively participate in this bid round as it offers new opportunities to discover oil.

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

### **(D) Other Investments**

#### ***Real Estate Property***

South China completed, last July 28, 2010, the purchase of the 24,022.90 sq.m. parcel of land located at the East Service Road of South Superhighway, Brgy. Buli, Muntinlupa City, Metro Manila at a purchase price of P312, 298,000.00.

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

#### ***SOC Land Development Corporation***

On November 25, 2010 South China Resources, Inc, registered with the Securities and Exchange Commission (SEC) SOC Land Development Corporation (SOC Land) as a wholly-owned subsidiary with an authorized capital stock of One Hundred Sixty Million Pesos (PHP 160,000,000.00), a subscribed capital stock of Forty Million Pesos (PHP 40,000,000.00) and a paid-up capital of Ten Million Pesos (PHP 10,000,000.00).

On March 4, 2011, the Board of Directors approved the transfer of the Company's property situated in Barangay Buli, Muntinlupa City (the "Buli Property") to its wholly-owned subsidiary, SOC Land, in exchange for the latter's shares of stock valued at PHP31, 298,000.00. The registrant's investment into property development through SOC Land is seen as an important aspect in enhancing its shareholder value.

On June 22, 2011, the SEC approved the valuation of the Buli Property as transferred to SOC Land.

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

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

***AGP International Holdings Inc.***

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

AGP International is a British Virgin Islands business Company formed in November 2010 by Icaza, Gonzalez-Ruiz & Aleman (BVI) Trust Limited with registered office at the Vanterpool Plaza, 2nd Floor, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. AGP International's authorized securities, as of 21 December 2010, consist of 1,400,000,000 no par value shares divided into 1,000,000,000 Common Shares and 400,000,000 Series A Preferred Shares.

SOC's subscription of AGP International's Series A Preferred Shares is purely for investment purposes.

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## SIGNATURES

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



SOUTH CHINA RESOURCES, INC.  
*Issuer*

  
**Atty. Magilyn T. Loja**  
*Corporate Secretary*

Date : Nov. 14, 2011

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

Date : Nov. 14, 2011

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As of Sept 30,2011 (Unaudited)**  
**With comparative figures as of December 31,2010**  
**In PHP**

	<b>2011</b>	<b>CY 2010</b>
	<b>SEPTEMBER (Unaudited)</b>	<b>DECEMBER (Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	796,577,800	893,083,578
Accounts receivable	64,301,600	56,005,049
Construction Work in Progress	87,003,905	
Prepayments and other current assets	1,609,768	8,114,701
<b>Total Current Assets</b>	<b>949,493,073</b>	<b>957,203,328</b>
<b>Noncurrent Assets</b>		
Investment in Associates	31,813,405	31,836,983
Available-for-sale (AFS) investments - net	287,416,705	285,956,005
Land	312,298,000	
Property and equipment - net	6,114,407	6,098,757
Investment Property		321,048,252
Deferred exploration costs - net of allowance for impairment losses of PHP 88,713,164 as of Sept 30,2011	21,563,806	1,692,615
Other Noncurrent Assets	12,025,586	3,410,248
<b>Total Noncurrent Assets</b>	<b>671,231,910</b>	<b>650,042,860</b>
<b>TOTAL ASSETS</b>	<b>1,620,724,983</b>	<b>1,607,246,188</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	2,265,759	714,368
Customer Reservations	13,527,868	
Income Taxes Payable	19,722	119,358
<b>Total Current Liabilities</b>	<b>15,813,349</b>	<b>833,726</b>
<b>EQUITY</b>		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued - 600,489,569 shares as of Sept. 30,2011	600,489,569	597,189,569
Subscribed -306,070,000 shares as of 3rdQ 2011 and 309,370,000 shares in 2010 (net of subscription receivable of ₱229,552,500 as of 3rdQ 2011 and ₱232,027,500 in 2010)	76,517,500	77,342,500
Additional paid in capital	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	12,957,199	17,672,548
Share in unrealized gains (Loss) on AFS investments of an associate	42,133	13,393
Retained Earnings - Appropriated	500,000,000	500,000,000
Retained Earnings - Unappropriated	342,633,094	341,922,312
<b>Total Equity</b>	<b>1,604,911,634</b>	<b>1,606,412,462</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,620,724,983</b>	<b>1,607,246,188</b>

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of September 30, 2011, 2010, 2009 (UNAUDITED)**  
**(IN PHP)**  
**(CONSOLIDATED)**

	AS OF SEPTEMBER		
	2011	2010	2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	796,577,800	1,150,735,373	101,665,785
Accounts receivable	64,301,600	59,884,828	71,747,338
Construction Work in Progress	87,003,905	-	-
Prepayments and other current assets	1,609,768	468,695	1,398,611
<b>Total Current Assets</b>	<b>949,493,073</b>	<b>1,211,088,896</b>	<b>174,811,734</b>
<b>Noncurrent Assets</b>			
Investment in Associates	31,813,405	34,417,141	483,141,558
Available-for-sale (AFS) investments - net	287,416,705	8,641,486	6,802,156
Land	312,298,000		
Property and equipment - net	6,114,407	6,441,879	8,876,426
Investment Property		320,744,964	
Deferred exploration costs - net of allowance for impairment	21,563,806	17,338,701	14,891,080
Other Noncurrent Assets	12,025,586	-	-
<b>Total Noncurrent Assets</b>	<b>671,231,910</b>	<b>387,584,170</b>	<b>498,820,140</b>
<b>TOTAL ASSETS</b>	<b>1,620,724,983</b>	<b>1,598,673,066</b>	<b>673,631,874</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	2,265,759	113,544	936,934
Customer Reservations	13,527,868		
Income Taxes Payable	19,722	-	-
	15,813,349	113,544	936,934
<b>Noncurrent liability</b>			
*Subscription Payable		-	171,720,000
<b>Total Liabilities</b>	<b>15,813,349</b>	<b>113,544</b>	<b>172,656,934</b>
<b>EQUITY</b>			
<b>Common Stock - P1 par value</b>			
Authorized - 1 billion shares			
Issued - 600,489,569 shares as of Sept. 30, 2011	600,489,569	597,169,569	589,409,569
Subscribed - 306,070,000 shares as of 3rdQ 2011 and 309,370,000 shares in 2010 (net of subscription receivable of ₱229,552,500 as of 3rdQ 2011 and ₱232,027,500 in 2010)	76,517,500	77,347,500	79,287,500
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	12,957,199	3,858,673	1,749,343
Share in unrealized gains (Loss) on AFS investments of an associate	42,133	(71,888)	(126,483)
Retained Earnings- Appropriated	500,000,000		
Retained Earnings- Unappropriated	342,633,094	847,983,528	(226,726,048)
<b>Total Equity</b>	<b>1,604,911,634</b>	<b>1,598,559,522</b>	<b>515,866,021</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,620,724,983</b>	<b>1,598,673,066</b>	<b>688,522,955</b>

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

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED SEPT 30, 2011, 2010, and 2009**

	2011	2010	2009
<b>REVENUES</b>			
Net interest income	25,337,321.29	35,509,074.86	8,896,666.91
Dividend Income	350.00		
	25,337,671.29	35,509,074.86	8,896,666.91
<b>COST AND EXPENSES</b>			
General and administrative expenses	16,368,394.41	12,524,921.75	6,302,673.47
Sales and Marketing Expenses	8,185,647.78		
	24,554,042.19	12,524,921.75	6,302,673.47
<b>Equity in net earnings (losses) of Associates</b>	(52,317.43)	384,620.81	(12,553,313.42)
<b>Foreign Exchange Gain (Losses)</b>	(809.23)	(13,337.12)	1,252.54
<b>Net Income (Loss) Before Tax</b>	730,502.44	23,355,436.80	(9,958,067.44)
<b>Provision for Income Tax</b>	64,136.90	97,259.42	-
<b>Net Income (Loss)</b>	666,365.54	23,258,177.38	(9,958,067.44)
<b>Other Comprehensive Income (Losses):</b>			
Unrealized (Loss) / Gain in Market Value of AFS	(4,715,349.60)	1,869,030.00	9,600.00
Share in Unrealized (Loss) / Gain on AFS of an Associate	28,740.00	(13,431.00)	54,595.00
<b>Total Comprehensive Income / (Loss)</b>	(4,020,244.06)	25,113,776.38	(9,893,872.44)
<b>Basic/Diluted Income (Loss) Per Share</b>	0.00	0.04	N/A
<b>* Computed as</b>	= $\frac{\text{Net income(loss) for the period}}{\text{Weighted average number of shares}}$		
	666,365.54	23,258,177.38	(9,958,067.44)
	600,214,569.00	589,691,235.67	588,979,568.87

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED SEPTEMBER 30, 2011, 2010, and 2009**

	2011	2010	2009
<b>REVENUES</b>			
Interest Income	8,633,268.98	9,792,501.07	2,455,695.72
Dividend Income	-	-	-
	8,633,268.98	9,792,501.07	2,455,695.72
<b>COST AND EXPENSES</b>			
General and administrative expenses	5,299,711.55	7,346,821.45	1,842,573.77
Sales & Marketing Expense	3,822,081.35	-	-
	9,121,792.90	7,346,821.45	1,842,573.77
Equity in net earnings / (losses) of Associates	157,933.70	(1,024,429.32)	(3,861,765.53)
Foreign Exchange Gain (Losses)	(133.75)	(13,091.37)	(3,873.85)
Net Income (Loss) for the quarter before Tax	(330,723.96)	1,408,158.93	(3,252,517.43)
Provision for Income Tax	19,722.22	28,509.42	-
Net Income (Loss) for the quarter	(350,446.19)	1,379,649.51	(3,252,517.43)
Other Comprehensive Income (Losses):			
Unrealized (Loss) / Gain in Market Value of AFS	1,326,000.00	312,780.00	(13,337.12)
Share in Unrealized (Loss)/Gain on AFS of an associate	28,740.00	(13,449.63)	-
Total Comprehensive Income (Loss) for the Quarter	1,004,293.81	1,678,979.88	(3,265,854.55)
NET INCOME / (LOSS) FOR THE FIRST SEMESTER	1,016,811.72	21,878,527.87	(6,705,550.01)
TOTAL NET INCOME / (LOSS) AS OF SEPTEMBER 30,2011	666,365.54	23,258,177.38	(9,958,067.44)
Basic /Diluted Income (Loss) Per Share for the Quarter	N/A	0.0023	N/A
* Computed as	=		
Net income(loss) for the period	(350,446.19)	1,379,649.51	(3,252,517.43)
Weighted average number of shares	600,214,569.00	589,691,235.67	588,979,568.87

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**As of Sept 30, 2011, 2010 and 2009**  
**(with comparative figures)**

	<b>AS OF SEPTEMBER</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	<b>730,504</b>	23,355,437	(9,958,067)
Adjustments for:			
Provision for impairment on deferred exploration costs	-		
Depreciation and amortization (Note 10)	<b>2,552,097</b>	1,916,854	1,896,544
Impairment in value of available-for-sale investments (Note 7)	-		
Net foreign exchange losses/(gains)	<b>809</b>	13,337	(1,253)
Interest income (Note 14)	<b>(25,337,321)</b>	(35,509,075)	(8,896,667)
Equity in net losses (income) of associates (Note 9)	<b>210,251</b>	(384,621)	12,553,313
Gain on sale of investment property	-		
Operating loss before working capital changes	<b>(21,843,660)</b>	(10,608,067)	(4,406,129)
Decrease (increase) in:			
Accounts receivable	<b>(7,888,028)</b>	10,297,773	7,237,721
Advances to contractors and consultants	<b>16,477,020</b>		
Prepayments and other current assets	<b>(1,221,835)</b>	879,289	(265,827)
Construction Work in Progress	<b>(87,003,905)</b>		
Customer Advances & Deposits	<b>13,527,868</b>		
Increase (decrease) in accounts payable and accrued expenses	<b>1,551,391</b>	(1,704,308)	339,508
Net cash used in operations	<b>(86,401,149)</b>	(1,135,313)	2,905,273
Income tax paid	<b>(119,358)</b>		
Net cash flows used in operating activities	<b>(86,520,507)</b>	(1,135,313)	2,905,273
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<b>24,928,798</b>	35,509,075	8,896,667
Advances to Officers			
Decrease (increase) in deferred exploration costs	<b>(19,871,191)</b>	(2,376,745)	
AFS investments	<b>(6,176,050)</b>		
Investments in Associates		(347,353)	(3,300,000)
Property and equipment	<b>(2,567,747)</b>	(320,817,542)	(64,125)
Increase in other noncurrent assets	<b>(8,615,338)</b>		
Net cash flows from (used in) investing activities	<b>(12,301,528)</b>	(288,032,565)	5,532,542
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Collection of subscriptions receivable	<b>2,475,000</b>	5,745,000	397,500
Net cash flows from (used in) iFinancing activities	<b>2,475,000</b>	5,745,000	397,500
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(809)</b>	(13,337)	1,253
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(96,347,844)</b>	(283,436,216)	8,836,568
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>893,083,578</b>	1,434,171,589	92,829,217
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>796,735,734</b>	1,150,735,373	101,665,785

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED Sept. 30, 2011, 2010, 2009**

	Common Stock		Additional Paid-In Capital	Unrealized Gains/(Loss) on AFS Investments	Share in Unrealized Gains/(Loss) on AFS Investments of Associate	Retained Earnings		TOTAL
	Issued	Subscribed - Net				Appropriated	Unappropriated	
<b>Balances at January 01,2009</b>	<b>588,879,569</b>	<b>79,420,000</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>
Collections of Subscription Receivable								-
Issuance of Common Stock								-
Total Comprehensive Income 1stQ 2009				803,250			(4,376,905)	(3,573,655)
								-
Collection of subscriptions receivable		75,000						75,000
Issuance of Common Stock	100,000	(100,000)						-
Total Comprehensive Income 2ndQ 2009				(340,050)			(2,328,645)	(2,668,695)
								-
Collection of subscriptions receivable		322,500						322,500
Issuance of Common Stock	430,000	(430,000)						-
Total Comprehensive Income 3rdQ 2009				(453,600)			(3,252,517)	(3,706,117)
								-
<b>Balances at Sept. 30,2009</b>	<b>589,409,569</b>	<b>79,287,500</b>	<b>72,272,140</b>	<b>1,749,343</b>	<b>(126,483)</b>	<b>-</b>	<b>(226,726,048)</b>	<b>515,866,021</b>
<b>Balances at January 01,2010</b>	<b>589,509,569</b>	<b>79,262,500</b>	<b>72,272,140</b>	<b>1,989,643</b>	<b>(58,457)</b>		<b>824,628,091</b>	<b>1,567,603,486</b>
Collections of Subscription Receivable		157,500						157,500
Issuance of Common Stock	210,000	(210,000)						-
Total Comprehensive Income 1stQ 2010				945,000	(301)		9,128,727	10,073,425
								-
Collection of subscriptions receivable								-
Issuance of Common Stock								-
Total Comprehensive Income 2ndQ 2010				611,250	320		12,818,551	13,430,121
								-
Collection of subscriptions receivable		5,587,500						5,587,500
Issuance of Common Stock	7,450,000	(7,450,000)						-
Total Comprehensive Income 3rdQ 2010				312,780	(13,450)		1,408,159	1,707,489
								-
<b>Balances at Sept. 30,2010</b>	<b>597,169,569</b>	<b>77,347,500</b>	<b>72,272,140</b>	<b>3,858,673</b>	<b>(71,888)</b>		<b>847,983,528</b>	<b>1,598,559,522</b>
<b>Balances at January 01,2011</b>	<b>597,189,569</b>	<b>77,342,500</b>	<b>72,272,140</b>	<b>17,672,548</b>	<b>13,393</b>	<b>500,000,000</b>	<b>341,922,314</b>	<b>1,606,412,463</b>
Collections of Subscription Receivable		2,475,000						2,475,000
Issuance of Common Stock	3,300,000	(3,300,000)						-
Total Comprehensive Income 1stQ 2011				(4,618,900)	(13,375)		(55,881)	(4,688,155)
								-
Collection of subscriptions receivable		-						-
Issuance of Common Stock	-	-						-
Total Comprehensive Income 2ndQ 2011				(1,422,450)	13,375	-	1,117,107	(291,968)
								-
Collection of subscriptions receivable		-						-
Issuance of Common Stock	-	-						-
Total Comprehensive Income 3rdQ 2011				1,326,000	28,740	-	(350,446)	1,004,294
								-
<b>Balances at Sept. 30,2011</b>	<b>600,489,569</b>	<b>76,517,500</b>	<b>72,272,140</b>	<b>12,957,199</b>	<b>42,133</b>	<b>500,000,000</b>	<b>342,633,094</b>	<b>1,604,911,634</b>

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE QUARTERS ENDED SEPT. 30, 2011, 2010, and 2009**

	Common Stock		Additional Paid-in Capital	Unrealized Gains/(Losses) on AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Retained Earnings		Total
	Issued	Subscribed - net				Appropriated	Unappropriated	
<b>Balances at June 30, 2009</b>	<b>588,979,569</b>	<b>79,395,000</b>	<b>72,272,140</b>	<b>2,202,943</b>	<b>(126,483)</b>	<b>-</b>	<b>(223,473,531)</b>	<b>519,249,638</b>
Collection of subscriptions receivable		322,500						322,500
Shares of stock issued from subscribed	430,000	(430,000)	-					-
Total Comprehensive Income 3rdQ 2009				(453,600)	-	-	(3,252,517)	(3,706,117)
<b>Balances at Sept. 30, 2009</b>	<b>589,409,569</b>	<b>79,287,500</b>	<b>72,272,140</b>	<b>1,749,343</b>	<b>(126,483)</b>			<b>515,866,021</b>
<b>Balances at June 30, 2010</b>	<b>589,719,569</b>	<b>79,210,000</b>	<b>72,272,140</b>	<b>3,545,893</b>	<b>(58,438)</b>	<b>-</b>	<b>846,575,369</b>	<b>1,591,264,533</b>
Collection of subscriptions receivable		5,587,500						5,587,500
Shares of stock issued from subscribed	7,450,000	(7,450,000)	-					-
Total Comprehensive Income 3rdQ 2010				312,780	(13,450)	-	1,408,159	1,707,489
<b>Balances at Sept. 30, 2010</b>	<b>597,169,569</b>	<b>77,347,500</b>	<b>72,272,140</b>	<b>3,858,673</b>	<b>(71,888)</b>		<b>847,983,528</b>	<b>1,598,559,522</b>
<b>Balances at June 30, 2011</b>	<b>600,489,569</b>	<b>76,517,500</b>	<b>72,272,140</b>	<b>11,631,199</b>	<b>13,393</b>	<b>500,000,000</b>	<b>342,983,540</b>	<b>1,603,907,340</b>
Collection of subscriptions receivable		-						-
Shares of stock issued from subscribed	-	-	-					-
Total Comprehensive Income 3rdQ 2011				1,326,000	28,740	-	(350,446)	1,004,294
<b>Balances at September 30, 2011</b>	<b>600,489,569</b>	<b>76,517,500</b>	<b>72,272,140</b>	<b>12,957,199</b>	<b>42,133</b>	<b>500,000,000</b>	<b>342,633,094</b>	<b>1,604,911,634</b>



**South China Resources, Inc. and Subsidiary**

Aging of Accounts Receivable

As of September 30, 2011

	CURRENT					PAST DUE			Past due accounts & Items in Litigation
	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos. To 1 Year	1-2 Years	3-5 Years	5 Years - Above	
Accounts Receivable									
1 Amounts owed by a related party - PSC	45,300,000	300,000	45,000,000						
2 Amounts owed by a related party - IPI	13,108,524	3,108,524	10,000,000						
3 Officers and employees	4,042,811	42,811			4,000,000				
4 Others	1,850,265	231,734	349,915	32,000	1,138,254	40,884	57,478		NONE
Subtotal	64,301,600	3,683,069	55,349,915	32,000	5,138,254	40,884	57,478		
Less: Allow. For Impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	64,301,600	3,683,069	55,349,915	32,000	5,138,254	40,884	57,478		NONE
Net Receivables	<b>64,301,600</b>	<b>3,683,069</b>	<b>55,349,915</b>	<b>32,000</b>	<b>5,138,254</b>	<b>40,884</b>	<b>57,478</b>	-	NONE

**Notes:** If the Company's collection period does not match with the above schedule and revision is necessary to make the schedule not misleading, the proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

**Accounts Receivable Description :**

Type of A/R :	Nature/Description	Collection Period
		monthly payment of interest &
1) Amounts owed by a related party	Receivable from third party PUYAT STEEL CORP. and IPI Industries, Inc. (Principal & Interest)	quarterly payment of principal
2) Officers and employees	Advances to employees for emergency purpose on a 1 year term payable monthly	monthly
3) Others	Receivable from third party	past due yet collectible
<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