



SOUTH CHINA RESOURCES, INC.

ENZO Building, 399 Senator Gil Puyat Avenue, Makati
Metro Manila, Philippines 1200

May 21, 2012

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 1st Quarter Report (on SEC Form 17-Q) for year 2012 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 **March 31, 2012**
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. **ENZO Bldg Senator Gil Puyat Ave Makati City** **1200**
Address of principal office Postal Code
8. (632) 804-1977/804-1978
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 | 906,017,569 |
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 |
|---|----------------------------|
| <u>Philippine Stock Exchange</u> | <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 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

BUSINESS

The Company was incorporated and registered with the SEC on September 25, 1992 primarily to undertake oil and gas exploration, development and production. Starting in 1995, South China opted to strengthen its core business by diversifying then into investments in banking and telecommunications.

The Securities and Exchange Commission, on October 30, 2003, approved the amendment of the Company's Articles of Incorporation to change the primary purpose thereof to that of a holding company and to include its then primary purpose of oil exploration as among the secondary purposes of the Company. The Company has continued to maintain its exploration activities.

Since its incorporation, the Company has been actively involved in the review and exploration of the different sedimentary basins in the Philippines.

South China remains to be a significant player in oil exploration in the country. The Company operates prudently by reducing upfront costs in frontier exploration. South China has proven that the exploration strategy and the technical concepts using data driven models are effective in opening up frontier areas like Northeast Palawan. On January 27, 2006, in joint agreement, South China and SPEX (Shell Philippines Exploration B. V.) together with KUFPEC (Kuwait Foreign Petroleum Co. ksc) signed with the Department of Energy (DOE), Service Contract No. 60 (SC-60). KUFPEC is a wholly owned subsidiary of the national company Kuwait Petroleum Company (KPC) and its entry into eastern offshore Palawan is a significant development in proving this new playing ground for oil exploration in the country. On July 8, 2008, the SC – 60 Joint Operations, in a letter to the DOE, elected to enter the second sub-phase of SC – 60. The objective is to continue and further the exploration of the block with a commitment to drill one well during the sub-phase. The Joint Operations on July 20, 2010 spudded and drilled the Silangan-1 well. During the second half of November 2010, the Joint Operations launched a CSEM (Controlled Source Electro-Magnetics) survey in line with a request to the DOE to extend the decision period whether or not to enter the third sub-phase. The DOE in its letter dated January 26, 2011 approved the request to defer commitment to enter the third sub-phased to February 10, 2012 and upon exercise of a commitment to enter the third sub-phase relinquish 25% of the original area. After a thorough review of the results of all studies done on the area, a decision based on the unsubstantial findings of the Silangan well and the CSEM survey, the JV through the operator decided not to proceed with the third sub-phase. South China had 15% interest in the block and was a paying partner after the first well.

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

On May 26, 2010, the Board of Directors in a special meeting, adopted a resolution authorizing the purchase by the Company of a 24,022.90 sq.m. parcel of land located at the East Service Road of South Superhighway, Brgy. Buli, Muntinlupa City, Metro Manila and registered in the names of, among others, the Company's majority Directors, and major stockholders, Edgardo P. Reyes, Wilfrido P. Reyes and Belen R. Castro at a purchase price of P312,297,000.00.

The Board of Directors, at its special meeting held November 11, 2010, directed Management to cause the registration with the Securities and Exchange Commission of SOC Land Development Corporation ("SOC Land) as a wholly-owned subsidiary of the issuer 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). The subsidiary will be the property development arm of the company.

On December 21, 2010, the Board of Directors approved an investment and the Company 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. SOC's subscription of AGP International's Series A Preferred Shares is purely for investment purposes. 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. By investing in AGP International, SOC believes that it will be benefited by a return of the investment of AGP Philippines from AG&P. On January 31, 2012, the Company, together with the other legal owners of AGP International preferred shares, entered into a Share Purchase Agreement with AGP International to sell its shares to the latter for \$0.40 cents per share. On the same date, AGP International and AG&P executed a waiver and release form in favor of each seller, relieving them from any claims related to the shares.

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 Development Corporation ("SOC Land"), in exchange for the latter's shares of stock valued at PHP312,298,000.00. The registrant's investment into property development through SOC Land is seen as an important aspect in enhancing its shareholder value.

The government estimates the country's housing backlog at almost 4 million. There lies the opportunity for South China to serve a basic need of Filipinos through SOC Land Development Corporation (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.

Principal products or services and their distribution; competition in the industry; sourcing of raw materials and principal suppliers; dependence on one or few customers; transactions with and/or related parties; and patents, trademarks, licenses, franchises, concessions, royalty agreement, or labor contracts are not applicable with the registrant at this time.

The Company does not expect any significant changes in its number of employees. Presently, the Company has a total of seven (6) officers and employees, all working full-time, one (1) Chairman, one (1) Vice-President for Operations, one (1) Vice-President for Finance, one (1) Accountant, one (1) Accounting Assistant and one (1) Messenger. The Company has no Collective Bargaining Agreements (CBA).

Since the company has only six (6) officers and employees, it is not legally required to establish a formal retirement plan for its employees because under Republic Act No. 7641, a company is required to set up a retirement plan if it has ten (10) or more employees.

Puyat Steel Corporation (PSC) is a world- class manufacturer of galvanized and pre-painted steel sheets and coils used in roofing and walling profiles and bended accessorial products. It was established in 1956 as a division of Gonzalo Puyat and Sons Inc. PSC set up the first galvanizing plant in the Philippines in answer to the need of the country for galvanized iron sheets to be used in construction, building and roofing materials. In 1998, PSC inaugurated in Rosario, Batangas, the Philippines' first ever state-of-the-art continuous galvanizing line utilizing the modern non-oxidizing furnace (NOF) technology putting the mill in a globally competitive stature. By the year 2000, PSC became the first NOF continuous galvanizing plant to be ISO 9002 certified.

The BOD through Board Resolution dated January 15, 2008 authorized the Company to enter into a related party agreement with PSC to invest an amount of up to P130 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 issued arising from the sale of the finished goods. The funding facility is renewable on a yearly basis. Under this arrangement, the Company receives a guaranteed return on investment (ROI) of at least 8% per annum.

International Pipe Industries Corp. (IPIC) is the pioneer manufacturer of large-diameter spiral welded pipes and machinery fabrication in the Philippines and Southeast Asia. It has developed a "strong solid experience" in providing quality steel pipe products of various requirements in the industry, servicing clienteles all over the Philippines, ASEAN countries and U.S. territories. IPI was also the first company in the Southeast Asia to pioneer in the design and exportation of high-tension transmission poles, weight coating of submarine line pipe and non-tension and pre-tension concrete pressure pipes. In 2007, IPIC set up another manufacturing facility in Sta. Cruz, Davao del Sur selected to cater to the pipe requirements of customers in the Visayas and Mindanao area.

The Company is in a favorable situation wherein its current cash position allows it to review other businesses wherein it may invest, including but not exclusive to opportunities in mining, energy projects and acquisition of petroleum areas either by farm-in or direct investment.

The Company is also looking into food production. We believe in the thesis that rising incomes in the Asian region will drive greater protein consumption. We are currently identifying large tracts of land suitable for agro-industrial complexes for food production.

RESULTS OF OPERATIONS
Financial Highlights
(In PHP)
(Consolidated)

FOR THE QUARTERS ENDED:
MARCH 31, 2012 VS MARCH 31, 2011

	March 31 2012 (UNAUDITED)	March 31 2011 (UNAUDITED)	INCREASE/ (DECREASE)	% CHANGE
Real Estate Sales	28,425,475		28,425,475	100.00%
Cost of Sales	21,088,935		21,088,935	100.00%
Gross Profit Before Unrealized Profit	7,336,540		7,336,540	100.00%
Deferred Gross Profit	(5,641,065)		(5,641,065)	100.00%
Realized Gross Profit	1,695,475		1,695,475	100.00%
Interest Income - net	6,643,574	6,317,581	325,993	5.16%
Gain on Sale of Investment	180,119,419		180,119,419	100.00%
Gain on Market value of Asset held for sale	3,423,157		3,423,157	100.00%
Dividend Income		350	(350)	100.00%
Revenue	191,881,625	6,317,931	185,563,694	2937.10%
General & Administrative expense	43,980,679	5,552,023	38,428,656	692.16%
Sales & Marketing expense	6,342,233	787,879	5,554,354	704.98%
Cost & Expenses	50,322,912	6,339,902	43,983,010	693.75%
Income From Operations	141,558,713	(21,971)	141,580,684	644398.00%
Equity in Net Earnings (Losses)				
of associates	-	103,339	(103,339)	(100.00) %
Foreign Exchange Gain (Loss)	(1,274,066)	206	(1,274,272)	-618578.64%
Provision for Income Tax	5,065,901	24,097	5,041,804	209.23
Net Income/(Loss)	135,218,746	57,477	135,161,269	235157.14%
Share in unrealized gain (losses) on				
AFS of an associate	-	(13,375)	13,375	-100.00%
Unrealized gain or (loss) in market				
value of AFS	1,306,604	(4,618,900)	5,925,504	128.29%
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE QUARTER	136,525,350	(4,574,798)	141,100,148	(3084.29) %

2012 VS 2011: RESULTS OF OPERATIONS

For the quarter ended March 31, 2012, the Parent company posted a net income of ₱173.81M, a **77.92%** marked increase compared to the same period last year. The consolidated results of operation jumped to 2,786 times as compared to the ₱57,477 net income after tax of the group for the 1st quarter 2011.

100% Increase in Real Estate Sales

SOC Land's License to Sell (LTS) was released by the HLURB on December 14, 2011. As of March 31, 2012, Sales amounting to P28 Million was recognized based on Percentage of Completion of Building.

100% Increase in Cost of Sales

As of March 31, 2012, cost from sale of real estate was recognized amounting to P21 Million.

100% increase Deferred Gross profit and Realized Gross Profit

Since actual percentage of completion is reported to be 23.11%, revenues of P1.6 Million or 23.11% of the Gross Profit is reported as realized and the remaining balance of P5.6 Million is considered as deferred revenues.

5.16% Increase in Interest Income

This was due to the increase in interest income earned from Time Deposits as well as the advances made to Puyat Steel and International Pipe Industries. The group earned ₱5.33M and ₱1.25M interest income from time deposits and advances to related parties respectively as of 1st quarter 2012.

100% Increase in Gain on Sale of Investment

On January 31, 2012, the Company, together with the other owners of AGP International preferred shares, entered into a Share Purchase Agreement with AGP International to sell its 26,086,957 Series A Preferred shares to the latter for \$0.40 cents per share.

100% Increase in gain on market Value of Asset held for Sale

On June 1, 2011, the Parent Company, together with other shareholders, entered into a Share Purchase Agreement (the Agreement) with Security Bank Corporation for the sale of its 351,454 common shares in PDB. The sellers are the owners of an aggregate of 7,071,263 common shares in PDB, representing 96.42% of the issued and outstanding capital stock of PDB.

Under the Agreement, the price per share amounted to ₱181.7. The obligations of the parties to complete the sale and purchase of the shares under the Agreement are subject to the approval of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). On January 20, 2012, the Monetary Board of the BSP approved the transaction contemplated in the Agreement.

As of December 31, 2011, the Group Company reclassified its investment in PDB amounting to ₱31.7 million as held for sale and presented it under "Noncurrent asset held for sale" account in the consolidated statement of financial position

692.16% Increase in General & Administrative Expenses

The increase accounts for the general and administrative expenses of the subsidiary amounting to ₱5.5M, representing write-off of deferred exploration cost by the parent amounting to ₱21.58M, ₱2.87M capital gains tax and ₱0.32 professional fees pertaining to the sale of Premiere Development Bank shares.

704.98% Increase in Sales & Marketing Expense

This pertains to the Increase in Print Advertising and Billboards, Bus Ads and other promotions of SOC Land for the Anuva Project.

6443X Increase in Income from Operations

The tremendous increase in income from operation was brought about by the sale of AG&P shares and Premiere Development Bank Shares as previously discussed.

100% Decrease in Equity in Net Earnings of Associates

As of December 31, 2011, the Group Company reclassified its investment in PDB amounting to ₱31.7 million as held for sale and presented it under "Noncurrent asset held for sale" account in the consolidated statement of financial position. On January 20, 2012, the Monetary Board of the BSP approved the transaction contemplated in the Agreement. After reclassification of Investment on Associates to Investment Held for Sale, the company cease on recognizing share in equity of associates.

6,185X Decrease in Foreign Exchange Gain (Loss)

This was brought about by the effect of Peso depreciation against US Dollar for the Group's US denominated currency coming from the proceeds of the sale of AG&P which was partly invested to time deposit and to HSBC Hongkong account for investment purposes.

128.29% Increase in unrealized gain in market value of AFS

The group purchased various equity investments from foreign markets amounting to a total of ₱157M. As of March 2012, the group recognized ₱1.3M unrealized gain on market value of listed shares.

RESULTS OF OPERATIONS
Financial Highlights
(In PHP)
(Consolidated)

FOR THE QUARTERS ENDED:
MARCH 31, 2011 VS MARCH 31, 2010

	March 31 2011 (UNAUDITED)	March 31 2010 (UNAUDITED)	INCREASE/ (DECREASE)	% CHANGE
Revenues	6,317,931	11,085,677	(4,767,746)	(43.01) %
Expenses	(6,339,902)	(2,230,497)	4,109,405	184.24%
Income From Operations	(21,971)	8,855,180	(8,877,151)	(100.25) %
Equity in Net Earnings (Losses)				
of associates	103,339	279,700	(176,361)	(63.05) %
Foreign Exchange Gain (Loss)	206	(6,153)	6,359	103.35%
NET INCOME/ (LOSS) FOR				
the Quarter	81,574	9,128,727	(9,047,153)	(99.11) %
Other Comprehensive Income				
or (Loss)	(4,632,275)	944,699	(5,576,974)	(590.34) %
TOTAL COMPREHENSIVE INCOME				
OR (LOSS) FOR THE QUARTER	(4,574,798.00)	10,073,426.00	(14,648,224)	(145.41) %

Revenues- 43.01% decrease from PHP 11.09 Million to PHP 6.32 Million (2011vs2010)

The 43.01% decrease in revenue generated for the 1st quarter of 2011 was brought about by the decrease in interest income earned from time deposits of P9.34M in 1stQ 2010 vs P5.05M in 1stQ 2011 due to the following: (1) decrease in interest rates and (2) decrease in the amount invested in placements. There was a minimal decrease in interest income earned from advances made to Puyat Steel Company having P1.72M in 1stQ 2010 vs P1.16M in 1stQ 2011. The company's subsidiary SOC Land Development Corp. (SOCLand) has no revenues yet as of 1st quarter of 2011. It was registered in SEC last November 25,2010.

Expenses – 184.24% increase from PHP 2.230 Million to PHP 6.340 Million (2011vs2010)

Out of 184.24% increase in the consolidated expenses of the company, 164.84% comprises of expenses incurred by SOCLand amounting to P3.68M. The remaining of which pertains to South China Resources amounting to P2.66M.

Equity from Net Earnings of Associates- 63.05% decrease from income of PHP279,700 to Income of PHP103,339 (2011vs2010)

The company's associate, Premiere Development Bank earned a net income of P2.16M for the 1st quarter of 2011 of which 4.79% of it was recognized as equity of South China Resources.

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

Net Income of Premiere 1 st Quarter 2011	PHP	2,157,387.67
Equity ownership in Premiere	X	4.79%
	PHP	103,338.87

Comprehensive Income / (Loss) – 590.34% decrease from income of PHP944,699 to loss of PH4.57M (2011vs2010)

There was a huge decline in the other Comprehensive Income (Loss) earned by the company as of the 1st quarter 2011. The unrealized valuation loss for the available for sale investments of the company amounted to P4.62M as compared to P945,000 unrealized gain for the first quarter 2010. The available for sale investments consists of shares of stocks from:

Petron (unrealized valuation loss of P5.12M)
Aboitiz (unrealized valuation gain of P24,000)
AGI (unrealized valuation gain of P474,950)

The company also recognized 4.79% of the unrealized valuation gain (loss) of the available for sale investment of Associates. The company recognized P13, 374 for the 1st quarter of 2011.

Net Income / (Loss) – 99.11% decrease from PHP 9.13M to PHP81,574 (2011vs2010)

The resulting smaller bottomline figure as compared to the 1st quarter of the preceding year was due to the additional expenses incurred by SOCland of which no revenue was earned as of the first quarter 2011.

FINANCIAL POSITION
Financial Highlights
(in PHP)
(Consolidated)

FOR THE QUARTERS ENDED:
MARCH 31, 2012 VS MARCH 31, 2011

	March 31 2012 (UNAUDITED)	March 31 2011 (UNAUDITED)	INCREASE/ (DECREASE)	% Change
Cash & Cash Equivalents	855,761,961	826,634,649	29,127,312	3.52%
Construction work in Progress		11,086,852	(11,086,852)	(100.00)%
Accounts Receivable	67,082,506	11,737,486	55,345,020	471.52%
Installment Contract Rec.	16,305,901		16,305,901	100.00%
Real Estate for Sale	457,767,180		457,767,180	100.00%
Due from Related Parties	67,118,663	85,109,345	(17,990,681)	(0.21)%
Prepayment & Other Current Assets	22,542,066	2,305,392	20,236,674	877.80%
Total Current Assets	1,486,578,277	936,873,723	549,704,554	58.67%
Investment in Bonds	87,167,328		87,167,328	100.00%
Investment in Associates		31,926,947	(31,926,947)	(100.00)%
Available for Sale Investments	178,248,515	286,226,155	(107,977,640)	(37.72)%
Deferred Exploration Cost		21,692,280	(21,692,280)	(100.00)%
Property & Equipment	20,965,615	6,391,863	14,573,752	228.00%
Investment Property		321,048,252	(321,048,252)	(100.00)%
Other noncurrent Assets	4,126,675	2,397,352	1,729,323	72.13%
Total Noncurrent Assets	290,508,133	669,682,849	(379,174,716)	(56.62)%
TOTAL ASSETS	1,777,086,410	1,606,556,571	170,529,838	10.61%
Accounts Payable & Accrued expenses	22,592,033	2,100,451	20,491,581	975.58%
Customer Advances & Deposits	11,011,809		11,011,809	100.00%
Other Current Liabilities	2,511,696		2,511,696	100.00%
Unrealized Gross Profit	5,641,065		5,641,065	100.00%
Income Taxes Payable	5,087,863	143,455	4,944,408	3446.66%
Current Liabilities	46,844,466	2,243,906	44,600,560	1987.63%
Common Stock	600,489,569	600,489,569	-	0.00
Subscribed-net of Receivable	76,517,500	76,517,500	-	0.00
Additional Paid in capital	72,272,140	72,272,140	-	0.00
Unrealized gain on AFS	11,696,223	13,053,649	(1,357,426)	(0.10)%
Share in unrealized gain on AFS of Assoc		18	(18)	(100.00)%
Retained Earnings - Appropriated	500,000,000		500,000,000	100.00%
Retained Earnings - unappropriated	469,894,912	341,979,790	127,915,122	37.40%
Treasury Shares	(628,400)	-	(628,400)	100.00%
Total Equity	1,730,241,943	1,104,312,665	625,929,278	56.68%
TOTAL LIABILITIES & EQUITY	1,777,086,410	1,106,556,571	670,529,838	60.60%

2012 VS 2011: FINANCIAL CONDITION

There has been a 58.67% increase in the total current assets by the group for the quarter ended March 31, 2012. The total resources of the group reach up to ₱1.78 Billion exhibiting 10.61% increased as against the previous year 2011 of the same quarter.

3.52% Increase in Cash & Cash Equivalents

Cash and cash equivalents increased by ₱29.13 million in the first quarter of 2012 as compared to 1st quarter 2011 due to the net effect of the following:

Cash Inflows:

- SOC Land collected as of March 31, 2012 a total of P23.1 Million or 2% of the total projected cash inflows from condominium sales.
- Interest Received from amount owed to Puyat Steel, IPI as well as placements on time deposits amounted to ₱7.45M;
- Proceeds from Sale of AG&P shares; and
- Payment of International Pipe Industries of their advances amounting to ₱3M.

Cash Outflows:

- Real estate held for sale increased by ₱10.15 Million as of March 31, 2012;
- Investment in Available for sale shares amounting to ₱157M;
- Investment in Bonds amounting to ₱87.17M;and
- Acquisition of Property and Equipment amounting to ₱1.71 Million;

471.52% Increase in Accounts Receivable

This was principally due to the sale of shares in Premiere Bank, the proceeds of which are being held in escrow and will be released only upon presentation of the original Certificates Authorizing Registration of shares covering at least 75% of the Outstanding Capital Stock. The increase in accounts receivable was also due to the increase in advances of sales and marketing employees for various selling and marketing activities.

877.80% Increase in Prepayments and Other Current Assets

Increase is due to increase in input vat related to the increase in development cost.

100% Decrease in Investment in Associates

This was due to the reclassification of account from Investment in Associates to Asset held for Sale. This asset held for sale pertains to the Premiere Development Bank shares owned by the group of which the sale was previously discussed above.

37.72% Decrease in Available for Sale investments

This was due to the net effect of the sale of AG&P shares and the purchase by the group of domestic and foreign stocks.

100% Decrease in Deferred Exploration Cost

Due to the write-off of deferred exploration cost amounting to ₱21M.

228% Increase in Property & Equipment

Increase in Building Cost amounting to P15.7 Million representing Marketing Office of the Anuva project by SOC Land.

3,446.66% Increase in Income Taxes Payable

This was due to the income tax payable derived from the gains earned on the sale of AG&P shares, which is a sale of foreign shares subject to regular corporate income tax of 30%.

37.40% Increase in Retained Earnings – unappropriated

Due to the 2,351x increase in net income of the company for the quarter ended March 31, 2012 as against March 31, 2011 brought about by the gain from the sale of AG&P shares and Premiere Bank shares as previously discussed.

100% Increase in Treasury Shares

Due to the acquisition of the Parent company of its own stock amounting to ₱628,400. The Board of Directors of the Parent Company at its special meeting held on 21 December 2011 approved the repurchase of the Company's shares in the open market. The Board of Directors and Management of the Company believe that the Company's shares are trading at a price that is much lower level than the fair value thereof. The total budget allocated for the program is ₱120M pesos covering a period of 24 months that started last December 22, 2011.

FINANCIAL POSITION

Financial Highlights

(in PHP)

(Consolidated)

**FOR THE QUARTERS ENDED:
MARCH 31, 2011 VS MARCH 31, 2010**

	March 31 2011 (UNAUDITED)	March 31 2010 (UNAUDITED)	INCREASE/ (DECREASE)	% Change
Current Assets	936,873,723	1,514,081,334	(577,207,611)	(38.12)%
Noncurrent Assets	669,682,849	64,359,679	605,323,169	940.53%
TOTAL ASSETS	1,606,556,571	1,578,441,014	28,115,558	1.78%
Current Liabilities	2,243,906	606,602	1,637,304	269.91%
Retained Earnings (Deficit)	841,979,790	833,756,818	8,222,972	0.99%
Equity	762,332,875	744,684,196	17,648,680	2.37%
TOTAL LIABILITIES & EQUITY	1,606,556,571	1,578,441,014	28,115,558	1.78%

Current Assets- 38% decrease from PHP1.51 Billion to PHP 936.87 Million (2011vs2010)

There was a decrease of 38% in the current assets brought about by a decrease in cash used in the capital outlays and working capital requirements of the wholly owned subsidiary. On July 28, 2010 a purchase of land situated at the East Service Road of South Superhighway containing an area of 24,022.90 was consummated as pursuant to an absolute deed of sale for a price of PHP 312.30M. The land was then classified as investment property for the company has plans of developing it in the future or for subsequent disposal. It has been noted in the previous years that the company has reaped outstanding income from disposal of property. Also on 21 December 2010, SOC 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-

There was a decrease in the accounts receivable of the group due to the payment by officers of the amount owed to the company worth P30M during the year 2010.

The great increase in the other current assets of the group is attributed to the advances made by SOCLand to their contractors amounting to P11.10 Million as of the 1st quarter 2011.

Cash and cash equivalents- 41.52% decrease from PHP 1.413 billion to PHP 826.64 million (2011vs2010).

The 41.52% decrease in cash and cash equivalents is brought about by the company's investment in land worth P321.05M inclusive of the purchase price of P312.297M and all other directly attributable expenditures as well as the purchase of 26,086,957 series A preferred shares from AGP International Holdings. The company also earned as of the 1st quarter 2011 (1) interest income from time deposit amounting to P5.05M (2) Interest from savings deposit of P59,017 (3) Interest from Puyat Steel of P1.16M and (4) Interest earned from IPI of P45,634.

International Pipe Industries Corp. (IPIC) is the pioneer manufacturer of large-diameter spiral welded pipes and machinery fabrication in the Philippines and Southeast Asia. It has developed a "strong solid experience" in providing quality steel pipe products of various requirements in the industry, servicing clientele all over the Philippines, ASEAN countries and U.S. territories. IPI was also the first company in the Southeast Asia to pioneer in the design and exportation of high-tension transmission poles, weight coating of submarine line pipe and non-tension and pre-tension concrete pressure pipes. In 2007, IPIC set up another manufacturing facility in Sta. Cruz, Davao del Sur selected to cater to the pipe requirements of customers in the Visayas and Mindanao area.

The Board of Directors has authorized the Company to enter into a related party agreement with International Pipe Industries Corporation to advance the amount of up to P50 Million for the acquisition of raw materials to be processed into finished steel products. The Company will receive a guaranteed return on investment of at least eight percent per annum.

Accounts Receivable- 10.14% decrease from P100.12M to P89.97M (2011vs2010)

The 10.14% decrease in accounts receivable is attributed to the payment of advances of officers amounting to P30M.

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

Prepayments & other current assets- 3,037.56% increase from PHP0.40 Million to PHP12.61 million (2011vs2010)

Prepayments and other currents assets attributable to the subsidiary SOCLand amounted to P1.80M as of the 1st quarter 2011 which has contributed a lot to the 3037.56% increase as against prepayments and other current assets as of the 1st Quarter 2010.

Noncurrent Assets- increase from PHP64.36 Million to PHP669.68 Million(2011vs2010)

The upward movement of the company's noncurrent assets as of 1stQ 2011 as compared to 1st Quarter 2010 was mainly due to: (1) Additional 3016 shares purchased from PDB worth P347,353; (2) investments to preferred shares of AGP International; (3) investment property: land having a book value of P321.05M (4) and investments in shares of stock of Alliance Global Group, Inc amounting to P4.89M.

Investments in associates- 6.04% decrease from PHP 33.98 million to Php 31.93 million (2011vs2010)

The company recognized share in net earnings of the investee, Premiere Development Bank (PDB) an amount of P279,700 as of the 1st quarter 2010 while an amount of P103,339 was recognized as of the 1st quarter 2011. The share in unrealized loss in available for sale investments of associated amounted to P13,375 as of the 1st quarter 2011 and unrealized gain of P301 as of the 1st quarter 2010.

Available for sale investments – 3,609.03% increase from P7.72 million to P286.23M (2011vs2010)

The changes in the available for sale investments of the company is due to the following: (1) purchase of series A preferred shares from AGP International(2) purchase of 450,000 shares of stocks from Alliance Global, Inc.and (3) unrealized loss in available for sale investments.

Deferred Exploration costs – 44.98% increase from P14.96M to P21.69M (2011vs2010)

The changes in the company's deferred exploration cost as of the 1st quarter 2011 is due to the additional amount invested to deferred exploration cost which pertains to the cash call in favor of Shell Philippines Exploration BV for the SC60 joint venture.

Property & Equipment- 17.01% decrease from PHP 7.70 Million to PHP 6.39 Million(2011vs2010)

Solely due to depreciation purposes.

Other Noncurrent Assets- 100% increase (2011vs2010)

Other noncurrent assets are composed of (1) P2.40M advances to Diwalwal Project and (2) P791,092 amount of input tax by SOC Land.

Current Liabilities- increase of 269.91% from PHP 606,602 to PHP 2.23M (2011vs2010)

The increase in current liabilities as of the 1st quarter 2011 was due to the following: (1) income tax payable amounting to P143,455 (2) accrued expenses of P2.09M. Out of the total accrued expenses of the group 83% was incurred by SOCLand.

Accounts Payable- 268.04% increase from PHP0.61 Million toPHP2.24 Million (2011vs2010)

The accounts payable as of the 1st quarter 2011 is composed of (1) income tax payable of P143,455 and (2) accrued expenses of P2.09M as compared to 1st quarter of 2010 which is composed of (1) income tax payable of P159,582 and accrued expenses of (2) P606,602.

Equity- slight 2.37% increase from PHP744.684 Million to PHP 764.567 Million(2011vs2010)

The 2.67% increase is due to the following: a) issuance of 3,300,000 additional shares.

b) PHP 4.63M decrease in unrealized valuation of available for sale shares investments and (c) income of P57,477.

The insignificant increase in retained earnings of around 16.49% due to positive results of operation for the 1st quarter 2011 and difference in valuation of AFS investments for the years being compared and the increase in shares issued contributed to the 1.35% increase for the current year versus the 1st quarter of 2010.

Retained Earnings- 0.99% increase from P833.76 Million to PHP 841.98 Million (2011vs2010)

The 0.99% increase in retained earnings of the group is due to the P9.10M net income earned as of the end of the year 2010 and the PP3.73M net income earned as of the 1st quarter 2011.

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the quarter ended March 31, 2012, quarter ended March 31, 2011 and quarter ended March 31, 2010:

<u>KEY FINANCIAL RATIOS</u>	<u>3/31/2012</u>	<u>3/31/2011</u>	<u>3/31/2010</u>
Revenue Growth/ (Decline)	3403.59%	(43.03) %	382.51%
Net Income Growth/ (Decline)	278694.10%	(99.35) %	308.66%
EBITDA	Php 178,380,966	PHP 759,393	Php 9,488,436.57
Return on Equity	9.19%	0.0036%	0.58%
Return on Assets	8.97%	0.0036%	0.58%
Current Ratio (in x)	35.71 x	415.95 x	2496.00 x
Debt-to-equity ratio (in x)	0.0240 x	0.0020 x	0.0008 x

Quarter ending March 2012 versus Quarter ending March 2011

The remarkable increase on the revenue growth of the company was brought about by the sale of AG&P shares and Premiere Bank Shares as previously discussed. The company, in its history of gaining a remarkable increment on sale of investments has continued to follow such trend, thereby contributing to the robust financial positions as of quarter end 2012. With the great increase in Revenue growth for the group, comes the significant increase in the net income growth, posting a massive 278,694% increase as against 1st quarter of 2011.

With the proceeds from the sale of AG&P and Premiere Bank shares, the EBITDA of the company rose up to ₱178M as against ₱759,393 of the 1st quarter 2011.

The company has 9.19% for its return on equity and 8.97% return on assets as of the 1st quarter 2012. The increase of 59.66% in equity for the 1st quarter 2012 and 12.10% in total assets of the group, hastened the efficacy of the return on equity and assets on the evaluation of the group's current solvency.

Quarter ending March 2011 versus Quarter ending March 2010

There has been a reported decrease in revenue growth and net income as of the 1st Quarter 2011 as compared 1st Quarter 2010. The company earned ₱5.05M interest income from time deposits as of the first quarter 2011 as against ₱9.34M interest income earned as of first quarter. There is a slight difference from interest earned from advances of Puyat Steel having ₱1.16M and ₱1.72M for the 1st quarter 2011 and 2010 respectively.

The net income of the company showed a huge decline of 99.35% brought about by the increase in expenses incurred as of the 1st quarter 2011. The total expenses for the group amounted to ₱6.34M as of the 1st quarter 2011 as compared to ₱2.23M as of the 1st quarter 2010.

The company has 0.0036% for its return on equity and return on assets as of the 1st quarter 2011. The decline on rates was due to the decrease in the bottomline figure having ₱57,477 as of the 1st quarter 2011 as compared with ₱9.13M for the 1st quarter 2010..

The Company posted a remarkable increase for the past two years on its current ratio. The 2,496x for first quarter 2010 as against 750.26x for the first quarter 2009 was due to the interest earned in time deposits as of the first quarter 2010 amounting to ₱9.34M and interest from Puyat Steel of ₱1.72M of which has

caused the increase in cash and cash equivalents composing the current assets. It was also in this period where the sale of Belltel shares was consummated. It can be noted in the company's financial statements that it has been consistent in its low current liabilities which are oftentimes composed of taxes withheld and employee benefits not yet remitted to the BIR and other government entities. However, for the 1st quarter 2011, the company exhibited a decrease in current ratio having 415.95X. This was due to the purchase of investment property consisting of land situated in Brgy. Buli Muntinlupa and also the purchase of shares from AGP International.

Earnings before interest taxes depreciation and amortization (EBITDA) as of 1st quarter 2011 was at P759,393 showing a significant decrease as compared to EBITDA as of first quarter 2010. This was due to a lower income from operations earned during the 1st quarter amounting to P0.816M and a bigger expenses amounting to P6.34M . Earnings before interest taxes depreciation and amortization (EBITDA) for 2010 was at PHP 22.28 million though the company has negative changes in its revenue growth. The gain earned from the sale of Belltel shares make up for the ₱1,061M difference for 2010 against 2009 as well as the difference from 2009 and 2008.

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

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

The Company has NO earnings yet from commercial production. Therefore, there were NO dividends declared for the period ended March 31, 2012.

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

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

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

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

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

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

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

For the period ended March 31, 2012, the Company is still in exploration stage, and therefore, NO commercial production yet for the performance indicators analysis. It has one wholly owned subsidiary, SOCLand Development Corporation.

Results and Plans of Operation

C-41 Offshore Sulu Sea Sandakan Basin

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

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

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

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

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

SC-60 (GSEC-99 Offshore NE Palawan)

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

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

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

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

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

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

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

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

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

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

Other Energy and Mineral Resources

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

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

(D) Other Investments

Real Estate Property

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

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

SOC Land Development Corporation

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

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

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

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

AGP International Holdings Inc.

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

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

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

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

SIGNATURES

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



SOUTH CHINA RESOURCES, INC.
Issuer


Atty. Magilyn T. Loja
Corporate Secretary

Date : MAY 21,2012


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

Date : MAY 21,2012

SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31,2012 (Unaudited)
With comparative figures as of December 31,2011
In PHP

	2012	CY 2011
	MARCH (Unaudited)	DECEMBER (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	855,761,961	730,161,936
Accounts receivable	67,082,506	8,523,434
Installment Contract Receivable	16,305,901	
Real Estate for Sale	457,767,180	447,615,888
Due from Related Parties	67,118,663	70,109,444
Investment held For Sale	-	31,722,243
Construction Work in Progress	-	
Prepayments and other current assets	22,542,066	17,684,790
Total Current Assets	1,486,578,277	1,305,817,735
Noncurrent Assets		
Investment in Bonds	87,167,328	
Investment in Associates	-	
Available-for-sale (AFS) investments - net	178,248,515	284,849,125
Deferred exploration costs - net of allowance for impairment	-	21,563,806
Property and equipment - net	20,965,615	21,046,176
Investment Property		
Other Noncurrent Assets	4,126,675	3,823,191
Total Noncurrent Assets	290,508,133	331,282,298
TOTAL ASSETS	1,777,086,410	1,637,100,033
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and other liabilities	22,592,033	43,311,080
Customer Advances & Deposits	11,011,809	
Other Current Liabilities	2,511,696	
Unrealized Gross Profit	5,641,065	
Income Taxes Payable	5,087,863	21,962
Total Current Liabilities	46,844,466	43,333,042
EQUITY		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued - 600,489,569 shares as of Mar. 31,2012	600,489,569	600,489,569
Subscribed -306,070,000 shares as of 1stQ 2012 and 309,370,000 shares in 2011 (net of subscription receivable of ₱229,552,500 as of 1stQ 2011and ₱232,027,500 in 2011)	76,517,500	76,517,500
Additional paid in capital	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	11,696,223	10,389,619
Share in unrealized gains (Loss) on AFS investments of an associate	-	
Retained Earnings - Appropriated	500,000,000	500,000,000
Retained Earnings - Unappropriated	469,894,912	334,676,163
Treasury Shares	(628,400)	(578,000)
Total Equity	1,730,241,943	1,593,766,991
TOTAL LIABILITIES AND EQUITY	1,777,086,410	1,637,100,033

SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY
COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of March 31, 2012 and 2011 (UNAUDITED)
(IN PHP)
(CONSOLIDATED)

	AS OF MARCH 31	
	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	855,761,961	826,634,649
Construction Work in Progress		11,086,852
Accounts receivable	67,082,506	11,737,486
Installment Contract Receivable	16,305,901	
Real Estate for Sale	457,767,180	
Due from Related Parties	67,118,663	85,109,345
Investment held For Sale	-	
Prepayments and other current assets	22,542,066	2,305,392
Total Current Assets	1,486,578,277	936,873,723
Noncurrent Assets		
Investment in Bonds	87,167,328	
Investment in Associates	-	31,926,947
Available-for-sale (AFS) investments - net	178,248,515	286,226,155
Deferred exploration costs - net of allowance for impairment	-	21,692,280
Property and equipment - net	20,965,615	6,391,863
Investment Property	-	321,048,252
Other Noncurrent Assets	4,126,675	2,397,352
Total Noncurrent Assets	290,508,133	669,682,849
TOTAL ASSETS	1,777,086,410	1,606,556,571
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	22,592,033	2,100,451
Customer Advances & Deposits	11,011,809	
Other Current Liabilities	2,511,696	
Unrealized Gross Profit	5,641,065	
Income Taxes Payable	5,087,863	143,455
Total Current Liabilities	46,844,466	2,243,906
EQUITY		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued - 600,489,569 shares as of Mar. 31, 2012	600,489,569	600,489,569
Subscribed -306,070,000 shares as of 1stQ 2012 and 309,370,000 shares in 2011 (net of subscription receivable of ₱229,552,500 as of 1stQ 2011 and ₱232,027,500 in 2011)	76,517,500	76,517,500
Additional paid in capital	72,272,140	72,272,140
Unrealized valuation gains on available for sale investments	11,696,223	13,053,649
Share in unrealized gains (Loss) on AFS investments of an associate	-	18
Retained Earnings- Appropriated	500,000,000	
Retained Earnings- Unappropriated	469,894,912	341,979,790
Treasury Shares	(628,400)	-
Total Equity	1,730,241,943	1,104,312,665
TOTAL LIABILITIES AND EQUITY	1,777,086,410	1,106,556,571

SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
As of March 31, 2012 and 2011 (UNAUDITED)
And December 31, 2011 (Audited)

	As of March 31		(Audited)
	2012	2011	December 31
			2011
REVENUES			
Real Estate Sales	28,425,475		
Cost of Sales	21,088,935		
Gross Profit Before Unrealized Profit	7,336,540	-	-
Deferred Gross Profit	(5,641,065)		
Realized Gross Profit	1,695,475	-	-
Net interest income	6,643,574	6,317,581	34,169,434
Foreign exchange Gain - net			259
Gain on Sale of Investment	180,119,418		
Gain on market value of asset held for sale	3,423,157		
Dividend Income	-	350	165,918
	191,881,625	6,317,931	34,335,611
COST AND EXPENSES			
General and administrative expenses	43,980,679	5,552,023	26,407,565
Sales and Marketing Expenses	6,342,233	787,879	14,986,749
	50,322,912	6,339,902	41,394,314
Equity in net earnings (losses) of Associates	-	103,339	(114,740)
Share in Unrealized (Loss) / Gain on AFS of an Associate			13,393
Foreign Exchange Gain (Losses)	(1,274,066)	206	
Net Income (Loss) Before Tax	140,284,647	81,574	(7,160,050)
Provision for Income Tax	5,065,901	24,097	86,099
Net Income (Loss)	135,218,746	57,476	(7,246,149)
Other Comprehensive Income (Losses):			
Unrealized (Loss) / Gain in Market Value of AFS	1,306,604	(4,618,900)	(7,282,929)
Share in Unrealized (Loss) / Gain on AFS of an Associate	-	(13,375)	(13,393)
Total Comprehensive Income / (Loss)	136,525,350	(4,574,798)	(14,542,471)

SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
As of March 31, 2012 and 2011 (UNAUDITED)
And December 31, 2011 (Audited)
(with comparative figures)

	AS OF MARCH 31		December 31
	(Unaudited)		(Audited)
	2012	2011	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	140,284,647	(2,211,687)	(7,160,050)
Adjustments for:			
Provision for impairment on deferred exploration costs	21,563,806	-	-
Depreciation and amortization (Note 10)	1,794,237	797,320	3,419,289
Impairment in value of available-for-sale investments (Note 7)	-	-	-
Net foreign exchange losses/(gains)	1,274,066	(206)	(259)
Interest income (Note 14)	(6,643,574)	(6,311,260)	(34,169,434)
Share in unrealized valuation gain on AFS investment	-	-	(13,393)
Equity in net losses (income) of associates (Note 9)	-	(103,339)	114,740
Gain on market value of asset held for sale	(3,423,157)	-	-
Gain on sale of investment property	(180,119,418)	-	-
Operating loss before working capital changes	(25,269,393)	(7,829,171)	(37,809,107)
Changes in Assets and Liabilities:			
Accounts receivable	(59,370,365)	(788,399)	(3,225,787)
Real Estate for Sale	(10,151,291)	-	(126,567,636)
Installment Contract Receivable	(16,305,901)	-	-
Construction Work in Progress	-	(11,086,852)	-
Prepayments and other current assets	(4,857,274)	(1,960,482)	(8,557,192)
Accounts Payable & Accrued Expenses	(1,554,478)	1,506,264	42,596,712
Net cash used in operations	(117,508,702)	(20,158,640)	(133,563,010)
Interest received	7,454,868	6,260,148	39,778,474
Income tax paid	-	-	(183,495)
Net cash flows used in operating activities	(110,053,834)	(13,898,492)	(93,968,031)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions:			
AFS investments	(190,275,439)	(4,889,050)	(6,176,049)
Investment in Bonds	(87,167,328)	-	-
Property and equipment	(1,713,677)	(1,382,915)	(18,366,708)
Decreases (Increases) in:			
Due from Related Parties	(9,219)	(28,754,014)	(25,011,082)
Deferred exploration costs	-	(19,999,665)	(19,871,191)
Other noncurrent assets	(303,484)	-	(1,425,840)
Proceeds from Sale of Investments	449,572,182	-	-
Proceeds from Sale of Premiere Shares	63,875,289	-	-
Payments received from Related Parties	3,000,000	-	-
Investments in Associates	-	-	-
Net cash flows from (used in) investing activities	236,978,324	(55,025,644)	(70,850,870)
CASH FLOWS FROM A FINANCING ACTIVITY			
Purchase of Treasury Shares	(50,400)	-	(578,000)
Collection of subscriptions receivable	-	2,475,000	2,475,000
Net cash flows from (used in) iFinancing activities	(50,400)	2,475,000	1,897,000
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS	(1,274,066)	206	259
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	125,600,025	(66,448,930)	(162,921,642)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	730,161,936	893,083,578	893,083,578
CASH AND CASH EQUIVALENTS AT END OF YEAR	855,761,961	826,634,649	730,161,936

SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As of March 31, 2012 and 2011 (UNAUDITED)
And December 31, 2011 (Audited)

	Common Stock		Additional Paid-In Capital	Unrealized Gains/(Loss) on AFS Investments	Share in Unrealized Gains/(Loss) on AFS Investments of Associate	Retained Earnings		Treasury Shares	TOTAL
	Issued	Subscribed - Net				Appropriated	Unappropriated		
Balances at January 01, 2011	597,189,569	77,342,500	72,272,140	17,672,548	13,393	500,000,000	341,922,312		1,606,412,462
Collections of Subscription Receivable		2,475,000							2,475,000
Issuance of Common Stock	3,300,000	(3,300,000)							-
Total Comprehensive Income (Loss)				(7,282,929)	(13,393)		(7,246,149)		(14,542,471)
Treasury Stocks Acquisitions								(578,000)	(578,000)
Reversal of Appropriations 2010						(500,000,000)	500,000,000		-
Appropriations for future Investments						500,000,000	(500,000,000)		-
Balances at December 31, 2011	600,489,569	76,517,500	72,272,140	10,389,619	-	500,000,000	334,676,163	(578,000)	1,593,766,991
Balances at January 01, 2011	597,189,569	77,342,500	72,272,140	17,672,548	13,393	500,000,000	341,922,313		1,606,412,463
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)		57,476		(4,574,798)
Balances at March 31, 2011	600,489,569	76,517,500	72,272,140	13,053,649	18	500,000,000	341,979,789	-	1,604,312,665
Balances at January 01, 2012	600,489,569	76,517,500	72,272,140	10,389,619	-	500,000,000	334,676,166	(578,000)	1,593,766,993
Collections of Subscription Receivable		-							-
Issuance of Common Stock	-	-							-
Acquisition of Treasury Shares								(50,400)	(50,400)
Total Comprehensive Income 1stQ 2012				1,306,604	-		135,218,746		136,525,350
Balances at March 31, 2012	600,489,569	76,517,500	72,272,140	11,696,223	-	500,000,000	469,894,912	(628,400)	1,730,241,943

South China Resources, Inc. and Subsidiary Aging of Accounts Receivable As of March 31, 2012									
Accounts Receivable 1) Amounts owed by a related party - PSC 2) Amounts owed by a related party - IPI 3) Officers and employees 4) South China International 5) Others Subtotal Less: Allowance for impairment losses on receivables A/R - net	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	
	45,300,000	300,000			45,000,000				NONE
	22,127,333	127,333	12,000,000	10,000,000					
	4,315,001	304,268	10,733		4,000,000				
	118,664	9,219			11,083	40,884	57,478		-
	62,340,171	62,331,771		8,400					
	134,201,169	63,072,591	12,010,733	10,008,400	49,011,083	40,884	57,478		
	134,201,169	63,072,591	12,010,733	10,008,400	49,011,083	40,884	57,478	-	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 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/business purpose	monthly
3) Others	Receivable from third party; amount payable by South China Petroleum Int'l.	past due yet collectible
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.		