



# SOUTH CHINA RESOURCES, INC.

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

May 20, 2014

**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 2014 of South China Resources, Inc. as submitted to Securities and Exchange Commission

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, 2014**
  
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 Avenue**  
**Makati City** **1200**  
Address of principal office Postal Code
  
8. **(632) 804-1977 / 804-1978**  
Issuer's telephone number, including area code
  
9. **3F Low Rise Pacific Star Building Gil Puyat Avenue cor Makati Ave, Makati City 1200**  
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
<b>Common Shares</b>	<b>901,920,568</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 <b><u>Philippine Stock Exchange</u></b>	Class of Securities listed <b><u>U</u></b>
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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

South China Resources, Inc. (South China) was incorporated and registered with the SEC on September 25, 1992 primarily to undertake oil and gas exploration, development and production and became one of the leading exploration companies upon its listing in 1994. Starting in 1995, South China opted to strengthen its core business by diversifying then into other investments which after two decades the company has now turned out to be one of the strongest holding companies in the market having had investments in real estate, steel fabrication, banking, telecommunications and energy exploration. The company is debt free and has a robust balance sheet.

The diversification process, brought on by the financial crisis of the 90's, has honed through the years and allowed South China to invest in technology based and long-term ventures. This gave the company the means to weather the lows of the period. One of the first and significant investments was the acquisition and sale of Bell Telecommunications Philippines, Inc., the acquisition and subsequent sale of Filipinas Plaza along EDSA corner Chino Roces Avenue and minority equity in Premiere Development Bank. 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 continued to maintain its exploration activities.

Belltel (Bell Telecommunications Philippines, Inc.) was a pioneering telco that has the second of only two nationwide telecommunications franchises in the country. It delivered state-of-the-art converged communications solutions to leading educational institutions, corporate clients, government agencies and high-end residential buildings. With its broad wireless network, it became an attractive asset that was pursued by a corporation for acquisition and integration into their telecommunications business. On December 18, 2009, the Company sold to Two Cassandra-CCI Conglomerates, Inc. the Company's Investment in Bell Telecommunication Philippines, Inc.

The Filipinas Plaza building was a prime investment situated along the major gateway road to Makati. An MRT station was located in front of the property enabling direct access to pedestrian traffic to the building complex. This development enhanced the attractiveness of the investment that allowed for its sale in 2008.

The sale of Filipinas Plaza and BellTel gave the company the influx of funds for re-investment and following the proven model of acquisition and sale of significant assets, South China acquired position in AGP International Inc in December 2010 which in turn gained control of AG&P Manila. AG&P Manila is one of the oldest and largest steel fabrication companies in the country with the unchallenged capability in modular fabrication. Its recent achievement was a first time ever in the world, the construction of a modularized coker plant for an oil refinery, fabricated and shipped from its shipyard in Bauan, Batangas. These colossal structures towered as much as 10 stories high and weighed 1500 to 2500 tons each, were shipped on special large-hold ships that traversed the Panama Canal on its way to Lake Erie. AG&P was supposedly a long term investment however management was able to identify an opportunity which allowed for a shorter turn-around time in recouping this investment. This allowed for recoup of the investment and make a good return in what would have taken the company more than several years at the very least following the usual course of investment and dividend sharing. On January 31, 2012, the company sold its AGP shares at a good profit.

Premier Bank on the other hand expanded to almost 40 branches after the company acquired its shares. It became one of the most stable small banks that it became an attractive target for acquisition by a much larger bank. The sale of this asset was concluded with the approval of the sale by the Monetary Board.

Following the successful sale of the Filipinas Plaza and in response to the growing need for affordable housing for Filipinos, South China has followed on through the real estate business by acquiring a 2.4 hectare plot in Buli, Muntinlupa strategically located along the South Luzon Expressway. 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 at a purchase price of P312,298,000.00.

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. It has formed through SOC Land Development Corporation (SOC Land), a wholly owned subsidiary, that will put up quality homes at affordable prices. 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, that will develop a 2.4-hectare community, called Anuva Residences (the Project), situated near Sucat Interchange. It will have four (4) tandem buildings, with the first building targeted to be completed by mid 2014. The total estimated cost of the Project is P=2.0 billion and is targeted for completion within five (5) years from the start of its construction. On July 12, 2011, the groundbreaking ceremony for the Project was held and construction for the Project's Tandem Building 1 commenced thereafter. As of December 31, 2013, structural works Tandem Building 1 was at an accomplishment rate of 86.63% and the expected turnover to clients would be by mid 2014. The medium rise complex offers amenities usually found only in high-end residential like a resort themed community including spacious clubhouse, a resort-type lazy river feature, jogging paths, bike trails, playgrounds in every corner, including a yoga deck, and a tree house. The property will house only 4 tandem buildings thereby preserving 80% of its open space for the general benefit of future residents.

It can be seen that in the two decades that passed, South China transformed from a purely exploration play to an investment company. Even with varied interests, its exploration business was kept on by partnering with the biggest and the best in the oil exploration business, the likes of Occidental Petroleum, ARCO, UNOCAL, Murphy Oil, Philippine National Oil Company, Tap Oil, Shell and KUFPEC resulting in participation in close to \$200 million worth of work program and saw the acquisition of thousands of kilometers of new seismic and the drilling of 8 wells.

Oil exploration is a high risk, high reward endeavor which the company was involved in by exploring frontier areas where data constraints and costs are relatively lower as against areas that have substantial exploration consideration. Towards the end of the first decade of the second millennium the price of oil as well as the expenses for exploration went through unprecedented levels and had been a veritable roller coaster in costs. However the costs of exploration did not tracked down with respect to the downturn of oil prices and remained much higher than expected specially in this part of the Asia-Pacific region. The Company's Board taking into consideration the aforementioned, decided to refocus the Company's efforts to businesses that are more stable and carry less risk yet can still provide for significant growth for the company. Even with this development, South China will continue to search for energy through other avenues.

South China has identified two new areas for potential investment which it is investigating. To address a growing population, now estimated at 97 million Filipinos and increasing every year, it looks at food production. The Company believes that a rising population coupled with rising incomes will drive greater protein consumption. Opportunities have been identified to get in this value chain to grow a long term business that will allow expansion laterally and vertically. The Company is currently identifying large tracts of land suitable for agro-industrial development.

The country needs both conventional and renewable energy resources to address its power requirements. South China also shifted its focus towards renewables while keeping in line with its energy thrust. Renewables do tackle the issue of climate change, a stark fact that affects all in the world and every little help contributes to the overall effort to stave off this phenomenon. Some renewables however are still in their infancy and therefore cannot provide for the efficiencies and reliability needed for sustainable energy. South China is investigating renewable energy resources, hydropower and geothermal, that can provide for base load power that is sustainable for the long term and therefore provide for a steady income stream for the company.

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's subsidiary is SOC Land Development Corporation as of year end.

The Company does not expect any significant changes in its number of employees. Presently, the Company has a total of six (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) Chief Accountant, one (1) Accounting Assistant and one (1) Messenger. The Company has no Collective Bargaining Agreements (CBA).

## CONSOLIDATED RESULTS OF OPERATIONS

### Financial Highlights

(In PHP)

(Consolidated)

### FOR THE QUARTER ENDED MARCH 31,2014 & MARCH 31,2013

ACCOUNTS	3/31/2014	3/31/2013	% CHANGE
REVENUES	19,228,835	8,592,218	123.79%
COST AND EXPENSES	18,458,589	18,755,913	-1.59%
FOREIGN EXCHANGE LOSSES		(2,135,872)	-100.00%
<b>INCOME LOSS BEFORE INCOME TAX</b>	<b>770,246</b>	<b>(12,299,567)</b>	<b>106.26%</b>
PROVISION FOR INCOME TAX	5,153,606	67,511	7533.74%
<b>NET INCOME/(LOSS)</b>	<b>(4,383,359)</b>	<b>(12,367,078)</b>	<b>64.56%</b>
NET GAINS(LOSSES) ON AFS FINANCIAL ASSETS	(13,202,981)	15,586,871	-184.71%
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>(17,586,340)</b>	<b>3,219,793</b>	<b>-646.19%</b>

## 2014 VS 2013: RESULTS OF OPERATIONS

Bulk of Revenue for the 1<sup>st</sup> quarter of 2014 came from gain on sale of Available for Sale Financial Assets of the parent company amounting to ₱13.59M. This consist of gain from sale of foreign and domestic shares of stocks and foreign bonds. Dividend Income of ₱0.39M was earned from foreign holdings of shares of stocks. The 1<sup>st</sup> quarter for the year 2014 showed a weaker peso against US Dollar thus the foreign exchange gain amounting to ₱1.69M. Other income amounting to ₱2.01M represents penalties on late payments and forfeiture of the payments on the cancelled accounts who had voluntarily backed out or due to non-payment of downpayments. There is a decrease of ₱13M on the valuation of available for sale financial assets by the company. The difference on the revenue for the quarters under report pertains to the gain on sale of available for sale financial assets and foreign exchange gain. There is a decrease on the interest

income earned by group for this quarter March 31, 2014 as against March 31, 2013 due the the retirement of various placements on time deposits to finance cash requirements of the subsidiary.

#### FOR THE QUARTER ENDED MARCH 31,2013 & MARCH 31,2012

ACCOUNTS	3/31/2013	3/31/2012	% CHANGE
REVENUES	8,592,218	191,881,625	-95.52%
COST AND EXPENSES	18,755,913	50,322,912	-62.73%
FOREIGN EXCHANGE LOSSES	(2,135,872)	(1,274,066)	-67.64%
<b>INCOME LOSS BEFORE INCOME TAX</b>	<b>(12,299,566)</b>	<b>140,284,647</b>	<b>-108.77%</b>
PROVISION FOR INCOME TAX	67,511	5,065,901	-98.67%
<b>NET INCOME/(LOSS)</b>	<b>(12,367,077)</b>	<b>135,218,746</b>	<b>-109.15%</b>
NET GAINS(LOSSES) ON AFS FINANCIAL ASSETS	15,586,871	1,306,604	1092.93%
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>3,219,793</b>	<b>136,525,350</b>	<b>-97.64%</b>

#### 2013 VS 2012: RESULTS OF OPERATIONS

For the period ended March 31, 2013, the Group posted a net loss of ₱12M owing to the negative bottomline figure of the subsidiary, SOC Land amounting to ₱16M which has been slightly pulled up the parent's positive after tax net income of ₱3.8M. There has been an outstanding increase in the net gains of AFS financial assets due to the remarkably higher market value of equity holdings. The bigger revenue as of first quarter ending last year was due to the sale 26,086,957 Series A Preferred shares of AGP International at \$0.40 cents per share. The revenue for the the first quarter of 2013 consists of ₱4.4 gain on sale of AFS financial assets pertaining to domestic and foreign shares of stocks, interest income in time deposits amounting to ₱1.9M, interest income from foreign bonds ₱1.12M, dividend income of ₱0.087M from foreign stocks and dividend income of ₱0.024M from domestic stocks.

#### CONSOLIDATED FINANCIAL POSITION

##### Financial Highlights

(in PHP)

(Consolidated)

#### FOR THE QUARTER ENDED MARCH 31, 2014 & MARCH 31,2013:

ACCOUNTS	3/31/2014	3/31/2013	% CHANGE
CURRENT ASSETS	1,388,005,049	1,447,047,900	-4.08%
NONCURRENT ASSETS	441,749,144	365,869,086	20.74%
<b>TOTAL ASSETS</b>	<b>1,829,754,193</b>	<b>1,812,916,986</b>	<b>0.93%</b>
CURRENT LIABILITIES	149,029,273	105,989,047	40.61%
NONCURRENT LIABILITIES	7,938,257	1,322,249	500.36%
<b>TOTAL LIABILITIES</b>	<b>156,967,530</b>	<b>107,311,296</b>	<b>46.27%</b>
EQUITY	1,672,786,663	1,705,605,689	-1.92%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,829,754,193</b>	<b>1,812,916,986</b>	<b>0.93%</b>

#### 2014 VS 2013: FINANCIAL CONDITION

There 0.93% increase in the consolidated assets by the group as of the quarter ended March 31, 2014 vis a vis March 31,2013 is due to the (1)increase in the installment contract receivable which is a carry-over of the accounts recognized as sales in 2013 based on the revenue recognition policy of the Company; (2) Real Estate for Sale - the building construction was on full blast this year in relation to the target completion date of June 2014; and (3) Other current assets

which includes the VAT on the transfer of land to SOC Land from South China and input taxes on the payments to suppliers and contractors. The increase in the liabilities is attributable to the customers advances and deposits. The decrease in total equity is due to the increase in treasury shares acquired by the company.

## CONSOLIDATED FINANCIAL POSITION

### Financial Highlights

(in PHP)

(Consolidated)

#### FOR THE QUARTER ENDED MARCH 31, 2013 & MARCH 31,2012:

ACCOUNTS	3/31/2013	3/31/2012	% CHANGE
CURRENT ASSETS	1,447,047,900	1,486,578,277	-2.66%
NONCURRENT ASSETS	365,869,086	290,508,133	25.94%
<b>TOTAL ASSETS</b>	<b>1,812,916,986</b>	<b>1,777,086,410</b>	<b>2.02%</b>
CURRENT LIABILITIES	105,989,047	46,844,466	126.26%
NONCURRENT LIABILITIES	1,322,249		100.00%
TOTAL LIABILITIES	107,311,296	46,844,466	129.08%
EQUITY	1,705,605,689	1,730,241,943	-1.42%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,812,916,986</b>	<b>1,777,086,410</b>	<b>2.02%</b>

#### 2013 VS 2012: FINANCIAL CONDITION

There has been a 2.02% increase in the consolidated assets by the group as of the quarter ended March 31, 2013 vis a vis March 31,2012. The group continues to exhibit robust financial condition with its liabilities constituting a little portion of 6% out of its total assets. Liabilities are composed mostly of customers advances and deposits. Cash & Cash Equivalents makes up for the 43% of the total assets that can support its various investment ventures and plans for the year.

#### KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the period ended March 31, 2014 and March 31, 2014 .

	KEY FINANCIAL RATIOS	3/31/2014	3/31/2013
I.	Current/Liquidity Ratios	9.31 x	13.65 x
II.	Solvency Ratio	N/A	-10.42%
III.	Debt-to-equity ratio (in x)	0.0891 x	0.0621 x
IV.	Asset to Equity Ratio	1.0938 x	1.0629 x
V.	Interest Rate Coverage Ratio	N/A	N/A
VI.	Profitability Ratio		
	Return on Equity	N/A	-0.73%
	Return on Assets	N/A	-0.68%
VII.	Other Relevant Ratios		
	Revenue Growth/ (Decline)	123.79%	-95.52%
	Net Income Growth/ (Decline)	-64.56%	-109.15%
	EBITDA	(3,747,302)	(11,048,658)

The decrease in cash and cash equivalents mainly due to cash requirements by the subsidiary plummeted the current ratio of 13.65x to 9.31x for this current quarter March 31, 2014. Despite the decrease in current assets, the group

exhibited an increase on its asset to equity ratio due to the increase on its noncurrent assets particularly the Real Estate for development account. The revenue growth of 123.79% from 1<sup>st</sup> quarter 2013 as against 1<sup>st</sup> quarter 2014 was due to the gain on sale of foreign stocks, domestic stocks and foreign bonds. The big gap on the revenue growth of the company was brought about by the gain on sale of AG&P shares and Premiere Bank Shares for the year 2012 as against 2013 of the same quarter.

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	$\text{Net Income (after tax) (current period)} / \text{Net income (prior period, after tax)}$
Solvency Ratio	$(\text{After Tax Net Income} + \text{Depreciation}) / \text{Total Liabilities}$
EBITDA	Income from operations plus depreciation and amortization
Asset to Equity Ratio	$\text{Total Assets} / \text{Total Equity}$
Return on equity (ROE)	$\text{Net income} / \text{Equity}$
Return on assets (ROA)	$\text{Net income} / \text{Total Assets}$
Current/Liquidity 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, 2014.

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.

For the period ended March 31, 2014, the Company still has no commercial production yet that will enable to support its dividend declaration. It has one wholly owned subsidiary, SOCLand Development Corporation.

The material changes for this year in comparison with the prior year-end based on line items in the comparative financial statements as of March 31, 2014, 2013 and 2012 are summarized as follows:

ACCOUNTS <i>In Millions</i>	For the Period Ended March 31			% CHANGE	
	2014	2013	2012	2014 vs 2013	2013 vs 2012
<b>Statement of Financial Position</b>					
Cash & Cash Equivalents	148.51	622.33	855.76	-76.14%	-27.28%
Receivables	10.83	11.39	67.08	-4.91%	-83.03%
Installment Contract Receivable	56.61	4.28	16.31	1224.02%	-73.78%
Real Estate for Sale	1,014.70	717.89	457.77	41.35%	56.82%
Due from Related Parties	20.29	69.14	67.12	-70.65%	3.01%
Prepayments & Other Current Assets	137.06	22.03	22.54	522.11%	-2.27%
Available for Sale Investment	289.37	312.69	178.25	-7.46%	75.42%
Property & Equipment	16.85	17.87	20.97	-5.69%	-14.77%
Other Noncurrent Assets	15.79	35.32	4.13	-55.29%	755.79%
Accounts Payable & other Liabilities	79.51	60.10	25.10	32.30%	139.39%
Customers' Deposit & Advances	64.26	38.07		68.80%	100.00%
Income Taxes Payable	5.27	7.83	5.09	-32.71%	53.83%
Deferred Tax Liabilities	4.98	1.32	-	276.40%	
Retained Earnings - Unappropriated	417.33	424.17	469.89	-1.61%	-9.73%
Treasury Stocks	(4.96)	(1.93)	(0.63)	157.39%	206.76%
<b>Statement of Comprehensive Income</b>					
<b>REVENUES</b>					
Gain on Sale of Financial Assets	13.59	4.38	183.54	210.37%	-97.61%
Interest Income	1.55	4.06	6.64	-61.88%	-38.91%
Sale of Real Estate	-	-	28.43	-100.00%	
Dividend Income	0.39	0.11	-	253.72%	100.00%
<b>COST AND EXPENSES</b>	18.46	18.76	50.3229	-1.59%	-62.73%
Cost of Real Estate Sold	-	-	21.09	-100.00%	
Provision for Income Tax	5.15	0.07	5.07	7533.74%	-98.67%
Net Gains/(Losses) on AFS Financial Assets	(13.20)	15.59	1.31	184.71%	1092.93%

## Discussion for 1<sup>st</sup> Quarter 2014 vis-à-vis 1<sup>st</sup> Quarter 2013

### 76.14% Decrease in Cash & Cash Equivalents

Cash and cash equivalents decreased by 76.14% of 1st Quarter 2014 as compared to same period last year due to the net effect of the following:

#### Cash Inflows:

- Interest Received from amount owed to IPI, placements on time deposits and Foreign bonds amounted to ₱2.41M;
- Proceeds from Sale of various foreign and domestic shares amounting to ₱80M;
- Payment of International Pipe Industries of their advances amounting to ₱1.5M.
- Dividend Income from various stocks investments amounting to ₱0.64M

#### Cash Outflows:

- Real estate held for sale increased by ₱92 Million as of March 31, 2014;
- Increase in other current assets of ₱17M;
- Acquisitions of Investment in Available for sale shares amounting to ₱6.24M and;and
- Payment of accrued expenses of ₱8.91M.

### 4.91% Decrease in Accounts Receivable

Due to the collections of interest receivable from Bonds and dividend income for foreign and domestic stocks.

### 1224.02% Increase in Installment Contract Receivable

This is a carry-over of the accounts recognized as sales in 2013 based on the revenue recognition policy of the Company.

### 41.35% Increase in Real Estate for Sale

Recognition of costs incurred to inventory paralleled with the company's expected turnover of units of Anuva by June 2014.

*70.65% Decrease in due from Related Parties*

IPI has made a partial payment of ₱1.5M.

*522.11% Increase in Prepayments and Other Current Assets*

Pertains to input taxes on transfer of Buli Property from the parent to the subsidiary and input taxes on the payments to suppliers and contractors.

*7.46% Decrease in Available for Sale investments*

Due to sale of stocks.

As per SEC Memorandum Circular No. 3 Series of 2012, Revised guidelines on the implementation of PFRS 9 (Financial Instruments: Recognition and Measurement), interim financial statements starting with the period ended 30 June 2012 up to 30 June 2014 shall contain a disclosure on whether or not the company conducted an evaluation on the possible financial impact of the adoption of PFRS 9. The Company has yet to evaluate the full impact on the adoption of PFRS 9. Although preliminary evaluation has been made, the same is subject to further study of all factors which may be affected by the adoption of PFRS 9. This standard as issued in 2010 reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The Company will adopt PFRS 9 beginning January 1, 2015. The Company will continue to assess the possible effect of this standard until its full implementation in 2015.

*68.8% Increase in Customer Advances & Deposits*

Collections from customers not yet applied to sales.

*1.61% Increase in Retained Earnings – unappropriated*

The parent company's positive net income of ₱9.84M has caused the 1.61% increase in the total unappropriated retained earnings of the group.

*157.39% Increase in Treasury Shares*

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 and was ended last December 22, 2013. The total treasury shares purchased was 4,639,000 shares amounting to ₱4.96M.

*61.88% Decrease in Interest Income*

This was due to the decrease in interest income earned from Time Deposits as of period ending March 31, 2014. The change was brought about by decrease in the amount invested in time deposits due to various equity investments and funding for the subsidiary, SOC Land Dev. (SOC Land) coupled with downtrend in bank's interest rates.

*210.37% Increase in Gain on Sale of Investment*

The gain on sale for the 1<sup>st</sup> quarter 2014 pertains to the sale of domestic and foreign equity holdings.

*184.71% Decrease in Fair Value Gain on Investments*

Due to the remarkably lower market value of foreign and domestic equity holdings as compared with 1<sup>st</sup> quarter 2013.

*1.59% Decrease in Cost and Expenses*

The cost and expenses includes the foreign exchange loss for the 1<sup>st</sup> quarter 2013. For the current quarter 2014, the company has earned forex gain of ₱1.69M. The rest of the cost has minimal change.

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**Discussion for 1<sup>st</sup> Quarter 2013 vis-à-vis 1<sup>st</sup> Quarter 2012**

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*27.28% Decrease in Cash & Cash Equivalents*

Cash and cash equivalents decreased by 27% of 1<sup>st</sup> Quarter 2013 as compared to same period last year due to the net effect of the following:

Cash Inflows:

- Interest Received from amount owed to Puyat Steel, IPI, placements on time deposits and Foreign bonds amounted to ₱3.41M;
- Proceeds from Sale of various foreign and domestic shares amounting to ₱30M;
- Payment of International Pipe Industries of their advances amounting to ₱3M.
- Dividend Income from various stocks investments amounting to ₱0.11M

**Cash Outflows:**

- Real estate held for sale increased by ₱270 Million as of March 31, 2013;
- Acquisitions of Investment in Available for sale shares amounting to ₱37M and;
- Net Foreign exchange Losses amounting to ₱4M.

*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.

*56.82% Increase in Real Estate for Sale*

Total Cost amounting to ₱270M was added to the inventory as of period ending March 31, 2013.

*21.14% Decrease in due from Related Parties*

IPI has made a partial payment of ₱3M.

*2.27% Decrease in Prepayments and Other Current Assets*

Decrease is due to the advances that has already been expensed out.

*75.42% Increase 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.

As per SEC Memorandum Circular No. 3 Series of 2012, Revised guidelines on the implementation of PFRS 9 (Financial Instruments: Recognition and Measurement), interim financial statements starting with the period ended 30 June 2012 up to 30 June 2014 shall contain a disclosure on whether or not the company conducted an evaluation on the possible financial impact of the adoption of PFRS 9. The Company has yet to evaluate the full impact on the adoption of PFRS 9. Although preliminary evaluation has been made, the same is subject to further study of all factors which may be affected by the adoption of PFRS 9. This standard as issued in 2010 reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The Company will adopt PFRS 9 beginning January 1, 2015. The Company will continue to assess the possible effect of this standard until its full implementation in 2015.

*99.77% Decrease in Deferred Exploration Cost*

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

*173% Increase in Customer Advances & Deposits*

Collections from customers not yet applied to sales.

*9.73% Decrease in Retained Earnings – unappropriated*

Due to the negative bottomline figure of the group.

*206.76% Increase in Treasury Shares*

Due to the acquisition of the Parent company of its own stock amounting to ₱886,910 for the first quarter of 2013. 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.

*Decrease in Interest Income*

This was due to the decrease in interest income earned from Time Deposits as of and for period ended March 31, 2012 and March 31, 2011. The change was brought about by decrease in the amount invested in time deposits due to various equity investments and funding for the subsidiary, SOC Land Dev. (SOC Land) coupled with downtrend in bank's interest rates. The average bank rates for time deposit was 2.6% and 4.6% for 2013 and 2012, respectively. The group earned an additional ₱1.11M for interest on foreign bonds and ₱0.97M from advances to affiliates as of and for the period ended March 31, 2013.

#### *Decrease 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.

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.

The gain on sale for the 1<sup>st</sup> quarter 2013 pertains to the sale of domestic and foreign equity holdings.

#### *Fair Value Gain on Investments*

Due to the remarkably higher market value of foreign and domestic equity holdings.

#### *62.73% Decrease in Cost and Expenses*

Though the subsidiary has a slight increase in their total cost and expenses, the group total expenses for the quarter ended March 31, 2013 is 63% lower than that of the 1<sup>st</sup> quarter 2012 due to the taxes and licenses paid for the sale of various investments.

#### *Foreign Exchange Losses*

This was brought about by the revaluation on the foreign currency denominated monetary assets and the depreciation of Philippine Peso against USD. The company has investments on Time Deposits – USD and Foreign Bonds.

#### *98% Decrease Provision for Income Taxes*

Brought about by the lesser amount of income that is subject to corporate income tax.

## **Results and Plans of Operation**

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### **Real Estate : SOC Land**

The first tandem building of ANUVA, the “ANALA”, projects a Fun Zone image showcasing the Wet and Dry Play Area for children. Originally slated for completion in the last quarter of 2013, it will be available for turnover in the second quarter of 2014. The delay was caused by the series of typhoons in the latter half of 2013 which hampered operations and inhibited the installation of necessary site utilities like permanent power connection, Maynilad water and sewer lines.

With the ANALA nearing completion, SOC Land formally launched AZALEA last October 2013, the second tandem building of the Anuva Project, focusing on Green Urban Living. It will be distinct from ANALA as it promises to be a unique development that will rival its competitors in the area incorporating all the learned improvements from the first tandem building.

### **Other Energy, Mineral and Resource Based Opportunities**

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.

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 both conventional and renewable 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.

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## SIGNATURES

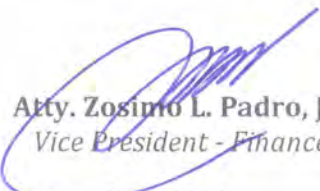
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.



SOUTH CHINA RESOURCES, INC.  
*Issuer*

  
Atty. Magilyn T. Loja  
*Corporate Secretary*

Date : May 20, 2014

  
Atty. Zosimo L. Padro, Jr.  
*Vice President - Finance*

Date : May 20, 2014

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**In PHP**

	<b>2014</b>	<b>CY 2013</b>
	<b>March (Unaudited)</b>	<b>December (Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	148,512,499	183,089,876
Accounts receivable	10,827,363	78,524,234
Installment Contract Receivable	56,607,425	
Real Estate for Sale	1,014,704,173	1,042,159,389
Due from Related Parties	20,293,800	21,786,900
Prepayments and other current assets	137,059,789	65,717,677
<b>Total Current Assets</b>	<b>1,388,005,049</b>	<b>1,391,278,076</b>
<b>Noncurrent Assets</b>		
Real Estate for Development	119,741,580	
Available-for-sale (AFS) investments - net	289,366,110	362,560,662
Property and equipment - net	16,852,073	17,226,977
Other Noncurrent Assets	15,789,381	60,668,880
<b>Total Noncurrent Assets</b>	<b>441,749,144</b>	<b>440,456,519</b>
<b>TOTAL ASSETS</b>	<b>1,829,754,193</b>	<b>1,831,734,595</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	79,506,189	133,221,091
Customer Advances & Deposits	64,256,933	
Unrealized Gross Profit	-	
Income Taxes Payable	5,266,151	112,546
<b>Total Current Liabilities</b>	<b>149,029,273</b>	<b>133,333,637</b>
Deferred Tax Liability	4,976,921	4,976,921
Pension Liability	2,961,336	2,961,336
<b>Total Noncurrent Liabilities</b>	<b>7,938,257</b>	<b>7,938,257</b>
<b>Total Liabilities</b>	<b>156,967,530</b>	<b>141,271,894</b>
<b>EQUITY</b>		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued -600489568.87 shares as of Mar 31,2014	600,489,569	600,489,569.00
Subscribed -306,070,000 shares as of 2ndQ 2013 and		
Yearend 2012 (net of subscription receivable		
of ₱229,552,500 as of 2ndQ 2013 and Yearend 2012)	76,517,500	76,517,500.00
Additional paid in capital	72,272,140	72,272,140.00
Unrealized valuation gains on available for sale investments	11,041,933	24,244,915.00
Retained Earnings - Appropriated	500,000,000	500,000,000.00
Retained Earnings - Unappropriated	417,330,583	421,803,639.00
Treasury Shares	(4,961,650)	(4,961,650.00)
Actuarial Gains on Defined Benefit Plan	96,588	96,588.00
<b>Total Equity</b>	<b>1,672,786,663</b>	<b>1,690,462,701</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,829,754,193</b>	<b>1,831,734,595</b>

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(IN PHP)**

	As of March 31	
	2014 (Unaudited)	2013 (Unaudited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	148,512,498.82	622,329,801
Accounts receivable	10,827,363.39	11,385,899
Installment Contract Receivable	56,607,424.86	4,275,427
Real Estate for Sale	1,014,704,172.91	717,887,607
Due from Related Parties	20,293,799.72	69,137,688
Prepayments and other current assets	137,059,789.45	22,031,478
<b>Total Current Assets</b>	<b>1,388,005,049.15</b>	<b>1,447,047,900</b>
<b>Noncurrent Assets</b>		
Real Estate for Development	119,741,580.34	
Available-for-sale (AFS) investments - net	289,366,109.70	312,685,177
Deferred exploration costs - net of allowance for impairment	-	
Property and equipment - net	16,852,073.31	17,868,326
Other Noncurrent Assets	15,789,380.79	35,315,582
<b>Total Noncurrent Assets</b>	<b>441,749,144.14</b>	<b>365,869,086</b>
<b>TOTAL ASSETS</b>	<b>1,829,754,193.29</b>	<b>1,812,916,986</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other liabilities	79,506,188.66	60,095,237
Customer Advances & Deposits	64,256,933.14	38,067,378
Unrealized Gross Profit	-	
Income Taxes Payable	5,266,151.18	7,826,432
<b>Total Current Liabilities</b>	<b>149,029,272.98</b>	<b>105,989,048</b>
Deferred Tax Liability	4,976,921.00	1,322,249
Pension Liability	2,961,336.00	
<b>Total Noncurrent Liabilities</b>	<b>7,938,257.00</b>	<b>1,322,249</b>
<b>Total Liabilities</b>	<b>156,967,529.98</b>	<b>107,311,296</b>
<b>EQUITY</b>		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued - 600,489,568.87 shares as of Mar 31, 2014	600,489,568.87	600,489,569
Subscribed - 306,070,000 shares as of 2ndQ 2013 and 2ndQ 2012 (net of subscription receivable of ₱229,552,500 as of 2ndQ 2013 and 2ndQ 2012)	76,517,500.00	76,517,500
Additional paid in capital	72,272,140.08	72,272,140
Unrealized valuation gains on available for sale investments	11,041,933.47	34,086,588
Retained Earnings- Appropriated	500,000,000.00	500,000,000
Retained Earnings- Unappropriated	417,330,582.89	424,167,553
Treasury Shares	(4,961,650.00)	(1,927,660)
Actuarial Gains on Defined Benefit Plan	96,588.00	
<b>Total Equity</b>	<b>1,672,786,663.31</b>	<b>1,705,605,689</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,829,754,193.29</b>	<b>1,812,916,986</b>

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**IN PHP**

	<b>As of March 31</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUES</b>		
Net interest income	1,546,961.03	4,058,487
Other Income	2,010,642.30	43,833
Foreign exchange Gain - net	1,687,891.27	
Gain on Sale of AFS Financial Assets	13,589,629.71	4,378,591
Dividend Income	393,710.58	111,307
	<b>19,228,834.89</b>	<b>8,592,218</b>
<b>COST AND EXPENSES</b>		
Sales, General and administrative expenses	18,458,588.59	18,755,913
	<b>18,458,588.59</b>	<b>18,755,913</b>
Gain/(Loss) on Disposal of Noncurrent Asset Held for Sale		
Foreign Exchange Losses	-	(2,135,872)
<b>Net Income (Loss) Before Tax</b>	<b>770,246.30</b>	<b>(12,299,566)</b>
Provision for Income Tax	5,153,605.58	67,511
<b>Net Income (Loss)</b>	<b>(4,383,359.28)</b>	<b>(12,367,077)</b>
<b>Other Comprehensive Income (Losses):</b>		
Unrealized (Loss) / Gain in Market Value of AFS	(13,202,981.10)	15,586,871
Share in Unrealized (Loss) / Gain on AFS of an Associate	-	
<b>Total Comprehensive Income / (Loss)</b>	<b>(17,586,340.38)</b>	<b>3,219,793</b>

<b>Basic/Diluted Income (Loss) Per Share</b>	<b>N/A</b>	<b>(0.0206)</b>
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<b>* Computed as</b>	=	Net income(loss) for the period	<b>(4,383,359)</b>	<b>(12,367,077)</b>
		Weighted average number of shares	<b>598,247,151</b>	<b>600,489,569</b>

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**IN PHP**

	<b>As of March 31</b>	<b>As of Dec 31</b>
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>REVENUES</b>		
Real Estate Sales	-	82,701,994
Cost of Sales	-	66,460,200
Total Realized Gross Profit	-	16,241,794
Net interest income	<b>1,546,961</b>	12,395,134
Foreign exchange Gain - net	<b>1,687,891</b>	22,428,404
Gain on Sale of HTM Investments		
Gain on Sale of AFS Financial Assets	<b>13,589,630</b>	18,944,678
Dividend Income	<b>393,711</b>	5,775,742
Other Income	<b>2,010,642</b>	4,258,612
	<b>19,228,835</b>	80,044,364
<b>COST AND EXPENSES</b>		
Sales, General and administrative expenses	<b>18,458,589</b>	91,799,814
	<b>18,458,589</b>	91,799,814
<b>Net Income (Loss) Before Tax</b>	<b>770,246</b>	(11,755,450)
Provision for Income Tax	<b>5,153,606</b>	303,928
<b>Net Income (Loss)</b>	<b>(4,383,359)</b>	(12,059,378)
<b>Other Comprehensive Income (Losses):</b>		
Unrealized (Loss) / Gain in Market Value of AFS	<b>(13,202,981)</b>	5,745,198
Actuarial Gains on Defined Benefit Plan		191,920
<b>Total Comprehensive Income / (Loss)</b>	<b>(17,586,340)</b>	(6,122,260)

<b>Basic/Diluted Income (Loss) Per Share</b>	<b>N/A</b>	<b>(0.0201)</b>
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<b>* Computed as</b>	=	Net income(loss) for the period	<b>(4,383,359)</b>	(12,059,378)
		Weighted average number of shares	<b>598,247,151</b>	600,489,568

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**IN PHP**

	As of March 31	
	2014 (Unaudited)	2013 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	770,246	(12,299,566)
Adjustments for:		
Provision for impairment on deferred exploration costs	-	
Depreciation	636,058	1,318,419
Revaluation on Bonds	-	
Impairment in value of available-for-sale investments	-	
Net foreign exchange losses/(gains)	(1,687,891)	2,135,872
Interest income	(1,546,961)	(4,033,957)
Dividend Income	(393,711)	(111,307)
Equity in net losses (income) of associates (Note 9)	-	
Gain/(Loss) on Disposal of Noncurrent Asset Held for Sale	-	
Gain on sale of AFS investment	(13,589,630)	
Operating loss before working capital changes	(15,811,889)	(12,990,539)
Changes in Assets and Liabilities:		
Accounts receivable	(382,525)	28,964,053
Construction Work in progress		
Advances to Contractors & Consultants	-	
Real Estate for Development	-	
Real Estate for Sale	(92,286,363)	(57,831,590)
Installment Contract Receivable	3,977,127	3,950,379
Other Current Assets	(17,714,958)	(7,045,847)
Prepayments and other current assets	(215,520)	(148,835)
Accounts Payable & Accrued Expenses	8,919,441	10,056,954
Net cash used in operations	(113,514,686)	(35,045,425)
Interest received	99,354	1,941,563
Income tax paid	-	
Net cash flows used in operating activities	(113,415,332)	(33,103,863)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions:		
AFS investments	(6,247,447)	(37,241,246)
Investment in Bonds	-	
Property and equipment	(261,154)	(12,250)
Decreases (Increases) in:		
Due from Affiliates	-	(11,191)
Deferred Exploration Costs	-	
Investment Property	-	
Other noncurrent assets	-	(432,205)
Project Advances	(510,480)	
Exchange Differences on AFS Investments	-	
Advances to Related Parties	(11,011)	
Interest Received - Bonds	1,935,209	1,468,635
Dividend Received	644,893	111,307
Collection of Receivable from Sale of Investments	-	
Proceeds from Sale of Investments	80,822,918	30,730,780
Payments received from Related Parties	1,880,202	4,405,270
Net cash flows from (used in) investing activities	78,253,130	(980,901)
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>		
Purchase of Treasury Shares	-	(886,910)
Net cash flows from (used in) iFinancing activities	-	(886,910)
<b>EFFECT OF EXCHANGE RATE CHANGES</b>		
<b>ON CASH AND CASH EQUIVALENTS</b>	607,962	(2,135,872)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(34,554,241)	(37,107,545)
<b>CASH AND CASH EQUIVALENTS AT</b>		
<b>BEGINNING OF YEAR</b>	183,066,739	659,437,346
<b>CASH AND CASH EQUIVALENTS AT</b>		
<b>END OF YEAR</b>	148,512,499	622,329,801

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**IN PHP**

	Common Stock Issued	Subscribed - Net	Additional Paid-In Capital	Unrealized Gains/(Loss) on AFS Investments	Other Comprehensive Income	Retained Earnings Appropriated	Unappropriated	Treasury Shares	TOTAL
<b>Balances at January 01,2013</b>	<b>600,489,569</b>	<b>76,517,500</b>	<b>72,272,140</b>	<b>18,499,717</b>		<b>500,000,000</b>	<b>436,534,630</b>	<b>(1,040,750)</b>	<b>1,703,272,806</b>
Collections of Subscription Receivable									-
Issuance of Common Stock									-
Acquisition of Treasury Shares								(886,910)	(886,910)
Total Comprehensive Income 1stQ 2013				15,586,871	-		(12,367,077)		3,219,793
<b>Balances at March 31,2013</b>	<b>600,489,569</b>	<b>76,517,500</b>	<b>72,272,140</b>	<b>34,086,588</b>	<b>-</b>	<b>500,000,000</b>	<b>424,167,553</b>	<b>(1,927,660)</b>	<b>1,705,605,689</b>
<b>Balances at January 01,2014</b>	<b>600,489,569</b>	<b>76,517,500</b>	<b>72,272,140</b>	<b>24,244,915</b>	<b>96,588</b>	<b>500,000,000</b>	<b>421,803,639</b>	<b>(4,961,650)</b>	<b>1,690,462,701</b>
Collections of Subscription Receivable		-							-
Issuance of Common Stock	-	-							-
Acquisition of Treasury Shares								-	-
Total Comprehensive Income 1stQ 2014				(13,202,982)	-		(4,473,056)		(17,676,038)
<b>Balances at March 31,2014</b>	<b>600,489,569</b>	<b>76,517,500</b>	<b>72,272,140</b>	<b>11,041,933</b>	<b>96,588</b>	<b>500,000,000</b>	<b>417,330,583</b>	<b>(4,961,650)</b>	<b>1,672,786,663</b>

**SOUTH CHINA RESOURCES, INC. AND SUBSIDIARY**  
**KEY PERFORMANCE INDICATORS**

	<u>KEY FINANCIAL RATIOS</u>	<u>3/31/2014</u>	<u>3/31/2013</u>
I.	Current/Liquidity Ratios	9.31 x	13.65 x
II.	Solvency Ratio	N/A	-10.42%
III.	Debt-to-equity ratio (in x)	0.0891 x	0.0621 x
IV.	Asset to Equity Ratio	1.0938 x	1.0629 x
V.	Interest Rate Coverage Ratio	N/A	N/A
VI.	Profitability Ratio		
	Return on Equity	N/A	-0.73%
	Return on Assets	N/A	-0.68%
VII.	Other Relevant Ratios		
	Revenue Growth/ (Decline)	123.79%	-95.52%
	Net Income Growth/ (Decline)	-64.56%	-109.15%
	EBITDA	(3,747,302)	(11,048,658)

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

Aging of Accounts Receivable

As of March 31,2014

Accounts Receivable	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	
1 Amount owed by a related party - IPI	20,144,000	144,000				20,000,000			
2 Accrued Interest - Time Deposit PHP	-								
3 Accrued Interest - Time Deposit USD	-								
4 Accrued Interest - Foreign Bonds	966,048	966,048							
5 Officers and employees	7,091,576	2,661,777	170,431	100,000	88,000	71,368	4,000,000		
6 South China Petroleum Int'l.	149,800	11,011	1,100	12,191		27,135	98,362		
7 IGC Securities, Inc.	-								
8 SSS	8,400					8,400			
9 Others	2,761,340	2,030,447	332,971		248,985	148,938			
Subtotal	31,121,163	5,813,283	504,502	112,191	336,985	20,255,840	4,098,362		
Less: Allow. For Impairment losses on receivables	-	-	-	-	-	-	-	-	-
A/R - net	31,121,163	5,813,283	504,502	112,191	336,985	20,255,840	4,098,362		NONE
Net Receivables	<b>31,121,163</b>	<b>5,813,283</b>	<b>504,502</b>	<b>112,191</b>	<b>336,985</b>	<b>20,255,840</b>	<b>4,098,362</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 & quarterly payment of principal
1) Amount owed by a related party	Receivable from third party IPI Industries, Inc. (Principal & Interest)	
2) Officers and employees	Advances to employees for emergency purpose on a 1 year term payable monthly	monthly
3) Others	Receivable from third party	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

**SOUTH CHINA RESOURCES, INC. & SUBSIDIARY**

Amounts Receivable from Related Parties which are eliminated during the consolidation of Financial Statements

As of March 31, 2014

		<b>Beginning Balance</b>	<b>Additions</b>	<b>Ending Balance</b>
		<b>December 31, 2013</b>		<b>As of March 31, 2014</b>
SOC Land Development, Corp.		1,002,752,029	93,000,000.00	1,095,752,029

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

Map of the Relationships of the Companies within the Group

As of March 31, 2014

