



SOUTH CHINA RESOURCES, INC.

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

August 6, 2007

PHILIPPINE STOCK EXCHANGE

Disclosure Department
PSE Centre, Exchange Road
Ortigas Center, Pasig City

Attention: Atty. **PETE M. MALABANAN**
Head, Disclosure Department

Gentlemen:

Please find herewith the 2nd Quarter Report (on SEC Form 17-Q) for year 2007 of South China Resources, Inc.

We hope that you may find the above in order.

Thank you.

Yours faithfully,

DAVID R. BALADAD
Corporate Information Officer/
VP – Operations

SEC Number : ASO92-06441

File Number : _____

SOUTH CHINA RESOURCES, INC.

(Company's Full Name)

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

(Company's Address)

(632) 812-2383 / 892-2049

(Telephone Number)

December 31

Fiscal Year Ending (Month & Day)

17 - Q

Form Type

Not Applicable

Amendment Designation (if applicable)

June 30, 2007

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2007
2. SEC Identification Number ASO92-06441 3. BIR Tax Identification No. 001-945-016
4. Exact name of issuer as specified in its charter SOUTH CHINA RESOURCES, INC.
5. **Not Applicable** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. 3/F Low Rise Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City 1200
Address of principal office Postal Code
8. (632) 812-2383 / 892-2049
Issuer's telephone number, including area code
9. 12/F Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City
Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--|
| <u>Common Shares</u> | <u>906,559,568</u> |

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

Yes [] No []

If yes, state the name of such stock exchange and the class/es of securities listed therein:

Name of Stock Exchange
Philippine Stock Exchange

Class of Securities listed
U

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period the issuer was required to file such reports);

Yes [**X**] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No []

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Report

- a) The accompanying interim financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS).
- b) There were no changes made in the accounting policies and methods of computation as compared with the last annual financial statements.
- c) Quarterly financial statements are prepared for the interim operations for the updated information of the stockholders and basis for the decision making of the management.
- d) For this interim period, the Company has no unusual transactions or had encountered events that affect materially its assets, liabilities, equity, net income or cash flows.
- e) The Company did not report in its financial statements any estimates of amount of a given transactions for this interim period and in prior interim periods.
- f) There were no issuances, repurchases, and repayments of debt and equity securities for this interim period.
- g) There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
- h) The Company has no contingent assets or liabilities since the last annual balance sheet date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

The Company's current ratio as of June 30, 2007 was ₱0.430 for every peso liability – an increase of ₱0.289 from last year's current ratio of ₱0.141. The increase was caused by additional advances from officers, payment of a partner's farm-in share in exploration projects, partial collection of subscriptions receivable, additions to prepayments consisting of listing fees, annual dues and input tax. Current ratio as of the second

quarter of 2006 was a minimal increase of ₱0.071 as compared to 2005 due additional advances from officers.

The Company's total assets which stood at ₱729.792 million in 2007, was lower than last year by about ₱21.676 million. This is due to the increase in cash and cash equivalents and deposit for future investment of ₱5.385 million and ₱34.844 million, respectively; and decrease in investments in associates and deferred exploration costs amounting to ₱51.637 million and ₱9.684 million, respectively in 2007 as compared to 2006. For 2006 the decrease was ₱28.080 million as compared to 2005 mainly due to decrease in investment in associates.

Cash and cash equivalents increased in 2007 compared to prior year by ₱5.385 million due to payment of a partner's farm-in share in exploration projects and partial collection of subscriptions receivable. For the year 2006, the increase is ₱0.807 million compared to 2005 due to increase in advances from the Company's officers.

Available-for-sale investments decreased in 2007 by ₱0.774 million due to sales of some listed and unlisted shares. For 2006 the increase is ₱1.318 million due to the recovery of unrealized losses on market value of AFS investments compared to 2005. As of June 30, 2007, the aggregate carrying amount is ₱7.289 million, wherein current and noncurrent portion amounted to ₱0.051 million and ₱7.238 million, respectively.

Accounts receivable increased in 2007 by a minimal amount of ₱0.017 million as compared prior to year due to additional advances and a decrease of ₱0.042 million in 2006 compared to 2005 due to liquidation of advances made.

Prepayments and other currents assets increased in 2007 compared to prior year by ₱0.158 and also an increase of ₱0.189 million in 2006 compared to 2005 due to payment of due to payment of annual listing fees and annual dues.

Investments in associates decreased by ₱51.637 million compared to last year due to share in net losses of associates and the acquisition of capital stock by Premiere Development Bank (PDB) amounting to ₱34.844 million. For 2006, the decrease was ₱34.232 million as compared to 2005 due to share in net losses of associates.

On December 29, 2006, the Company sold its investment in PDB for a total consideration of ₱34.844 million, resulting in a gain of ₱5.956 million. The sale was to give way to the new foreign investor pending its application for the increase in capital stock. On the same date, the Company's BOD approved the resolution to deposit the same amount to PDB as future subscription to its shares. The deposit was classified as "Deposit for future investment" under noncurrent assets in the balance sheet.

Other assets refer to rental of deposit and other noncurrent assets subject to amortization. For the year 2006 the decrease is ₱0.118 million compared to 2005.

Accounts payable and accrued expenses for the period decreased by ₱3.044 million in 2007 compared to 2006 due to partial payment of accrued expenses, additional advances from officers and recognition of unrealized foreign exchange gains on dollar denominated advances from officers. For 2006 the increase was ₱6.710 million as compared to 2005 due to advances from officers.

For 2007, deferred exploration cost decreased by a net amount of ₱9.684 million as compared to 2006 due to the additional exploration costs incurred and payment of partner's farm-in share in exploration project. For 2006, the increase was ₱4.044 million compared to the second quarter of 2005. This includes remittance of Share in NE Palawan and Sulu block project and capitalization of general and administrative expenses validated by the Department of Energy in December 2005 for the exploration cost of NE Palawan amounting to ₱3.468 million.

Subscriptions receivable in 2007 decreased by ₱1.050 million compared to 2006 and also a decreased of ₱0.308 million for 2006 compared to 2005 due to the payment of the 75% balance by some stockholders.

Issued shares increased by ₱1.400 million and ₱0.410 million in 2007 and 2006, respectively due to the issuance of stock certificates to fully paid shares of some stockholders thereby decreasing the subscribed shares by the same amount.

Net loss for the second quarter amounted to ₱5.759 million which resulted to total net loss of ₱11.331 million for the period January 1 to June 30, 2007.

The net loss incurred for the period ended June 30, 2007 is a net decrease of ₱6.856 million compared to 2006 due to decrease in net losses of investee companies. For 2006, the increase was ₱0.143 million compared to 2005 due to increase in net losses of investee companies.

The restatement due to the recognition of prior period adjustments of investee companies increased the deficit by P5.301 million and ₱5.184 million as of June 30, 2006 and 2005, respectively. The total restated deficit as of June 30, 2007 amounted to ₱201.940 million.

The Company has no earnings yet from commercial production. Therefore, there were no dividends declared for the period ended June 30, 2007.

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.

The material changes for this year in comparison with the prior year-end based on line items in the Comparative Balance Sheets as of June 30, 2007 and 2006 are as follows: a) increase in cash by 411.33% due to payment of farm-in share in exploration project and partial collection of subscriptions receivable; b) decrease in current AFS investments by 94.82% due to sale of some listed shares; c) increase in accounts receivable by 21.67% due to advances subject for liquidation; d) increase in prepayments by 29.07% due to listing fees, annual dues and input tax; e) decrease in investments in associates by 30.94% due to net loss of the investee company; f) decrease in deferred exploration costs by 11.09% due to payment of partner's farm-in share in exploration project; g) increase in property and equipment by 8.26% due to purchase of new office equipments; h) decrease in accounts payable and accrued expenses by 14.80% due to payment of accruals and recognition of unrealized foreign exchange gains on advances from officers; i) 100% decrease in share in unrealized losses on AFS investment of an associate due to its acquisition of the Company's subscribed capital stock; and, j) increase in deficit by 10.67% due to net loss for the period.

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 should the need 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 June 30, 2007, the Company is still in exploration stage, and therefore, no commercial production yet for the performance indicators analysis. It has no majority-owned subsidiaries.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next twelve months that will have a material favorable or unfavorable impact on the results of the Company's liquidity. Should there be material changes in working capital it would be advances from the management to support the Company's operation or a sale of non-current assets.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company has no material commitments for capital expenditures within the next twelve months.

Results and Plans of Operation

SC-41 Offshore Sulu Sea Sandakan Basin

The Filipino contingent of the consortium has been in negotiations for the entry of a farminee into the block. The farminee is expected to assume certain work obligations to gain entry and acquire interest. The finalization of the farm-in is expected to be completed soon.

South China's participating interest in the block has been increased to 5.3260% after the withdrawal and redistribution of Petroenergy Resources' interest.

SC-60 (GSEC-99 Offshore NE Palawan)

The South China, Shell Philippines Exploration b.v. (SPEX) and Kuwait Foreign Petroleum Exploration Company ksc. (KUFPEC) joint operations will move forward with the committed work program filed with the DOE. The group will carry out the acquisition and processing of at least 1000 line-kms of 2D contingent on availability of a seismic vessel. The activity is expected to start sometime early second half of 2006. South China is carried on this activity.

Offshore Cuyo Platform (former GSEC-96), NW Palawan Block (Swan Block/former GSEC-83)

South China still retains one of the biggest information libraries covering these areas. DOE's 1st Petroleum Competitive Bid Round PCR-1 resulted in only one (1) contract awarded. After the evaluation phase of the bid round, the DOE opened up the country for application.

Despite of a contract application pending over the NW Palawan area by the Swan Block consortium (of which the Company is a co-venturer), the DOE awarded the area to the Philippine National Oil Company-Exploration Corporation (PNOC-EC) as SC57 and SC58. Philodrill, deemed operator of the Swan block, has informed its partners that it will seek to resolve the situation.


The DOE declared a moratorium on applications for new contract areas prior to its launching of PCR-2 (Philippine Energy Contracting Round No. 2) in August 31, 2005 and ended November 29, 2005. No new applications for exploration contracts have been accepted by the DOE outside PCR-2. To date, the DOE has yet to announce and officially award the service contracts to the winning bids and lift the application moratorium

The Company continues to actively seek strategic partners for the joint exploration of Offshore Cuyo in preparation for the lifting of the moratorium.

SIGNATURES


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

SOUTH CHINA RESOURCES, INC.
Issuer



Atty. JAIME M. BLANCO, Jr.
Corporate Secretary

Date : August 6, 2007



IMELDA D. OLALIA
Accounting Manager

Date : August 6, 2007

SOUTH CHINA RESOURCES, INC
BALANCE SHEETS

	2007	2006
	JUNE	DECEMBER
		Audited
ASSETS		
Current Assets		
Cash	6,694,154	5,090,607
Available-for-sale (AFS) investments - current	50,400	42,000
Accounts receivable	94,628	66,664
Prepayments and other current assets	702,342	423,656
Total Current Assets	7,541,524	5,622,927
Noncurrent Assets		
Available-for-sale (AFS) investments - noncurrent	7,238,340	5,746,328
Investment in properties	486,980,479	486,980,479
Investments in associates - net	115,250,807	124,795,088
Deposit for future investment	34,843,800	34,843,800
Deferred exploration costs - net of allowance for impairment losses of P12,618,353	77,606,250	82,331,858
Property and equipment - net	189,387	189,875
Other assets	141,554	141,554
Total Noncurrent Assets	722,250,617	735,028,982
TOTAL ASSETS	729,792,141	740,651,909
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	17,527,267	19,089,294
Noncurrent liabilities		
* Subscriptions payable	171,720,000	171,720,000
Total Liabilities	189,247,267	190,809,294
Stockholders' Equity		
Capital Stock - P1 par value		
Authorized - 1 billion shares		
Issued	588,449,569	587,739,569
Subscribed	318,110,000	318,820,000
** Subscriptions receivable	(238,582,500)	(239,115,000)
Additional paid in capital	72,272,140	72,272,140
Unrealized gains (losses) on marketable equity securities/ AFS investments	2,235,927	735,515
Deficit	(201,940,262)	(190,609,609)
Total Stockholders' Equity	540,544,874	549,842,615
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	729,792,141	740,651,909

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

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

SOUTH CHINA RESOURCES, INC
BALANCE SHEETS
(In comparison with prior years)

	2007 JUNE	2006 JUNE Previous Report Restated	2005 JUNE Previous Report Restated
ASSETS			
Current Assets			
Cash	6,694,154	1,309,165	502,420
Available-for-sale (AFS) investments - current	50,400	972,173	
Accounts receivable	94,628	77,774	119,435
Prepayments and other current assets	702,342	544,168	355,241
Total Current Assets	7,541,524	2,903,280	977,096
Noncurrent Assets			
Available-for-sale (AFS) investments - noncurrent	7,238,340	7,090,565	6,744,500
Investment in properties	486,980,479	486,980,479	486,980,479
Investments in associates - net	115,250,807	166,887,839	201,119,694
Deposit for future investment	34,843,800		
Deferred exploration costs - net of allowance for impairment losses of P12,618,353	77,606,250	87,289,817	83,245,960
Property and equipment - ne	189,387	174,933	221,364
Other assets	141,554	141,554	259,625
Total Noncurrent Assets	722,250,617	748,565,187	778,571,622
TOTAL ASSETS	729,792,141	751,468,467	779,548,718
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	17,527,267	20,571,314	13,861,304
Noncurrent liabilities			
* Subscriptions payable	171,720,000	171,720,000	171,720,000
Total Liabilities	189,247,267	192,291,314	185,581,304
Stockholders' Equity			
Capital Stock - P1 par value			
Authorized - 1 billion shares			
Issued	588,449,569	587,049,569	586,639,569
Subscribed	318,110,000	319,510,000	319,920,000
** Subscriptions receivable	(238,582,500)	(239,632,500)	(239,940,000)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized gains (losses) on marketable equity securities/ AFS investments	2,235,927	2,205,923	1,231,935
Share in unrealized losses on marketable equity securities/ AFS investments of an associate	-	238,220	-
Deficit	(201,940,262)	(182,466,199)	(146,156,230)
Total Stockholders' Equity	540,544,874	559,177,153	593,967,414
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	729,792,141	751,468,467	779,548,718

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

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

SOUTH CHINA RESOURCES, INC
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED JUNE 30, 2007

(With comparison of prior years figures)

	2007	2006 Previous Report Restated	2005 Previous Report Restated
INCOME			
Net interest income	19,091	4,908	2,875
Dividend and miscellaneous income	350	-	350
Recovery(decline) in market value of marketable securities	-	-	(344,250)
	19,441	4,908	(341,025)
EXPENSES			
Equity in net earnings (losses) of investee company	(9,544,282)	(15,409,959)	(14,464,730)
General and administrative expenses	(2,481,928)	(2,759,404)	(3,221,738)
	(12,026,210)	(18,169,363)	(17,686,468)
UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)	676,116	(22,073)	(15,799)
NET INCOME(LOSS) FOR THE PERIOD	(11,330,653)	(18,186,528)	(18,043,292)
ADD:RETAINED EARNINGS, BALANCE BEGINNING OF YEAR as previously reported	<u>(190,609,609)</u>	<u>(158,978,181)</u>	<u>(122,928,208)</u>
Share in prior period adjustment by an associate		<u>(5,301,490)</u>	<u>(5,184,730)</u>
RETAINED EARNINGS, BALANCE BEGINNING OF YEAR AS RESTATED	<u>-</u>	<u>(164,279,671)</u>	<u>(128,112,938)</u>
RETAINED EARNINGS(DEFICIT), BALANCE END	<u>(201,940,262)</u>	<u>(182,466,199)</u>	<u>(146,156,230)</u>
* EARNINGS (LOSS) PER SHARE	<u>(0.01250)</u>	<u>(0.02006)</u>	<u>(0.01990)</u>

* Computed as =
$$\frac{\text{Net income(loss) for the period}}{\text{Weighted average number of shares (906,559,569)}}$$

SOUTH CHINA RESOURCES, INC
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE QUARTER ENDED JUNE 30, 2007

(With comparison of prior years figures)

	2007	2006 Previous Report Restated	2005 Previous Report Restated
INCOME			
Net interest income	8,743	2,579	1,270
Dividend and miscellaneous income	-	-	-
Recovery(decline) in market value of marketable securities	-	-	(688,500)
	8,743	2,579	(687,230)
EXPENSES			
Equity in net earnings (losses) of investee company	(5,125,770)	(7,707,160)	(7,339,756)
General and administrative expenses	(1,398,223)	(1,718,774)	(1,512,175)
	(6,523,993)	(9,425,934)	(8,851,931)
UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)	756,419	16,775	2,157
NET INCOME(LOSS) FOR THE QUARTER	(5,758,831)	(9,406,580)	(9,537,004)
NET LOSS FOR THE FIRST QUARTER	(5,571,822)	(8,779,948)	(8,506,288)
ADD:RETAINED EARNINGS, BALANCE BEGINNING as previously reported	(190,609,609)	(158,978,181)	(122,928,208)
Share in prior period adjustment by an associate		(5,301,490)	(5,184,730)
RETAINED EARNINGS, BALANCE BEGINNING AS RESTATED	-	(164,279,671)	(128,112,938)
RETAINED EARNINGS(DEFICIT), BALANCE END	(201,940,262)	(182,466,199)	(146,156,230)
* EARNINGS (LOSS) PER SHARE	(0.00635)	(0.01038)	(0.01052)

* Computed as =
$$\frac{\text{Net income(loss) for the quarter}}{\text{Weighted average number of shares (906,559,569)}}$$

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2007
(in comparison with prior years)

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at January 1, 2005, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	(1,916,810)	(122,928,208)	613,851,454
Share in prior period adjustment of associate						1,916,810	(5,184,730)	(3,267,920)
Balances at January 1, 2005, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	-	(128,112,938)	610,583,534
Net loss for the 1st quarter 2005							(8,627,338)	(8,627,338)
Net unrealized loss on AFS investments					1,555,706			1,555,706
Net loss for the 2nd quarter 2005							(9,537,004)	(9,537,004)
Reversal of negative goodwill							121,050	121,050
Net unrealized loss on AFS investments					(128,534)			(128,534)
Balances at June 30, 2005, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,231,935	-	(146,156,230)	593,967,414
Balances at January 1, 2006, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	(1,678,590)	(158,978,181)	581,123,278
Share in prior period adjustment of associate						1,916,810	(5,301,490)	(3,384,680)
Balances at January 1, 2006, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	238,220	(164,279,671)	577,738,598
Net loss for the 1st quarter 2006							(8,779,948)	(8,779,948)
Net unrealized loss on AFS investments					(114,597)			(114,597)
Net loss for the 2nd quarter 2006							(9,406,580)	(9,406,580)
Collection of subscriptions receivable			307,500					307,500
Shares of stock issued from subscribed	410,000	(410,000)						-
Net unrealized loss on AFS investments					(567,820)			(567,820)
Balances at June 30, 2006, as restated	587,049,569	319,510,000	(239,632,500)	72,272,140	2,205,923	238,220	(182,466,199)	559,177,153
Balances at January 1, 2007	587,739,569	318,820,000	(239,115,000)	72,272,140	735,515	-	(190,609,609)	549,842,615
Net loss for the 1st quarter 2007							(5,571,822)	(5,571,822)
Unrealized gains on AFS investments					696,737			696,737
Collection of subscriptions receivable			45,000					45,000
Shares of stock issued from subscribed	60,000	(60,000)						-
Net loss for the 2nd quarter 2007							(5,758,831)	(5,758,831)
Unrealized gains on AFS investments					803,675			803,675
Collection of subscriptions receivable			487,500					487,500
Shares of stock issued from subscribed	650,000	(650,000)						-
Balances at June 30, 2007	588,449,569	318,110,000	(238,582,500)	72,272,140	2,235,927	-	(201,940,262)	540,544,874

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE QUARTER ENDED JUNE 30, 2007
(in comparison with prior years)

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at March 31, 2005, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,360,469	(1,916,810)	(131,555,546)	606,779,822
Share in prior period adjustment of associate						1,916,810	(5,184,730)	(3,267,920)
Balances at March 31, 2005 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,360,469	-	(136,740,276)	603,511,902
Net loss for the 2nd quarter 2005							(9,537,004)	(9,537,004)
Reversal of negative goodwill							121,050	121,050
Net unrealized loss on AFS investments					(128,534)			(128,534)
Balances at June 30, 2005, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,231,935	-	(146,156,230)	593,967,414
Balances at March 31, 2006, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,773,743	(1,678,590)	(167,758,129)	572,228,733
Share in prior period adjustment of associate						1,916,810	(5,301,490)	(3,384,680)
Balances at March 31, 2006 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,773,743	238,220	(173,059,619)	568,844,053
Net loss for the 2nd quarter 2006							(9,406,580)	(9,406,580)
Collection of subscriptions receivable			307,500					307,500
Shares of stock issued from subscribed	410,000	(410,000)						-
Net unrealized loss on AFS investments					(567,820)			(567,820)
Balances at June 30, 2006, as restated	587,049,569	319,510,000	(239,632,500)	72,272,140	2,205,923	238,220	(182,466,199)	559,177,153
Balances at March 31, 2007	587,799,569	318,760,000	(239,070,000)	72,272,140	1,432,252	-	(196,181,431)	545,012,530
Net loss for the 2nd quarter 2007							(5,758,831)	(5,758,831)
Unrealized gains on AFS investments					803,675			803,675
Collection of subscriptions receivable			487,500					487,500
Shares of stock issued from subscribed	650,000	(650,000)						-
Balances at June 30, 2007	588,449,569	318,110,000	(238,582,500)	72,272,140	2,235,927	-	(201,940,262)	540,544,874

SOUTH CHINA RESOURCES, INC
STATEMENT OF CASH FLOWS

	FOR THE PERIOD ENDED JANUARY TO JUNE		
	2007	2006 Previous Report Restated	2005 Previous Report Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income(loss) from operation	(11,309,903)	(18,186,528)	(18,043,292)
Adjustments for:			
Equity in net earnings(losses) of associates	9,544,282	15,409,959	14,464,730
Depreciation and amortization	27,478	37,878	54,610
Dividend and miscellaneous income	(350)	-	(350)
Interest Income	(19,090)	(4,908)	(2,875)
Provision for (recovery from) decline in market value of marketable securities	-	-	344,250
Unrealized foreign exchange loss/(gain)	(676,116)	22,073	15,799
Operating loss before working capital changes	(2,433,699)	(2,721,526)	(3,167,128)
Decrease (increase) in:			
Accounts receivable	(27,964)	(15,714)	(29,982)
Prepayments and other current assets	(278,686)	(219,019)	(73,242)
Increase (decrease) in:			
Accounts payable and accrued expenses	(1,582,777)	2,993,870	3,147,664
Net cash flows from (used in) operating activities	(4,323,126)	37,611	(122,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in deferred exploration costs	4,725,607	(81,771)	(255,489)
Dividend and miscellaneous income	350	-	350
Interest Income	19,090	4,908	2,875
Decrease (increase) in other assets	-	-	220,987
Acquisitions of property and equipment	(26,990)	(86,260)	-
Net cash flows from (used in) investing activities	4,718,057	(163,123)	(31,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	532,500	307,500	
NET INCREASE IN CASH	927,431	181,988	(153,965)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	676,116	(22,073)	(15,799)
CASH AT BEGINNING OF YEAR	5,090,607	1,149,250	672,184
CASH AT END OF THE PERIOD	6,694,154	1,309,165	502,420

South China Resources, Inc. Aging of Accounts Receivable As of June 30, 2007									
Type of Accounts Receivable	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos. To 1 Year	1-2 Years	3-5 Years	5 Years - Above	Past due accounts & Items in Litigation
a) Trade Receivables									
1) XXX									
2) XXX									
3) XXX	n/a								
Subtotal									
Less: Allow. For Doubtful Acct.									
Net Trade receivable	-								
b) Non-Trade Receivables									
1) Interest receivable									
2) A/R employees	23,820.00	23,820.00							
3) A/R Others	837,716.42		100.00	9,604.00	3,625.00	57,479.00		766,908.42	
Subtotal	861,536.42	23,820.00	100.00	9,604.00	3,625.00	57,479.00		766,908.42	
Less: Allow. For Doubtful Acct.	(766,908.42)							(766,908.42)	
Net Non-Trade receivable	94,628.00	23,820.00	100.00	9,604.00	3,625.00	57,479.00		-	
Net Receivables (a+b)	<u>94,628.00</u>								

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
1) Interest receivable	Interest arising from money market placements on a 30 days term.	monthly
2) A/R employees	Advances to employees for emergency purpose on a 1 year term payable monthly	monthly
3) A/R others	Receivable from third party for various chargeables	Immediate

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

Normal Operating Cycle: 1 (one) year