

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

August 13, 2008

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 2008 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, 2008

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, 2008
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** Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
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 |
|----------------------|--|
| Common Shares | 906,559,568 |

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

Yes [] No []

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

Name of Stock Exchange
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 generally accepted accounting principles.
- 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 - prepared in accordance with the Philippine Financial Reporting Standards (PFRS)

Highlights of selected accounts with 5% material changes

June 2008 vs. June 2007 (In Million Pesos)

	2008 June	2007 June Restated	Change Increase / (Decrease)	% Change
Balance Sheet				
Cash and cash equivalents	417.027	6.694	410.333	6,129.72
Accounts receivable	0.146	0.095	0.051	53.80
Prepayments and other current assets	1.050	0.702	0.348	49.54
Investment in properties	-	486.980	(486.980)	(100.00)
Investment in associates	34.362	28.290	6.072	21.46
Deposit for future investment	100.000	34.844	65.156	187.00
Deferred exploration costs	39.193	77.606	(38.413)	(49.50)
Property and equipment - net	11.169	0.189	10.980	5,797.61
Refundable deposits	0.005	0.142	(0.137)	(96.82)
Issued shares	588.870	588.450	0.420	0.07
Subscribed shares	317.690	318.110	(0.420)	(0.13)
Subscriptions receivable	(238.268)	(238.583)	0.315	(0.13)
Unrealized gains on AFS investments	3.489	2.236	1.253	56.04
Deficit	(304.550)	(288.901)	(15.649)	5.42
Total Assets	611.494	642.832	(31.338)	(4.87)
Total Current Assets	418.223	7.542	410.681	5,445.60
Total Current Liabilities (Accounts payables and accrued expenses)	0.082	17.527	(17.445)	(99.53)
Current Ratio	5,107.626	0.430	5,107.196	1,186,964.07
Income Statement				
Income	121.654	0.019	121.634	(625,658.80)
Expenses	(96.552)	(12.026)	(84.526)	702.84
Net Income/(Loss) for the period quarter ended	(4.692)	(5.759)	1.066	18.52
Net Income/(Loss) for the period ended	25.071	(11.331)	36.402	321.27
Available-for-sale (AFS) investments - current	-	0.050	(0.050)	(100.00)
Available-for-sale (AFS) investments - noncurrent	8.542	7.238	1.303	18.01
Sub-total	8.542	7.289	1.253	17.19

The Company's current ratio as of June 30, 2008 was ₱5,107.626 for every peso liability – an increase of ₱5,107.196 from last year's current ratio of ₱0.430. The 1,186,964.07% increase was due to collection on the sale of noncurrent asset classified as held for sale (formerly classified in 2007 as investment in properties), partial collection of subscriptions receivable, and additions of prepayments consisting of listing fees, annual dues and input tax.

The Company's total assets amounted to ₱611.494 million as of June 30, 2008 as compared to ₱642.832 million as of June 30, 2007, lower than last year by ₱31.338

million or 4.87%. The net decrease was due to the increase in cash and cash equivalents and deposit for future investment, and provision of a valuation allowance on expired Geophysical Survey and Exploration Contracts (GSEC).

Cash and cash equivalents were ₱417.027 million as of June 30, 2008 which is ₱410.333 million or 6,129.72% higher than the ₱6.694 million as of June 30, 2007. The increase was due to the collection on sale of noncurrent asset classified as held for sale, partial collection of subscriptions receivable, and interest income.

Accounts receivable of ₱0.146 million as of June 30, 2008 increased by a minimal amount of ₱0.051 million or 53.80% as compared prior year balance of ₱0.095 million due to liquidation of advances to employees.

Prepayments and other current assets of ₱1.050 million as of June 30, 2008 increased by ₱0.348 or 49.54% as compared to prior year's amount of ₱0.702 million due to payment of annual listing fees and annual dues.

Available-for-sale (AFS) investment noncurrent amounted to ₱8.542 million as of June 30, 2008 which is ₱1.253 million or 17.19% higher than the aggregate carrying amount of ₱7.289 million as of June 30, 2007. The increase was due to recovery in market value of shares.

The Company's investment in property account decreased by ₱486.980 million as a result of its reclassification to noncurrent asset classified as held for sale, which is in accordance with PFRS 5 *Noncurrent Assets Held for Sale*.

Investment in associates amounted to ₱34.362 million as of June 30, 2008 which is ₱6.072 million or 21.46% higher than the restated ₱28.290 million as of June 30, 2007. The increase was due to payment of additional advances.

The deposit for future investment of ₱34.844 million in Premiere Development Bank (PDB) was converted to investment in associates on September 30, 2007. As of June 30, 2008, the Company's equity is 4.81%.

The Board of Directors has authorized the Company to enter into a related party agreement with Puyat Steel Corporation, to invest a maximum of ₱100.000 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 (8%) per annum with a maximum of 12% per annum.

Deferred exploration costs of ₱39.193 million as of June 30, 2008 decreased by ₱38.413 million or 49.50% as compared to the ₱77.606 million in 2007 because the Company has provided 100% valuation allowance on expired Geophysical Survey and Exploration Contracts (GSEC).

Property and equipment amounted to ₱11.169 million as of June 30, 2008 which was ₱10.980 million or 5,797.61% higher than the ₱0.189 million as of June 30, 2007. The increase was due to acquisition of new equipments.

Refundable deposit amounted to ₱0.005 million, decreased by ₱0.137 million or 96.82% as compared to last year's ₱0.142 million due to collection of rental deposit.

Accounts payable and accrued expenses amounted to ₱0.082 million as of June 30, 2008, lower than ₱17.445 million or 99.53% as compared to the ₱17.527 million balances as of June 30, 2007. The increase was due to the partial payment of accrued expenses and full payment of advances from officers.

Unrealized gains on AFS investments of ₱3.489 million as of June 30, 2008 increased by ₱1.253 million or 56.04% as compared to previous year's ₱2.236 million due to recovery on the market value of shares of stocks.

Issued shares increased by ₱0.420 million due to the issuance stock certificates to fully paid shares of some stockholders thereby decreasing the subscribed shares by the same amount.

Subscriptions receivable in 2008 decreased by ₱0.315 million compared to 2007 due to the payment of the 75% balance by some stockholders.

Net revenues earned for the first semester of 2008 amounting to ₱121.654 million was ₱121.634 million or 625,658.80% higher than last year's net loss of ₱0.019 million. On the other hand, the total expenses incurred for the first semester of 2008 which amounted to ₱96.552 million was ₱84.526 million or 702.84% higher than last year's amount of ₱12.026 million. The resulting increase for both the revenues and expenses was mainly due to the net gain on the sale of noncurrent asset classified as held for sale, increase in interest income and payment of capital gains tax on the said sale and provision of valuation allowance on expired GSECs.

Net loss for the quarter ended June 30, 2008 was ₱4.692 million is a net decrease of ₱1.066 million or 18.52% as compared to second quarter of 2007 net loss of ₱5.759 million. This was due to the increase in interest income earned. The net loss decreased the first quarter's income from ₱29.764 million to the carrying amount of ₱25.071 million as of June 30, 2008.

The net income of ₱25.071 million for the period ended June 30, 2008 resulted to a restated deficit of ₱304.550 million as of June 30, 2008. This income is a net increase of ₱36.402 million or 321.27% as compared to 2007 net loss of ₱11.331 million due to net gain on sale of noncurrent asset classified as held for sale (formerly classified in 2007 as investment in properties) and increase in interest income earned.

The Company has NO earnings yet from commercial production. Therefore, there were NO dividends declared for the period ended June 30, 2008.

June 2007 vs. June 2006 (In Million Pesos)

	2007 June Restated	2006 June Restated	Change Increase / (Decrease)	% Change
Balance Sheet				
Cash and cash equivalents	6.694	1.309	5.385	411.33
Accounts receivable	0.095	0.078	0.017	21.67
Prepayments and other current assets	0.702	0.544	0.158	29.07
Investment in associates	28.290	131.732	(103.442)	(78.52)
Deposit for future investment	34.844	-	34.844	100.00
Deferred exploration costs	77.606	87.290	(9.684)	(11.09)
Property and equipment - net	0.189	0.175	0.014	8.26
Issued shares	588.450	587.050	1.400	0.24
Subscribed shares	318.110	319.510	(1.400)	(0.44)
Subscriptions receivable	(238.583)	(239.633)	1.050	(0.44)
Deficit	(288.901)	(217.622)	(71.279)	32.75
Total Assets	642.832	716.313	(73.481)	(10.26)
Total Current Assets	7.542	2.903	4.638	159.76
Total Current Liabilities (Accounts payables and accrued expenses)	17.527	20.571	(3.044)	(14.80)
Current Ratio	0.430	0.141	0.289	204.87
Income Statement				
Net Loss for quarter ended	(5.759)	(9.407)	3.648	(38.78)
Net Loss for period ended	(11.331)	(18.187)	6.856	(37.70)
Available-for-sale (AFS) investments - current	0.050	0.972	(0.922)	(94.82)
Available-for-sale (AFS) investments - noncurrent	7.238	7.091	0.148	2.08
Sub-total	7.289	8.063	(0.774)	(10.62)

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 204.87 % 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.

The Company's total assets which stood at ₱642.832 million as of June 30, 2007, as compared to ₱716.313 million in 2006, was lower than last year by about ₱73.481 million or 10.26%. 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 ₱103.442 million and ₱9.684 million, respectively in 2007 as compared to 2006.

Cash and cash equivalents were ₱6.694 million as of June 30, 2007 which is ₱5.385 million or 411.33% higher than the ₱1.309 million as of June 30, 2006. This is due to

payment of a partner's farm-in share in exploration projects and partial collection of subscriptions receivable.

Available-for-sale (AFS) investment amounted to ₱7.289 million as of June 30, 2007 which is ₱0.774 million or 10.62% lower than the ₱8.063 million as of June 30, 2006. The decrease was due to unrealized loss in the market value of shares. As of June 30, 2007, the aggregate carrying amount is ₱7.289 million, is composed of current and noncurrent portion which amounted to ₱0.051 million and ₱7.238 million, respectively.

Accounts receivable increased in 2007 by a minimal amount of ₱0.017 million or 21.67% as compared prior to year due to additional advances made.

Prepayments and other current assets increased in 2007 compared to prior year by ₱0.158 or 29.07% due to payment of annual listing fees and annual dues.

The Financial Statements as of 2006 have been restated to reflect the recognition of share in prior period adjustment of an associate. This correction decreased the Company's investment in associates by ₱86.961 million.

The restated investments in associates amounted to ₱28.290 million as of June 30, 2007 was ₱103.442 million or 78.52% lower than the ₱131.732 million of June 30, 2006. The decrease was due to share in net losses of associates and the acquisition of capital stock by Premiere Development Bank (PDB) amounting to ₱34.844 million.

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.

Deferred exploration cost amounted to ₱77.606 million as of June 30, 2007 which was ₱9.684 million or 11.09% lower than the ₱87.290 million as of June 30, 2006. The net decrease was due to additional exploration costs incurred and payment of partner's farm-in share in exploration project.

Property and equipment amounted to ₱0.189 million as of June 30, 2007 which was ₱0.014 million or 8.26% higher than the ₱0.175 million as of June 30, 2006. The net increase was due to acquisition of new equipments and depreciation of existing ones.

Accounts payable and accrued expenses for the period decreased by net amount of ₱3.044 million or 14.80% 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.

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 in 2007 as compared to 2006 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 ₱11.331 million net loss incurred for the period ended June 30, 2007 is a net decrease of ₱6.856 million or 37.70% as compared to ₱18.187 million of 2006 due to decrease in net losses of investee companies.

In 2006 the restatement of the Company's Financial Statements due to the recognition of prior period adjustments of an investee company increased the deficit by ₱86.961 million. The total restated deficit as of June 30, 2007 amounted to ₱288.901 million.

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, 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, 2008, 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 Operations

SC-41 Offshore Sulu Sea Sandakan Basin

Tap Oil, operator of the block and on behalf of the Joint Operation group, applied for DOE approval for an extension of the term of the SC for a further two years. The SC is on its 10th and final contract year which runs till May 10, 2009 (subject to the DOE granting an extension of the 10th contract year). The minimum work commitments for contract years 9 and 10 are: a) acquisition of 300 sq km of 3D seismic; b) relinquishment of 25% of the contract area and the drilling of one (1) exploration well. Items a and b have been fulfilled in the recent past months. A well plan was proposed by the operator to drill the Lumba Lumba prospect.

The well will test a large inversion structure with multiple objectives in interpreted channel and fan complexes. Estimated recoverable volumes are in the 50–150 million barrels range. The Joint Operations group believes that SC 41 has the potential to be a “game changer” as it contains numerous prospective features of substantial size. Reservoir development and the identification of sand-prone fairways remains technically challenging and is recognized as the main exploration risks in the area. South China has 1.090% in this block.

The well is expected to be drilled within the second to third week of July 2008 using the semi-submersible rig Transocean Legend for a period of two to three weeks.

SC-60 (GSEC-99 Offshore NE Palawan)

SC-60 is one of the country's most promising areas in terms of potential for large accumulations for petroleum. The Joint Operation by South China, Shell Philippines Exploration B.V. (SPEX) and Kuwait Foreign Petroleum Co.ksc. (KUFPEC) has acquired over a thousand line kilometers of 2D seismic and a significant 500 sq km 3D seismic program focusing on high grade areas previously defined by the 2D survey.

The members of the Joint group are undergoing respective internal and joint review of the block prior to deciding to enter the second sub-phase of the Service Contract which would extend the term of the contract to February 10, 2010 and commit to drill one deep water exploration well. South China has 15% interest in this block and will be carried for all activities up to the completion on the well.

Offshore Mindoro-Cuyo Area 4, NW Palawan Block (former GSEC-83)

In the quest to continue exploration in areas where the company has an edge in terms of data and technical conceptualization, South China participated in the Department of Energy's Philippine Energy Contracting Round No. 3 (PECR-3). PECR-3 commenced on December 22, 2006. On May 30, 2007, the last day of the bid round, South China together with operator UK company Pitkin Petroleum Ltd. submitted a bid for Area-4, a block that covers the offshore Mindoro-Cuyo with an area of 1.164 million hectares. The block has yet to be awarded to the group as no formal awards have been made by the DOE at this time. It will be recalled that South China was in this block previously with Murphy Oil of Louisiana.

Philodrill, operator of the Swan Block covering the former GSEC-83 area has yet to inform the Company the results of its negotiations with PNOC-EC (Philippine National Oil Company-Exploration Corporation) which now operates the service contracts (SC-57/58) covering the block.

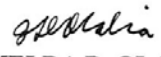
SIGNATURES

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 12, 2008


IMELDA D. OLALIA
Accounting Manager

Date : August 12, 2008

SOUTH CHINA RESOURCES, INC
BALANCE SHEETS

	2008	2007
	JUNE	DECEMBER
	Unaudited	Audited
ASSETS		
Current Assets		
Cash	417,026,794	50,912,570
Accounts receivable	145,537	78,722
Prepayments and other current assets	1,050,289	645,193
	418,222,620	51,636,485
Noncurrent asset classified as held for sale		486,980,479
Total Current Assets	418,222,620	538,616,964
Noncurrent Assets		
Available-for-sale (AFS) investments - noncurrent	8,541,815	7,623,815
Investments in associates - net	34,362,466	34,678,994
Deposit for future investment	100,000,000	-
Deferred exploration costs - net of allowance for impairment losses of P51,031,563	39,193,040	77,606,250
Property and equipment - net	11,169,303	162,490
Other assets	4,500	141,554
Total Noncurrent Assets	193,271,124	120,213,103
TOTAL ASSETS	611,493,744	658,830,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	81,882	13,501,201
Deposit from contract to sell investment property		60,000,000
Total Current Liabilities	81,882	73,501,201
Noncurrent liabilities		
* Subscriptions payable	171,720,000	171,720,000
Total Liabilities	171,801,882	245,221,201
EQUITY		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued	588,869,569	588,749,569
Subscribed	317,690,000	317,810,000
** Subscriptions receivable	(238,267,500)	(238,357,500)
Additional paid in capital	72,272,140	72,272,140
Unrealized gains on AFS investments - net	3,489,002	2,571,002
Share in unrealized gains on AFS investment of an associate	188,346	188,346
Deficit	(304,549,695)	(329,624,691)
Total Equity	439,691,862	413,608,866
TOTAL LIABILITIES AND EQUITY	611,493,744	658,830,067

* 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)

	2008	2007	2006
	JUNE	JUNE	JUNE
		Previous Report	Previous Report
		Restated	Restated
ASSETS			
Current Assets			
Cash	417,026,794	6,694,154	1,309,165
Available-for-sale (AFS) investments - current	-	50,400	972,173
Accounts receivable	145,537	94,628	77,774
Prepayments and other current assets	1,050,289	702,342	544,168
Total Current Assets	418,222,620	7,541,524	2,903,280
Noncurrent Assets			
Available-for-sale (AFS) investments - noncurrent	8,541,815	7,238,340	7,090,565
Investment in properties	-	486,980,479	486,980,479
Investments in associates - net	34,362,466	28,290,230	131,732,253
Deposit for future investment	100,000,000	34,843,800	
Deferred exploration costs - net of allowance for impairment losses of P12,618,353	39,193,040	77,606,250	87,289,817
Property and equipment - net	11,169,303	189,387	174,933
Other assets	4,500	141,554	141,554
Total Noncurrent Assets	193,271,124	635,290,040	713,409,601
TOTAL ASSETS	611,493,744	642,831,564	716,312,881
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	81,882	17,527,267	20,571,314
Noncurrent liabilities			
* Subscriptions payable	171,720,000	171,720,000	171,720,000
Total Liabilities	171,801,882	189,247,267	192,291,314
Stockholders' Equity			
Capital Stock - P1 par value			
Authorized - 1 billion shares			
Issued	588,869,569	588,449,569	587,049,569
Subscribed	317,690,000	318,110,000	319,510,000
** Subscriptions receivable	(238,267,500)	(238,582,500)	(239,632,500)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized gains on AFS investments - net	3,489,002	2,235,927	2,205,923
Share in unrealized losses on marketable equity securities/ AFS investments of an associate	188,346	-	238,220
Deficit	(304,549,695)	(288,900,839)	(217,621,785)
Total Stockholders' Equity	439,691,862	453,584,297	524,021,567
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	611,493,744	642,831,564	716,312,881

* 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, 2008
(With comparison of prior years figures)

	2008	2007 Previous Report Restated	2006 Previous Report Restated
INCOME			
Net interest income	8,634,247	19,091	4,908
Dividend and miscellaneous income	-	350	-
Gain on sale of investment property	113,019,521	-	-
	121,653,768	19,441	4,908
EXPENSES			
Valuation allowance	(38,413,210)		
Equity in net earnings (losses) of investee company	(6,624,279)	(9,544,282)	(15,409,959)
General and administrative expenses	(51,514,266)	(2,481,928)	(2,759,404)
	(96,551,755)	(12,026,210)	(18,169,363)
UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)	(30,741)	676,116	(22,073)
NET INCOME (LOSS) FOR THE PERIOD	25,071,272	(11,330,653)	(18,186,528)
ADD: RETAINED EARNINGS, BALANCE BEGINNING OF YEAR as previously reported	<u>(329,624,691)</u>	<u>(190,609,609)</u>	<u>(164,279,671)</u>
Prior period adjustments	3,724		
Share in prior period adjustment by an associate		<u>(86,960,577)</u>	<u>(35,155,586)</u>
RETAINED EARNINGS, BALANCE BEGINNING OF YEAR AS RESTATED	(329,620,967)	(277,570,186)	(199,435,257)
RETAINED EARNINGS (DEFICIT), BALANCE END	(304,549,695)	(201,940,262)	(217,621,785)
* EARNINGS (LOSS) PER SHARE	<u><u>0.02766</u></u>	<u><u>(0.01250)</u></u>	<u><u>(0.02006)</u></u>
* Computed as = $\frac{\text{Net income(loss) for the period}}{\text{Weighted average number of shares}}$	$\frac{25,071,272}{906,559,569}$	$\frac{(11,330,653)}{906,559,569}$	$\frac{(18,186,528)}{906,559,569}$

SOUTH CHINA RESOURCES, INC
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE QUARTER ENDED JUNE 30, 2008
(With comparison of prior years figures)

	2008	2007 Previous Report Restated	2006 Previous Report Restated
INCOME			
Net interest income	5,306,234	8,743	2,579
Dividend and miscellaneous income	-	-	-
Recovery(decline) in market value of marketable securities	-	-	-
	5,306,234	8,743	2,579
EXPENSES			
Equity in net earnings (losses) of investee company	(6,692,106)	(5,125,770)	(7,707,160)
General and administrative expenses	(3,324,996)	(1,398,223)	(1,718,774)
	(10,017,102)	(6,523,993)	(9,425,934)
UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)	18,372	756,419	16,775
NET INCOME(LOSS) FOR THE QUARTER	(4,692,496)	(5,758,831)	(9,406,580)
NET LOSS FOR THE FIRST QUARTER	29,763,768	(5,571,822)	(8,779,948)
TOTAL NET LOSS FOR THE SEMESTER	25,071,272	(11,330,653)	(18,186,528)
ADD:RETAINED EARNINGS, BALANCE BEGINNING as previously reported	<u>(329,624,691)</u>	<u>(190,609,609)</u>	<u>(164,279,671)</u>
Prior period adjustments	3,724		
Share in prior period adjustment by an associate		(86,960,577)	(35,155,586)
RETAINED EARNINGS, BALANCE BEGINNING AS RESTATED	<u>(329,620,967)</u>	<u>(277,570,186)</u>	<u>(199,435,257)</u>
RETAINED EARNINGS(DEFICIT), BALANCE END	<u>(304,549,695)</u>	<u>(288,900,839)</u>	<u>(217,621,785)</u>
* EARNINGS (LOSS) PER SHARE	<u>(0.00518)</u>	<u>(0.00635)</u>	<u>(0.01038)</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 CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2008
(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, 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	(40,457,076)	(38,540,266)
Balances at January 1, 2006, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	238,220	(199,435,257)	542,583,012
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	(217,621,785)	524,021,567
Balances at January 1, 2007, as previously stated	587,739,569	318,820,000	(239,115,000)	72,272,140	735,515	-	(190,609,609)	549,842,615
Share in prior period adjustment of associate						-	(86,960,577)	(86,960,577)
Balances at January 1, 2007, as restated	587,739,569	318,820,000	(239,115,000)	72,272,140	735,515	-	(277,570,186)	462,882,038
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 as restated	588,449,569	318,110,000	(238,582,500)	72,272,140	2,235,927	-	(288,900,839)	453,584,297
Balances at January 1, 2008	588,749,569	317,810,000	(238,357,500)	72,272,140	2,571,002	188,346	(329,624,691)	413,608,866
Net income for the 1st quarter 2008							29,763,768	29,763,768
Unrealized gains/(loss) on AFS investments					(3,000)			(3,000)
Collection of subscriptions receivable			82,500					82,500
Shares of stock issued from subscribed	110,000	(110,000)						-
Net loss for the 2nd quarter 2008							(4,692,496)	(4,692,496)
Unrealized gains/(loss) on AFS investments					921,000			921,000
Collection of subscriptions receivable			7,500					7,500
Shares of stock issued from subscribed	10,000	(10,000)						-
Prior period adjustment							3,724	3,724
Balances at June 30, 2008	588,869,569	317,690,000	(238,267,500)	72,272,140	3,489,002	188,346	(304,549,695)	439,691,862

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE QUARTER ENDED JUNE 30, 2008
(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, 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	(40,457,076)	(38,540,266)
Balances at March 31, 2006 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,773,743	238,220	(208,215,205)	533,688,467
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	(217,621,785)	524,021,567
Balances at March 31, 2007, as previously stated	587,799,569	318,760,000	(239,070,000)	72,272,140	1,432,252	-	(196,181,431)	545,012,530
Share in prior period adjustment of associate						-	(86,960,577)	(86,960,577)
Balances at March 31, 2007 as restated	587,799,569	318,760,000	(239,070,000)	72,272,140	1,432,252	-	(283,142,008)	458,051,953
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, as restated	588,449,569	318,110,000	(238,582,500)	72,272,140	2,235,927	-	(288,900,839)	453,584,297
Balances at March 31, 2008	588,859,569	317,700,000	(238,275,000)	72,272,140	2,568,002	188,346	(299,860,923)	443,452,134
Net loss for the 2nd quarter 2008							(4,692,496)	(4,692,496)
Unrealized gains/(loss) on AFS investments					921,000			921,000
Collection of subscriptions receivable			7,500					7,500
Shares of stock issued from subscribed	10,000	(10,000)						-
Prior period adjustment							3,724	3,724
Balances at June 30, 2008	588,869,569	317,690,000	(238,267,500)	72,272,140	3,489,002	188,346	(304,549,695)	439,691,862

SOUTH CHINA RESOURCES, INC
STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED
JANUARY TO JUNE

	2008	2007	2006
		Previous Report	Previous Report
		Restated	Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income(loss) from operation	25,071,272	(11,330,653)	(18,186,528)
Adjustments for:			
Equity in net earnings(losses) of associates	6,624,279	9,544,282	15,409,959
Depreciation and amortization	26,892	27,478	37,878
Dividend and miscellaneous income	-	(350)	-
Interest Income	(8,634,247)	(19,090)	(4,908)
Gain on sale of investment property	(113,019,521)	-	-
Valuation allowance	38,413,210		
Unrealized foreign exchange loss/(gain)	30,741	(676,116)	22,073
Operating loss before working capital changes	(51,487,374)	(2,454,449)	(2,721,526)
Decrease (increase) in:			
Accounts receivable	(66,815)	(27,964)	(15,714)
Prepayments and other current assets	(405,096)	(278,686)	(219,019)
Increase (decrease) in:			
Accounts payable and accrued expenses	(13,415,594)	(1,562,027)	2,993,870
Net cash flows from (used in) operating activities	(65,374,879)	(4,323,126)	37,611
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in deferred exploration costs	-	4,725,607	(81,771)
Proceeds from sale of investment property	540,000,000		
Proceeds from the refund of rental deposit	137,054		
Dividend and miscellaneous income	-	350	-
Interest Income	8,634,247	19,090	4,908
Decrease (increase) in other assets	-	-	-
Acquisitions of property and equipment	(11,033,707)	(26,990)	(86,260)
Net cash flows from (used in) investing activities	537,737,594	4,718,057	(163,123)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	90,000	532,500	307,500
Advances to associates	(6,307,750)		
Deposit for future investment	(100,000,000)	-	-
NET INCREASE IN CASH	366,144,965	927,431	181,988
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(30,741)	676,116	(22,073)
CASH AT BEGINNING OF YEAR	50,912,570	5,090,607	1,149,250
CASH AT END OF THE PERIOD	417,026,794	6,694,154	1,309,165

South China Resources, Inc.									
Aging of Accounts Receivable									
As of June 30, 2008									
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	63,151.34	23,151.34	40,000.00						
3) A/R Others	844,294.14			9,603.63	700.00	9,603.63	57,478.46	766,908.42	
Subtotal	907,445.48	23,151.34	40,000.00	9,603.63	700.00	9,603.63	57,478.46	766,908.42	
Less: Allow. For Doubtful Acct.	(766,908.42)							(766,908.42)	
Net Non-Trade receivable	140,537.06	23,151.34	40,000.00	9,603.63	700.00	9,603.63	57,478.46	-	
Net Receivables (a+b)	<u>140,537.06</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