



SOUTH CHINA RESOURCES, INC.

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

November 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 3rd 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)

September 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 September 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 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 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

September 2008 vs September 2007

	2008 Sept	2007 Sept Restated	Change Increase / (Decrease)	% Change
Balance Sheet				
Cash and cash equivalents	266.187	5.679	260.508	4,587.41
Accounts receivable	0.150	0.098	0.052	53.72
Notes Receivable	100.000	-	100.000	100.00
Advances to Associates	161.308	-	161.308	100.00
Prepayments and other current assets	0.988	0.654	0.334	51.06
Available-for-sale (AFS) investments - noncurrent	7.854	7.624	0.230	3.01
Investment in properties	-	486.980	(486.980)	(100.00)
Investment in associates	34.102	58.235	(24.133)	(41.44)
Deferred exploration costs	39.266	77.606	(38.340)	(49.40)
Property and equipment - net	9.999	0.176	9.823	5,595.05
Refundable deposits	0.005	0.142	(0.137)	(96.82)
Issued shares	588.880	588.700	0.180	0.03
Subscribed shares	317.680	317.860	(0.180)	(0.06)
Subscriptions receivable	(238.260)	(238.395)	0.135	(0.06)
Unrealized gains on AFS investments	2.801	2.572	0.230	8.92
Share in unrealized gains on AFS investment of an associate	0.188	-	0.188	100.00
Deficit	(295.488)	(294.625)	(0.862)	0.29
Total Assets	619.859	637.194	(17.335)	(2.72)
Total Current Assets	528.633	6.431	522.203	8,120.38
Total Current Liabilities (Accounts payables and accrued expenses)	0.065	17.091	(17.025)	(99.62)
Current Ratio	8,085.429	0.376	8,085.053	2,150,280.05
Income Statement				
Net Income/(Loss) for the quarter ended	9.062	(5.725)	14.786	(258.30)
Net Income/(Loss) for the period ended	34.133	(17.055)	51.188	300.13
Revenues for the quarter ended	5.260	0.007	5.252	75,028.57
Revenues for the period ended	126.913	0.027	126.887	469,948.10
Expenses for the quarter ended	3.788	6.024	1.206	162.88
Expenses for the period ended	92.763	18.051	74.712	413.90

The Company's current ratio as of September 30, 2008 was ₱8,085.429 every peso liability – an increase of ₱8,085.053 from last year's current ratio of ₱0.376. The

2,150,280.05% increase was due to the 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 ₱619.859 million as of September 30, 2008 as compared to ₱637.194 million as of September 30, 2007, lower than last year by ₱17.335 million or 2.72%. The net decrease was due to the sale of noncurrent asset classified as held for sale, which effectively resulted to the increase in cash and cash equivalents; and increase in deposit for future investment, and provision of a valuation allowance on expired Geophysical Survey and Exploration Contracts (GSEC).

Cash and cash equivalents were ₱266.187 million as of September 30, 2008 which is ₱260.508 million or 4,587.41% higher than the ₱5.679 million as of September 30, 2007. The increase was due to the receipt of proceeds on the sale of noncurrent asset classified as held for sale, partial collection of subscriptions receivable, and interest income.

Accounts receivable of ₱0.150 million as of September 30, 2008 increased by a minimal amount of ₱0.052 million or 53.72% as compared to the prior year's balance of ₱0.098 million due to additional advances to employees.

Prepayments and other currents assets of ₱0.988 million as of September 30, 2008 increased by ₱0.334 million or 51.06% as compared to prior year's amount of ₱0.654 million due to payment of annual listing fees and annual dues.

Available-for-sale (AFS) investment noncurrent amounted to ₱7.854 million as of September 30, 2008 which is ₱0.230 million or 3.01% higher than the aggregate carrying amount of ₱7.624 million as of September 30, 2007. The increase was due to the 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 ₱34.102 million as of September 30, 2008 which is ₱24.133 million or 41.44% lower than the restated ₱58.235 million as of September 30, 2007. The decrease was due to share in net loss of investee companies.

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 September 30, 2008, the Company's equity is 4.81% of PDB's authorized capital stock.

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 up to a maximum of 12% per annum.

The Company extended advances of ₱161.308 million to Belltel, one of its associates. The Company believes that Belltel continues to maintain its long term prospects having acquired new broadband bandwidth frequencies as well as new mobile licenses in addition to its existing licenses. A third party assessment of Belltel by Sallmans Philippines, Inc. showed the fair value of its franchise at over ₱14 billion. Other shareholders of Belltel have also made similar advances in order to keep it on track in evolving into a full service telecommunications company.

Deferred exploration costs of ₱39.266 million as of September 30, 2008 decreased by ₱38.340 million or 49.40% as compared to the ₱77.606 million in 2007 on account of the Company's recognition of 100% provision for valuation allowance on expired Geophysical Survey and Exploration Contracts (GSEC).

Property and equipment amounted to ₱9.999 million as of September 30, 2008 which was ₱9.823 million or 5,595.05% higher than the ₱0.176 million as of September 30, 2007. The net increase was due to the acquisition of new equipments.

Refundable deposit amounted to ₱0.005 million as of September 30, 2008, a decrease of ₱0.137 million or 96.82% as compared to last year's balance of ₱0.142 million due to collection/refund of rental deposit.

Accounts payable and accrued expenses amounted to ₱0.065 million as of September 30, 2008, lower than ₱17.025 million or 99.62% as compared to the ₱17.091 million balances as of September 30, 2007. The decrease was due to the partial payment of accrued expenses and receipt of full payment of advances from officers.

Unrealized gains on AFS investments of ₱2.801 million as of September 30, 2008 increased by ₱0.230 million or 8.92% as compared to previous year's ₱2.572 million due to the recovery on the market value of shares of stocks.

Issued shares increased by ₱0.180 million due to the issuance of stock certificates to fully paid shares of some stockholders thereby decreasing the subscribed shares by the same amount.

Subscriptions receivable in 2008 decreased by ₱0.135 million compared to 2007 due to the payment of the 75% balance by some stockholders.

Revenues earned for the three quarters of 2008 amounted to ₱126.913 million was ₱126.887 million or 469,948.10% higher than last year's revenues of ₱0.027 million. On the other hand, the total expenses incurred for the three quarters of 2008 which amounted to ₱92.763 million was ₱74.713 million or 413.90% higher than last year's amount of ₱18.051 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 income for the quarter ended September 30, 2008 was ₱9.062 million is a net increase of ₱14.786 million or 258.30% as compared to the net loss for the quarter September 30, 2007 of ₱5.725 million. This was mainly due to the increase in interest income earned and lesser expenses incurred.

The net income of ₱34.133 million for the period ended September 30, 2008 was ₱51.188 million or 300.13% higher than the ₱17.055 million net loss as of September 30, 2007.

The income of ₱34.133 million for the period ended September 30, 2008 resulted to a restated deficit of ₱295.488 million as of September 30, 2008. This income is a net increase of ₱0.862 million or 0.29% as compared to 2007 net loss of ₱294.625 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 September 30, 2008.

September 2007 vs. September 2006

	2007 Sept	2006 Sept Restated	Change Increase / (Decrease)	% Change
Balance Sheet				
Cash and cash equivalents	5.679	5.667	0.011	0.20
Accounts receivable	0.098	0.070	0.028	39.49
Prepayments and other current assets	0.654	0.481	0.173	35.94
Investment in associates	58.235	123.755	(65.520)	(52.94)
Deferred exploration costs	77.606	82.332	(4.726)	(5.74)
Property and equipment - net	0.176	0.159	0.016	10.36
Issued shares	588.700	587.740	0.960	0.16
Subscribed shares	317.860	318.820	(0.960)	(0.30)
Subscriptions receivable	(238.395)	(239.115)	0.720	(0.30)
Unrealized gains on AFS investments	2.572	1.212	1.360	112.18
Deficit	(294.625)	(226.803)	(67.822)	29.90
Total Assets	637.194	706.655	(69.462)	(9.83)
Total Current Assets	6.431	7.184	(0.753)	(10.48)
Total Current Liabilities (Accounts payables and accrued expenses)	17.091	20.571	(3.481)	(16.92)
Current Ratio	0.376	0.349	0.027	7.75
Income Statement				
Net Loss for the quarter ended	(5.725)	(9.181)	3.457	37.65
Net Loss for the period ended	(17.055)	(27.368)	10.313	37.68

Available-for-sale (AFS) investments – current	-	0.965	(0.965)	(100.00)
Available-for-sale (AFS) investments – noncurrent	7.624	6.104	1.521	24.91
Sub-total	7.624	7.069	0.556	7.86

The Company's current ratio as of September 30, 2007 was ₱0.376 for every peso liability – a minimal increase of ₱0.027 from last year's current ratio of ₱0.349. The 7.75% increase was caused by full payment of a partner's farm-in share exploration projects, partial collection of subscriptions receivable, additions to prepayments consisting of listing fees, annual dues and input tax, and recognition of unrealized foreign exchange gains on dollar denominated advances from officers.

The Company's total restated assets which stood at ₱637.194 million as of September 30, 2007 was lower than ₱69.462 million or 9.83% as compared to ₱706.655 million as of September 30, 2006. This was mainly due to the decrease in investments in associates and deferred exploration costs amounting to ₱65.520 million and ₱4.726 million, respectively.

Cash and cash equivalents amounting to ₱5.679 million has a minimal increase in 2007 of ₱0.011 million or 0.20% as compared to prior year's ₱5.667 million due to partial collection of subscriptions receivable.

Available-for-sale investments in 2007 increased by ₱0.556 million or 7.86% as compared to 2006 due to the recovery of unrealized losses on market value of AFS investments as compared to 2006. As of September 30, 2007, the aggregate carrying amount is was ₱7.624 million.

Accounts receivable of ₱0.098 million increased in 2007 by ₱0.028 million or 39.49% as compared prior to year's ₱0.070 million due to additional advances.

Prepayments and other currents assets of ₱0.654 million increased in 2007 by ₱0.173 or 35.94% as compared to 2006 ₱0.481 million 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 ₱58.235 million as of September 30, 2007 was ₱65.520 million or 52.94% lower than the September 30, 2006 amount of ₱123.755 million. The decrease was due to the share in net losses and recognition of prior period adjustments of an associate, 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. On September 30, 2007, this Deposit was reclassified to Investment in Associates after the approval of PDB's Amended Articles of Incorporation and Certificate of Increase in Capital Stock. The Company's equity is now only 5%, a decrease of 4.73% from the previous year's 9.73% equity share.

The Company's Board of Directors at its special meeting held on September 13, 2007, has approved the sale to Alphaland Corporation its investment in a property situated in Makati City for a gross selling price of ₱600.000 million. As of September 30, 2007, the sale was not yet consummated.

Deferred exploration cost amounting to ₱77.606 million as of September 30, 2007 was decreased by a net amount of ₱4.726 million or 5.74% as compared to the ₱82.332 million as of September 30, 2006 due to the payment of partner's farm-in share in exploration project.

Property and equipment amounted to ₱0.176 million as of September 30, 2007 which was ₱0.016 million or 10.36% higher than the ₱0.159 million as of September 30, 2006. The net increase was due to the acquisition of new equipments and provision for depreciation expenses to the equipments.

Accounts payable and accrued expenses amounted to ₱17.091 million as of September 30, 2007, lower than ₱3.481 million or 16.92% as compared to the ₱20.571 million balances as of September 30, 2006. The decrease was due to the partial payment of accrued expenses and recognition of unrealized foreign exchange gains on dollar denominated advances from officers.

Subscriptions receivable in 2007 decreased by ₱0.720 million compared to 2006 due to the payment of the 75% balance by some stockholders.

Issued shares increased by ₱0.960 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 third quarter of 2007 amounted to ₱5.725 million was ₱3.457 million lower or 37.65% as compared to ₱9.181 million of 2006. This net loss resulted to total net loss of ₱17.055 million for the period January 1 to September 30, 2007. In 2006 the restatement of the Company's Financial Statements due to the recognition of prior period adjustments of investee company increased the deficit by ₱ 86.961 million. The total restated deficit as of September 30, 2007 amounted to ₱294.625 million.

The net loss incurred for the period ended September 30, 2007 is a net decrease of ₱10.313 million or 37.68% as compared to ₱27.368 million as of September 30, 2006 due to increase in net interest income on saving accounts, decrease in net losses of investee companies and general and administrative expenses.

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

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 September 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.

The Company believes there is no significant risk exposure arising from the global financial situation.

The Company is highly liquid and has no direct investments in foreign securities or financial investments.

Results and Plans of Operation

SC-41 Offshore Sulu Sea Sandakan Basin

In a report sent by Tap Oil Ltd, operator of the SC-41, the SC-41 Joint Operations spudded the exploration well Lumba Lumba – 1 on July 19, 2008. The well was drilled by the semi-submersible rig, Transocean Legend, at a water depth of 1100 meters. Lumba Lumba was considered a moderate risk prospect located in the central part of SC 41. Covered by the 2007 Alpine 3D Seismic Survey, the well tested a large inversion structure with multiple objectives.

Tap plug abandoned the well on August 20, 2008. The well was drilled down to a total depth of 2175 meters, approximately 830 meters short of the programmed total depth after encountering numerous down-hole problems. No reservoir quality rocks were encountered but elevated gas readings were observed.

Although disappointed with the results of the Lumba Lumba-1A well, the SC 41 group still believes that SC 41 has the potential to host commercial hydrocarbons. Lumba Lumba-1A tested only one of several different independent play types in the permit. Ongoing geological and geophysical work in the block evaluates the Lumba Lumba-1A well results into Joint Venture's regional geological understanding of the block, as well as evaluating and characterizing further potential drilling targets.

South China has 1.090% interest in this block.

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 Service Contract #60 Joint Operations entered into sub-phase two (2) of the Service contract #60 with the Department of Energy with a commitment to drill one well thus ensuring the continuance and furtherance of exploration in the block in Northeast Palawan. The second sub-phase will be valid until February 10, 2010. The Joint Operations is composed of South China Resources, Inc., Kuwait Foreign Petroleum

Corporation ksc. (KUFPEC) and Shell Philippines Exploration B.V. (SPEX) as operator. SC#60 covers an area of one million hectares in Offshore Northeast Palawan.

South China has 15% interest in this block and will be carried for all activities up to the completion on the well.

Area 4, Offshore Cuyo Platform (former GSEC-96), NW Palawan (former GSEC-83)

South China, together with UK-based Pitkin Petroleum Limited, submitted a tender for an application for a Petroleum Service Contract for Area 4 under the PECCR-3 (Philippine Energy Contracting Round No. 3) of the Department of Energy.

The submitted application for Area 4 was selected by the DOE for further negotiations last August 30, 2007. Area 4 covers an area of 1.164 million hectares in offshore Cuyo/East Palawan area.

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). Philodrill, deemed operator of the Swan block, continues to negotiate with PNOC-EC to jointly explore the Swan Block in conjunction with their SC-57/58 blocks.

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 : November 13, 2008



DAVID R. BALADAD
VP- Operations

Date : November 13, 2008

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

	2008	2007
	SEPTEMBER	DECEMBER Audited
ASSETS		
Current Assets		
Cash and cash equivalents	266,187,126	50,912,570
Available for Sale (AFS) Investments		
Accounts receivable	150,101	78,722
Notes Receivable	100,000,000	
Advances to Associates	161,307,750	
Prepayments and other current assets	988,481	645,193
	<u>528,633,458</u>	<u>51,636,485</u>
Noncurrent asset classified as held for sale		486,980,479
Total Current Assets	528,633,458	538,616,964
Noncurrent Assets		
Available for Sale (AFS) Investments - noncurrent	7,853,915	7,623,815
Investments in associates and others - net	34,101,862	34,678,994
Deferred exploration costs - net of allowance for impairment losses	39,266,157	77,606,250
Property and Equipment - net	9,998,795	162,490
Other assets	4,500	141,554
Total Noncurrent Assets	91,225,229	120,213,103
TOTAL ASSETS	619,858,687	658,830,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	65,381	13,501,201
Deposit from contract to sell investment property		60,000,000
Total Current Liabilities	65,381	73,501,201
Noncurrent liabilities		
*Subscriptions payable	171,720,000	171,720,000
Total Liabilities	171,785,381	245,221,201
EQUITY		
Common Stock - P1 par value		
Authorized - 1 billion shares		
Issued	588,879,569	588,749,569
Subscribed	317,680,000	317,810,000
* Subscriptions receivable	(238,260,000)	(238,357,500)
Additional paid in capital	72,272,140	72,272,140
Unrealized gains on AFS investments	2,801,102	2,571,002
Share in unrealized gains on AFS investment of an associate	188,346	188,346
Retained earnings	(295,487,851)	(329,624,691)
Total Equity	448,073,306	413,608,866
TOTAL LIABILITIES AND EQUITY	619,858,687	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 SEPTEMBER	2007 SEPTEMBER Previous Report Restated	2006 SEPTEMBER Previous Report Restated
ASSETS			
Current Assets			
Cash and cash equivalents	266,187,126	5,678,773	5,667,485
Available for Sale (AFS) Investments	-	-	964,990
Accounts receivable	150,101	97,644	70,001
Notes Receivable	100,000,000		
Advances to Associates	161,307,750		
Prepayments and other current assets	988,481	654,349	481,352
Total Current Assets	528,633,458	6,430,766	7,183,828
Noncurrent Assets			
Available for Sale (AFS) Investments	7,853,915	7,624,415	6,103,790
Investment in properties	-	486,980,479	486,980,479
Investments in associates and others - net	34,101,862	58,234,653	123,754,628
Deferred exploration costs - net of allowance for impairment losses	39,266,157	77,606,250	82,331,858
Property and Equipment - net	9,998,795	175,570	159,091
Other assets	4,500	141,554	141,554
Total Noncurrent Assets	91,225,229	630,762,921	699,471,400
TOTAL ASSETS	619,858,687	637,193,687	706,655,228
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	65,381	17,090,761	20,571,339
Noncurrent liabilities			
*Subscriptions payable	171,720,000	171,720,000	171,720,000
Total Liabilities	171,785,381	188,810,761	192,291,339
EQUITY			
Common Stock - P1 par value			
Authorized - 1 billion shares			
Issued	588,879,569	588,699,569	587,739,569
Subscribed	317,680,000	317,860,000	318,820,000
* Subscriptions receivable	(238,260,000)	(238,395,000)	(239,115,000)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized gains on AFS investments	2,801,102	2,571,602	1,211,965
Share in unrealized gains on AFS investment of an associate	188,346	-	238,220
Retained earnings	(295,487,851)	(294,625,385)	(226,803,005)
Total Equity	448,073,306	448,382,926	514,363,889
TOTAL LIABILITIES AND EQUITY	619,858,687	637,193,687	706,655,228

*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 SEPTEMBER 30		
	2008	2007 Previous Report Restated	2006 Previous Report Restated
INCOME			
Net interest income	13,893,822	26,386	10,769
Dividend and miscellaneous income		350	-
Gain on sale of investment property	113,019,521		
	126,913,343	26,736	10,769
EXPENSES			
Valuation allowance	(38,413,210)		
Equity in net earnings (losses) of investee company	(577,133)	(14,443,659)	(23,387,584)
General and administrative expenses	(53,772,956)	(3,606,999)	(3,884,894)
	(92,763,299)	(18,050,658)	(27,272,478)
UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)	(16,928)	968,723	(106,039)
NET INCOME(LOSS) FOR THE PERIOD	34,133,116	(17,055,199)	(27,367,748)
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 adjustment	3,724		
Share in prior period adjustment by an associate		(86,960,577)	(35,155,586)
RETAINED EARNINGS, BALANCE BEGINNING OF YEAR AS RESTATED	<u>(329,620,967)</u>	<u>(277,570,186)</u>	<u>(199,435,257)</u>
RETAINED EARNINGS(DEFICIT), BALANCE END	(295,487,851)	(294,625,385)	(226,803,005)
* EARNINGS (LOSS) PER SHARE	0.03765	(0.01881)	(0.03019)
* Computed as = $\frac{\text{Net income(loss) for the period}}{\text{Weighted average number of shares}}$	$\frac{34,133,116}{906,559,569}$	$\frac{(17,055,199)}{906,559,569}$	$\frac{(27,367,748)}{906,559,569}$

SOUTH CHINA RESOURCES, INC
STATEMENT OF INCOME AND RETAINED EARNINGS

	FOR THE QUARTER ENDED SEPTEMBER 30		
	2008	2007	2006
		Previous Report Restated	Previous Report Restated
INCOME			
Net interest income	5,259,574	7,295	5,861
	5,259,574	7,295	5,861
EXPENSES			
Equity in net earnings (losses) of investee company	6,047,146	(4,899,377)	(7,977,625)
General and administrative expenses	(2,258,689)	(1,125,071)	(1,125,490)
	3,788,457	(6,024,448)	(9,103,115)
UNREALIZED FOREIGN EXCHANGE GAIN / (LOSS)	13,813	292,607	(83,966)
NET INCOME(LOSS) FOR THE QUARTER	9,061,844	(5,724,546)	(9,181,220)
NET LOSS FOR THE PERIOD JANUARY TO JUNE	25,071,272	(11,330,653)	(18,186,528)
NET INCOME(LOSS) AS OF SEPTEMBER 30	34,133,116	(17,055,199)	(27,367,748)
ADD:RETAINED EARNINGS, BALANCE BEGINNING as previously reported	(329,624,691)	(190,609,609)	(164,279,671)
Prior period adjustment	3,724		
Share in prior period adjustment by an associate		(86,960,577)	(35,155,586)
RETAINED EARNINGS, BALANCE BEGINNING AS RESTATED	(329,620,967)	(277,570,186)	(199,435,257)
RETAINED EARNINGS(DEFICIT), BALANCE END	(295,487,851)	(294,625,385)	(226,803,005)
* EARNINGS (LOSS) PER SHARE	0.01000	(0.00631)	(0.01013)
* Computed as = $\frac{\text{Net income(loss) for the quarter}}{\text{Weighted average number of shares}}$	$\frac{9,061,844}{906,559,569}$	$\frac{(5,724,546)}{906,559,569}$	$\frac{(9,181,220)}{906,559,569}$

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(in comparison with prior years)

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on MV of 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)
Net loss for the 3rd quarter 2006							(9,181,220)	(9,181,220)
Collection of subscriptions receivable			517,500					517,500
Shares of stock issued from subscribed	690,000	(690,000)						-
Net unrealized loss on AFS investments					(993,958)			(993,958)
Balances at Sept. 30, 2006, as restated	587,739,569	318,820,000	(239,115,000)	72,272,140	1,211,965	238,220	(226,803,005)	514,363,889
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)						-
Net loss for the 3rd quarter 2007							(5,724,546)	(5,724,546)
Unrealized gains on AFS investments					335,675			335,675
Collection of subscriptions receivable			187,500					187,500
Shares of stock issued from subscribed	250,000	(250,000)						-
Balances at Sept. 30, 2007, as restated	588,699,569	317,860,000	(238,395,000)	72,272,140	2,571,602	-	(294,625,385)	448,382,926
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/(loss) 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 income/(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
Net income/(loss) for the 3rd quarter 2008							9,061,844	9,061,844
Unrealized gains/(loss) on AFS investment					(687,900)			(687,900)
Collection of subscription payable			7,500					7,500
Shares of stock issued from subscribed	10,000	(10,000)						-
Balances at September 30, 2008	588,879,569	317,680,000	(238,260,000)	72,272,140	2,801,102	188,346	(295,487,851)	448,073,306

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2008
(in comparison with prior years)

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on MV of AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at June 30, 2006, as previously stated	587,049,569	319,510,000	(239,632,500)	72,272,140	2,205,923	(1,678,590)	(177,164,709)	562,561,833
Share in prior period adjustment of associate						1,916,810	(40,457,076)	(38,540,266)
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
Net loss for the 2nd quarter 2006							(9,181,220)	(9,181,220)
Collection of subscriptions receivable			517,500					517,500
Shares of stock issued from subscribed	690,000	(690,000)						-
Net unrealized loss on AFS investments					(993,958)			(993,958)
Balances at September 30, 2006, as restated	587,739,569	318,820,000	(239,115,000)	72,272,140	1,211,965	238,220	(226,803,005)	514,363,889
Balances at June 30, 2007, as previously stated	588,449,569	318,110,000	(238,582,500)	72,272,140	2,235,927	-	(201,940,262)	540,544,874
Share in prior period adjustment of associate						-	(86,960,577)	(86,960,577)
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
Net loss for the 3rd quarter 2007							(5,724,546)	(5,724,546)
Unrealized gains on AFS investments					335,675			335,675
Collection of subscriptions receivable			187,500					187,500
Shares of stock issued from subscribed	250,000	(250,000)						-
Balances at September 30, 2007 as restated	588,699,569	317,860,000	(238,395,000)	72,272,140	2,571,602	-	(294,625,385)	448,382,926
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
Net income for the 3rd quarter 2008							9,061,844	9,061,844
Unrealized gains/(loss) on AFS investment					(687,900)			(687,900)
Collection of subscription payable			7,500					7,500
Shares of stock issued from subscribed	10,000	(10,000)						-
Balances at September 30, 2008	588,879,569	317,680,000	(238,260,000)	72,272,140	2,801,102	188,346	(295,487,851)	448,073,306

SOUTH CHINA RESOURCES, INC
STATEMENT OF CASH FLOWS

	FOR THE PERIOD ENDED JANUARY TO SEPTEMBER		
	2008	2007	2006
		Previous Report	Previous Report
		Restated	Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income(loss) from operation	34,133,116	(17,055,199)	(27,367,748)
Adjustments for:			
Equity in net earnings(losses) of associates	577,133	14,443,659	23,387,584
Depreciation and amortization	1,242,846	41,294	69,341
Dividend and miscellaneous income	-	(350)	-
Interest Income	(13,893,822)	(26,386)	(10,769)
Gain on sale of investment property	(113,019,521)		
Valuation allowance	38,413,210	-	-
Unrealized foreign exchange loss/(gain)	16,928	968,723	106,039
Operating loss before working capital changes	(52,530,110)	(1,628,259)	(3,815,553)
Decrease (increase) in:			
Accounts receivable	(71,379)	(30,980)	(7,941)
Prepayments and other current assets	(343,288)	(230,693)	(156,203)
Increase (decrease) in:			
Accounts payable and accrued expenses	(13,432,094)	(1,998,533)	2,993,895
Net cash flows from (used in) operating activities	(66,376,871)	(3,888,465)	(985,802)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in deferred exploration costs	(73,117)	4,725,608	4,876,188
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	13,893,822	26,386	10,769
Decrease (increase) in other assets	-	-	-
Acquisitions of property and equipment	(11,079,154)	(26,990)	(101,881)
Net cash flows from (used in) investing activities	542,878,605	4,725,354	4,785,076
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	97,500		
Advances to associates	(161,307,750)		
Deposit in transit	-		
Notes Receivable	(100,000,000)	720,000	825,000
	(261,210,250)	720,000	825,000
NET INCREASE IN CASH	215,291,484	1,556,889	4,624,274
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(16,928)	(968,723)	(106,039)
CASH AT BEGINNING OF YEAR	50,912,570	5,090,607	1,149,250
CASH AT END OF THE PERIOD	266,187,126	5,678,773	5,667,485

South China Resources, Inc. Aging of Accounts Receivable As of September 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	62,100.10	263.38	45,000.00	16,836.72					
3) A/R Others	854,909.36	10,615.22			10,303.63	9,603.63	57,478.46	766,908.42	
Subtotal	917,009.46	263.38	-	16,836.72	10,303.63	9,603.63	57,478.46	766,908.42	
Less: Allow. For Doubtful Acct.	(766,908.42)							(766,908.42)	
Net Non-Trade receivable	150,101.04	263.38	-	16,836.72	10,303.63	9,603.63	57,478.46	-	
Net Receivables (a+b)	150,101.04								

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