



SOUTH CHINA RESOURCES, INC.

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

November 6, 2006

Disclosure Department
4/F Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road
Ortigas Center, Pasig City

Attention: **JURISITA M. QUINTOS**
Senior Vice President – Operations Group

Gentlemen:

Please find herewith the Third Quarter Report (SEC Form 17-Q) of South China Resources, Inc. We hope you 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, 2006

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, 2006
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. **Not Applicable**
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 [**X**] No []
- If yes, state the name of such stock exchange and the class/es of securities listed therein:
- | Name of Stock Exchange | Class of Securities listed |
|---|----------------------------|
| <u>Philippine Stock Exchange</u> | <u>U</u> |

12. Check whether the issuer:

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

Yes [**X**] No []

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

Yes [**X**] No []

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Report

- a) The accompanying interim financial statements are prepared in accordance with the 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

(In comparison with prior year Restated Interim Financial Statement)

The Company's current ratio as of September 30, 2006 was ₱0.349 for every peso liability – an increase from last year's current ratio of ₱0.246. The increase was caused by the payment of a partner's farm-in share in exploration project, additional advances from the officers, partial collection of subscriptions receivable, additions to prepayments consisting of annual dues and listing fees and reclassification of some Noncurrent Assets-

Available for Sale investments to Current Assets amounting to ₱0.965 million. Such reclassification was made because of the Company's intention to hold them only for a year. Current ratio for the year 2005 decreased by ₱0.036 compared to 2004 due to the reclassification of Marketable Securities from Current Assets to Noncurrent Assets Available for Sale (AFS) investments amounting to ₱0.579 million

The Company's total assets which stood at ₱745.195 million in 2006, was lower than last year by about ₱30.799 million. This is due to the decrease in investments in associates which resulted also to the decrease in total assets of ₱42.618 million in 2005 compared to 2004 due to the Company's share in net losses of associates.

Cash and cash equivalents increased in 2006 compared to prior year by ₱4.358 million due to payment of a partner's farm-in share in exploration project, increase in advances from the Company's officers and partial collection of subscriptions receivable. For the year 2005, the increase is ₱1.042 million compared to 2004 due to minimal expenses in exploration projects.

Upon the adoption of PAS 39, *Financial Instruments – Recognition and Measurement*, the 2004 classification of Current Marketable Securities, Marketable Equity Securities, and Investment in Shares of Stocks having an aggregate total of ₱5.662 million was changed to "Available for sale" beginning January 1, 2005. As of September 30, 2006, AFS investments amounted to ₱7.069 million, current and noncurrent portion amounted to ₱0.965 million and ₱6.104 million, respectively. Total recovery of unrealized losses on market value of AFS investments decreased by ₱0.144 million in 2006. Upon adoption of the standards in 2005, total recovery of unrealized losses on market value of AFS investments amounted to ₱1.356 million.

Accounts receivable increased in 2006 by ₱0.018 million as compared to prior year due to advances to employees which are subject for liquidation/payment and an increase of ₱0.010 million in 2005 compared to 2004 due also to advances subject for liquidation.

Prepayments and other current assets increased in 2006 compared to prior year by ₱0.192 million due to payment of annual listing and membership fees and also an increase of ₱0.032 million in 2005 compared to 2004 due to payment of annual dues.

Investments in associates decreased by ₱34.161 million in 2006 compared to last year due to share in net losses of associates and a decrease of ₱47.019 million in 2005 compared to 2004.

Other assets refer to rental of deposit and other noncurrent assets subject to amortization. For the year 2006 the decrease is ₱0.126 million compared to 2005 and a decrease of ₱0.564 million in 2005 as compared to 2004 due to the amortized portion of the noncurrent assets.

Accounts payable and accrued expenses for the period increased by ₱4.515 million in 2006 compared to 2005 and an increase of ₱7.828 million in 2005 compared to 2004 due to advances from officers.

Deferred exploration costs decreased by a net of amount ₱1.068 million in 2006 as compared to 2005. This is composed of a ₱5.094 million decrease due to payment of a partner's farm-in share in Northeast Palawan project and an increase of ₱4.026 million (includes 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 and remittance of share in NE Palawan and Sulu block projects for ₱0.558 million). For 2005 the increase was ₱0.864 million compared to 2004 due to remittance of share in NE Palawan and Sulu block projects.

Subscriptions receivable decreased by ₱0.825 million due to payment of 75% balance of some stockholders.

Issued shares increased by ₱1.100 million due to issuance of fully paid shares to some stockholders thereby decreasing the subscribed shares by the same amount.

Net loss for the period amounted to ₱27.368 million which resulted to a total deficit of P186.346 million as of September 30, 2006.

The net loss incurred for the period is a net increase of ₱0.183 million compared to 2005 and also an increase ₱2.573 million compared to 2004 due to increase in equity in net losses of associates.

The Company has no earnings yet from commercial production. Therefore, there were no dividends declared for the period ended September 30, 2006.

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 the line items in the Comparative Balance Sheets as of September 30, 2006 and 2005 are as follows: a) noncurrent available-for-sale (AFS) investments decreased by 13.31% due to the decrease in the market value of traded shares of stocks; b) investments in associates was decreased by 17.39% due to net losses of associates; c) current liabilities increased by 0.28% due to advances from officers; d) unrealized gain/(losses) in marketable equity securities/AFS investments decreased by 10.65% due to market losses; e)

share in unrealized losses on the decline in market value of noncurrent marketable securities of associate decreased by 12.43% due to adjustment of associate's unrealized losses; and, f) deficit increased by 24.14% 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 stockholders and officers. There is no foreseen increase in funds for the next twelve months however should the need arise, the stockholders and officers are committed in keeping the company operational by providing the needed funds until the company is able to liquify the advances received. Such advances are carried in the books as liabilities.

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, 2006, the Company is still in exploration stage and no commercial production yet, therefore, no performance indicators analysis can be made. 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

TAP Oil Ltd, an Australian exploration and production company completed documentation of its farm-in into the SC-41 consortium last September 25, 2006. Tap Oil acquires majority interest and assumes operatorship of the block. Tap Oil will undertake a minimum 300 sq km 3D seismic program with the option to drill one well, all at its own expense. It is expected to commence by yearend or first quarter of 2007. The Filipino

companies of the SC-41 consortium reduced their participating interest to allow the entry of Tap Oil. South China retains 1.090% interest in the block and is fully carried until completion of the option well.

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, using the seismic vessel Veritas Voyager, completed a 1000 kilometer 2D seismic survey in the block. The survey commenced August 6 and was finished on August 25, 2006. The survey is in partial compliance of its obligations to the Department of Energy. The 2D seismic survey is a precursor to an upcoming 3D seismic survey expected to cover a minimum of 450 sq kms. The 3D survey is expected to commence by yearend or first quarter of 2007.

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

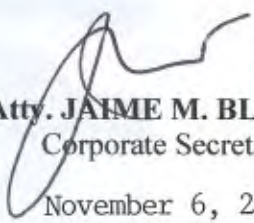
The Department of Energy (DOE) is expected to come out with a new protocol for the application of new exploration contracts. In anticipation of this development, South China continues to actively seek strategic partners for the joint exploration of Offshore Cuyo.

The Swan Block group is in discussion with the DOE on how to resolve the situation of the area which the DOE awarded to PNOC-EC. The Swan Block was covered by SC-57 and SC-58 that were awarded to PNOC-EC despite a contract application by the Swan block group over the area. The Swan block encompasses the former GSEC-83 area.

SIGNATURES

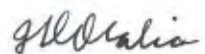
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTH CHINA RESOURCES, INC.
Issuer



Atty. JAIME M. BLANCO, Jr.
Corporate Secretary

Date : November 6, 2006



IMELDA D. OLALIA
Accounting Manager

Date : November 6, 2006

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

	2006 SEPTEMBER	2005 SEPTEMBER Previous Report Restated
ASSETS		
Current Assets		
Cash	5,667,485	1,309,153
Accounts receivable	70,001	51,884
Available for Sale (AFS) Investments	964,990	
Prepayments and other current assets	481,352	289,401
Total Current Assets	7,183,828	1,650,438
Noncurrent Assets		
Available for Sale (AFS) Investments	6,103,790	7,041,138
Investment in properties	486,980,479	486,980,479
Investments in associates - net	162,294,894	196,455,809
Deferred Exploration Costs - net of valuation allowance of P12,618,353 in 2001 and in 2000	82,331,858	83,399,955
Property and Equipment - net	159,091	199,671
Other assets	141,554	267,280
Total Noncurrent Assets	738,011,666	774,344,332
TOTAL ASSETS	745,195,494	775,994,770
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	20,571,339	16,056,300
Noncurrent liabilities		
* Subscriptions payable	171,720,000	171,720,000
Total Liabilities	192,291,339	187,776,300
Stockholders' Equity		
Capital Stock - P1 par value		
Authorized - 1 billion shares		
Issued	587,739,569	586,639,569
Subscribed	318,820,000	319,920,000
** Subscriptions receivable	(239,115,000)	(239,940,000)
Additional paid in capital	72,272,140	72,272,140
Unrealized gains (losses) on marketable equity securities/ AFS investments	1,211,965	1,356,448
Share in unrealized losses on marketable equity securities/ AFS investments of an associate	(1,678,590)	(1,916,810)
Deficit	(186,345,929)	(150,112,877)
Total Stockholders' Equity	552,904,155	588,218,470
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	745,195,494	775,994,770

*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

	2006 SEPTEMBER	2005 DECEMBER Audited
ASSETS		
Current Assets		
Cash	5,667,485	1,149,250
Accounts receivable	70,001	62,060
Available for Sale (AFS) Investments	964,990	
Prepayments and other current assets	481,352	325,149
Total Current Assets	7,183,828	1,536,459
Noncurrent Assets		
Available for Sale (AFS) Investments	6,103,790	8,745,155
Investment in properties	486,980,479	486,980,479
Investments in associates - net	162,294,894	185,682,478
Deferred Exploration Costs - net of valuation allowance of P12,618,353 in 2001 and in 2000	82,331,858	87,208,046
Property and Equipment - net	159,091	126,551
Other assets	141,554	141,554
Total Noncurrent Assets	738,011,666	768,884,263
TOTAL ASSETS	745,195,494	770,420,722
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	20,571,339	17,577,444
Noncurrent liabilities		
* Subscriptions payable	171,720,000	171,720,000
Total Liabilities	192,291,339	189,297,444
Stockholders' Equity		
Capital Stock - P1 par value		
Authorized - 1 billion shares		
Issued	587,739,569	586,639,569
Subscribed	318,820,000	319,920,000
** Subscriptions receivable	(239,115,000)	(239,940,000)
Additional paid in capital	72,272,140	72,272,140
Unrealized gains (losses) on marketable equity securities/ AFS investments	1,211,965	2,888,340
Share in unrealized losses on marketable equity securities/ AFS investments of an associate	(1,678,590)	(1,678,590)
Deficit	(186,345,929)	(158,978,181)
Total Stockholders' Equity	552,904,155	581,123,278
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	745,195,494	770,420,722

*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, 2006

(With comparison of prior year figures)

	2006	2005 Previous Report Restated
INCOME		
Unrealized foreign exchange loss	(106,039)	(16,414)
Net interest income	10,769	4,948
Dividend and miscellaneous income	-	350
Recovery(decline) in market value of marketable securities	-	(172,125)
	(95,270)	(183,241)
EXPENSES		
Equity in net earnings (losses) of investee company	(23,387,584)	(22,396,536)
General and administrative expenses	(3,884,894)	(4,604,892)
	(27,272,478)	(27,001,428)
NET INCOME(LOSS) FOR THE PERIOD	(27,367,748)	(27,184,669)
ADD: RETAINED EARNINGS, BALANCE BEGINNING OF YEAR as previously reported		<u>(119,771,502)</u>
Effect of change in accounting policy for investments in associates		189,606
Share in effect of adoption of new accounting standards by associates		(2,141,949)
Share in prior period adjustment by an associate		(1,204,363)
		<u>(3,156,706)</u>
RETAINED EARNINGS, BALANCE BEGINNING OF YEAR AS RESTATED	(158,978,181)	(122,928,208)
RETAINED EARNINGS(DEFICIT), BALANCE END	(186,345,929)	(150,112,877)
*EARNINGS (LOSS) PER SHARE	<u>-0.20555</u>	<u>-0.16559</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 SEPTEMBER 30, 2006
(With comparison of prior year figures)

	2006	2005 Previous Report Restated
INCOME		
Unrealized foreign exchange loss	(83,966)	(615)
Net interest income	5,861	2,073
Dividend and miscellaneous income	-	-
Recovery(decline) in market value of marketable securities	-	172,125
	(78,105)	173,583
EXPENSES		
Equity in net earnings (losses) of investee company	(7,977,625)	(7,931,806)
General and administrative expenses	(1,125,490)	(1,383,154)
	(9,103,115)	(9,314,960)
NET INCOME(LOSS) FOR THE QUARTER	(9,181,220)	(9,141,377)
NET INCOME(LOSS) JANUARY TO JUNE	(18,186,528)	(18,043,292)
ADD:RETAINED EARNINGS, BALANCE BEGINNING OF YEAR as previously reported		<u>(119,771,502)</u>
Effect of change in accounting policy for investments in associates		189,606
Share in effect of adoption of new accounting standards by associates		(2,141,949)
Share in prior period adjustment by an associate		(1,204,363)
		<u>(3,156,706)</u>
RETAINED EARNINGS, BALANCE BEGINNING OF YEAR AS RESTATED	(158,978,181)	(122,928,208)
RETAINED EARNINGS(DEFICIT), BALANCE END	(186,345,929)	(150,112,877)
*EARNINGS (LOSS) PER SHARE	<u>-0.20555</u>	<u>-0.16559</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 SEPTEMBER 30, 2006
(in comparison with prior year)

	Capital Stock		Subscriptions Receivable	Additional Paid-in Capital	Unrealized Gains (Losses) on Marketable Equity Securities/AFS Investments	Share in Unrealized (Losses) on Marketable Equity Securities/AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed						
Balances at January 1, 2006	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	(1,678,590)	(158,978,181)	581,123,278
Net Loss for the 1st quarter 2006							(8,779,948)	(8,779,948)
Net unrealized losses on AFS investments					(114,597)			(114,597)
Net Loss for the 2nd quarter 2006							(9,406,580)	(9,406,580)
Collection of Subscriptions Receivable and issuance of fully paid stocks	410,000	(410,000)	307,500					307,500
Net unrealized losses on AFS investments					(567,820)			(567,820)
Net Loss for the 3rd quarter 2006							(9,181,220)	(9,181,220)
Collection of Subscriptions Receivable and issuance of fully paid stocks	690,000	(690,000)	517,500					517,500
Net unrealized gain/(losses) on AFS investments					(993,958)			(993,958)
Balances at September 30, 2006	587,739,569	318,820,000	(239,115,000)	72,272,140	1,211,965	(1,678,590)	(186,345,929)	552,904,155
Balances at December 31, 2004 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	(1,916,810)	(122,928,208)	613,851,454
Net Loss for the 1st quarter 2005							(8,627,338)	(8,627,338)
Recovery/(Unrealized Loss) in Marketable Securities					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 losses on AFS investments					(128,534)			(128,534)
Net Loss for the 3rd quarter 2005							(9,141,377)	(9,141,377)
Net unrealized losses on AFS investments					124,513			124,513
Balances at September 30, 2005	586,639,569	319,920,000	(239,940,000)	72,272,140	1,356,448	(1,916,810)	(150,112,877)	588,218,470

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2006
(in comparison with prior year)

	Capital Stock		Subscriptions Receivable	Additional Paid-in Capital	Unrealized Gains (Losses) on Marketable Equity Securities/AFS Investments	Share in Unrealized (Losses) on Marketable Equity Securities/AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed						
Balance at June 30, 2006	587,049,569	319,510,000	(239,632,500)	72,272,140	2,205,923	(1,678,590)	(177,164,709)	562,561,833
Net Loss for the 3rd quarter 2006							(9,181,220)	(9,181,220)
Collection of Subscriptions Receivable and issuance of fully paid stocks	690,000	(690,000)	517,500					517,500
Net unrealized losses on AFS investments					(993,958)			(993,958)
Balances at September 30, 2006	587,739,569	318,820,000	(239,115,000)	72,272,140	1,211,965	(1,678,590)	(186,345,929)	552,904,155
Balance at June 30, 2005	586,639,569	319,920,000	(239,940,000)	72,272,140	1,231,935	(1,916,810)	(140,971,500)	597,235,334
Net Loss for the 3rd quarter 2005							(9,141,377)	(9,141,377)
Net unrealized losses on AFS investments					124,513			124,513
Balances at September 30, 2005	586,639,569	319,920,000	(239,940,000)	72,272,140	1,356,448	(1,916,810)	(150,112,877)	588,218,470

SOUTH CHINA RESOURCES, INC
STATEMENT OF CASH FLOWS

	FOR THE PERIOD ENDED JANUARY TO SEPTEMBER	
	2006	2005 Previous Report Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income(loss) from operation	(27,367,748)	(27,184,669)
Adjustments for:		
Equity in net earnings(losses) of associates	23,387,584	22,396,535
Depreciation and amortization	69,341	95,512
Interest Income	(10,769)	(4,948)
Dividend and miscellaneous income		(350)
Provision for (recovery from) decline in market value of marketable securities		172,125
Unrealized foreign exchange loss	106,039	16,414
Operating loss before working capital	(3,815,553)	(4,509,381)
Decrease (increase) in:		
Accounts receivable	(7,941)	37,568
Prepayments and other current assets	(156,203)	(7,402)
Subscriptions Receivable	825,000	
Increase (decrease) in:		
Accounts payable and accrued expenses	2,993,895	5,342,661
Cash Generated from Operations	(160,802)	863,446
Interest received	10,769	4,948
Dividend and miscellaneous income received		350
Net cash flows from operating activities	(150,033)	868,744
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions/(decrease) to deferred exploration costs	4,876,188	(409,483)
Decrease (increase) in other assets		213,331
Acquisitions of property and equipment	(101,881)	(19,209)
Net cash flows used in investing activities	4,774,307	(215,361)
NET INCREASE IN CASH	4,624,274	653,383
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(106,039)	(16,414)
CASH AT BEGINNING OF YEAR	1,149,250	672,184
CASH AT END OF THE PERIOD	5,667,485	1,309,153

South China Resources, Inc. Aging of Accounts Receivable As of September 30, 2006									
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	8,898.00	2,151.00		6,747.00					
3) A/R Others	828,011.00		11,790.00	7,950.00	3,625.00	7,548.00	30,190.00	766,908.00	
Subtotal	836,909.00	2,151.00	11,790.00	14,697.00	3,625.00	7,548.00	30,190.00	766,908.00	
Less: Allow. For Doubtful Acct.	(766,908.00)							(766,908.00)	
Net Non-Trade receivable	70,001.00	2,151.00	11,790.00	14,697.00	3,625.00	7,548.00	30,190.00	-	
Net Receivables (a+b)	70,001.00								
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