



SOUTH CHINA RESOURCES, INC.

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

May 15, 2007

PHILIPPINE STOCK EXCHANGE

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

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

Gentlemen:

Please find herewith the 1st Quarter Report (on SEC Form 17-Q) for year 2007 of South China Resources, Inc.

We hope that you may find the above in order.

Thank you.

Yours faithfully,

DAVID R. BALADAD
Corporate Information Officer/
VP – Operations

SEC Number : ASO92-06441

File Number : _____

SOUTH CHINA RESOURCES, INC.

(Company's Full Name)

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

(Company's Address)

(632) 812-2383 / 892-2049

(Telephone Number)

December 31

Fiscal Year Ending (Month & Day)

17 - Q

Form Type

Not Applicable

Amendment Designation (if applicable)

March 31, 2007

Period Ended Date

Not Applicable

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2007
2. SEC Identification Number ASO92-06441 3. BIR Tax Identification No. 001-945-016
4. Exact name of issuer as specified in its charter SOUTH CHINA RESOURCES, INC.
5. **Not Applicable** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **3/F Low Rise Pacific Star Bldg., Sen. Gil Puyat Ave. cor.**
Makati Ave., Makati City **1200**
Address of principal office Postal Code
8. **(632) 812-2383 / 892-2049**
Issuer's telephone number, including area code
9. **12/F Pacific Star Bldg., Sen. Gil Puyat Ave. cor. Makati Ave., Makati City**
Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|----------------------|--------------------------------------------------------------------------------|
| 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 - based on the outcome of the adoption of PFRS and Philippine Financial Reporting Interpretations Committee (IFRIC) and restated values for CY 2005 Financial Statements.

The Company's current ratio as of March 31, 2007 was ₱0.479 for every peso liability – an increase of ₱0.382 from last year's current ratio of ₱0.097. The increase was caused by additional advances from officers, payment of a partner's farm-in share in exploration projects, partial collection of subscriptions receivable, additions to prepayments

consisting of listing fees, annual dues and input tax, and reclassification of some Noncurrent Assets - Available for Sale (AFS) investments to Current Assets amounting to ₱0.049 million. Such reclassification was made because of the Company's intention to hold them only for a year. Current ratio for the first quarter of 2006 was a minimal decrease of ₱0.001 as compared to 2005 due additional advances from officers.

The Company's total assets which stood at ₱736.641 million in 2007, was lower than last year by about ₱23.966 million. This is due to the decrease in investments in associates which resulted also to the decrease in total assets of ₱28.450 million in 2006 compared to 2005.

Cash and cash equivalents increased in 2007 compared to prior year by ₱7.097 million due to increase in advances from the Company's officers, payment of a partner's farm-in share in exploration projects, and partial collection subscriptions receivable. For the year 2006, the increase is ₱0.475 million compared to 2005 due to increase in advances from the Company's officers.

Available for sale decreased in 2007 by ₱2.195 million due to sales of some listed and unlisted shares. For 2006 the increase is ₱1.069 million due to the recovery of unrealized losses on AFS investments compared to 2005. As of March 31, 2007, the aggregate carrying amount is ₱6.485 million, wherein current and noncurrent portion amounted to ₱0.050 million and ₱6.435 million, respectively.

Accounts receivable increased in 2007 by minimal amount of ₱0.004 million as compared prior year due to additional advances and a decrease of ₱0.036 million in 2006 compared to 2005 due to liquidation of advances made.

Prepayments and other currents assets increased in 2007 compared to prior year by ₱0.063 and also an increase of ₱0.154 million in 2006 compared to 2005 due to payment of due to payment of annual listing fees and annual dues.

Investments in associates decreased by ₱54.218 million compared to last year due to share in net losses of associates and the acquisition of capital stock by Premiere Development Bank (PDB) amounting to ₱34.844 million. For 2006, the decrease was ₱33.743 million as compared to 2005 due to share in net losses of associates.

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

Other assets refer to rental of deposit and other noncurrent assets subject to amortization. For the year 2006 the decrease is ₱0.152 million compared to 2005 and ₱1.059 million due to the amortized portion of the noncurrent assets.

Accounts payable and accrued expenses for the period decreased by ₱0.085 million in 2007 compared to 2006 due to recognition of unrealized foreign exchange gains and an increase of ₱6.218 million in 2006 compared to 2005 due to advances from officers.

For 2007, deferred exploration cost decreased by a net amount of ₱9.652 million as compared to 2006 due to the payment of partner's farm-in share in exploration project. For 2006, the increase was ₱3.923 million compared to the first quarter of 2005. This includes remittance of Share in NE Palawan and Sulu block project and capitalization of general and administrative expenses validated by the Department of Energy in December 2005 for the exploration cost of NE Palawan amounting to ₱3.468 million.

Subscriptions receivable in 2007 decreased by ₱0.870 million compared to 2006 due to the payment of the 75% balance by some stockholders.

Issued shares increased by ₱1.160 million due to the issuance stock certificates to fully paid shares of some stockholders thereby decreasing the subscribed shares by the same amount.

Net loss for the quarter amounted to ₱5.572 million. The restatement due to the recognition of prior period adjustments of investee companies increased the deficit by and ₱5.301 million and ₱5.184 million as of March 31, 2006 and 2005, respectively. The total restated deficit as of March 31, 2007 amounted to ₱196.181 million.

The net loss incurred for the first quarter of 2007 is a net decrease of ₱3.208 million compared to 2006 due to decrease in net losses of investee companies. For 2006, the increase was ₱0.153 million compared to 2005 due to increase in net losses of investee companies.

The Company has no earnings yet from commercial production. Therefore, there were no dividends declared for the period ended March 31, 2007.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next interim period that will have a material favorable or unfavorable impact on the results of the Company's liquidity or sales.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or accumulation of an obligation.

The material changes for this year in comparison with the prior year-end based on line items in the Comparative Balance Sheets as of March 31, 2007 and 2006 are as follows: a) increase in cash by 590.09% due to increase in advances from the Company's officers, payment of farm-in share in exploration project and partial collection of subscriptions receivable; b) increase in accounts receivable by 5.02% due to advances subject for

liquidation; c) increase in prepayments by 11.44% due to listing fees, annual dues and input tax; d) decrease in Noncurrent AFS investments by 25.44% due to reclassification and sales of some listed and unlisted shares and decrease in the market value of the remaining traded shares; e) decrease in investments in associates by 31.05% due to net loss of the investee company; f) decrease in deferred exploration costs by 11.06% due to payment of partner's farm-in share in exploration project; g) increase in property and equipment by 82.42% due to purchase of new office equipments; h) decrease in unrealized gains on AFS investments by 48.36% due to net effect of realized gain on sale of AFS investments, decline in market value and deferred income tax liability recognized on the unrealized gain; i) 100% decrease in share in unrealized losses on AFS investment of an associate due to its acquisition of the Company's subscribed capital stock; and, j) increase in deficit by 13.36% due to net loss for the period.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

The Company's cash requirement is provided by the management. There is no foreseen increase in funds for the next twelve months however should the need arises, the management will satisfy such cash requirements.

There is no expected purchase or sale of plant and significant equipment in the next twelve months.

The Company has no plans of changing the number of employees for the next twelve months.

For the period ended March 31, 2007, the Company is still in exploration stage, and therefore, no commercial production yet for the performance indicators analysis. It has no majority-owned subsidiaries.

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

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

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

Results and Plans of Operation

SC-41 Offshore Sulu Sea Sandakan Basin

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 acquired majority interest and assumed operatorship of the block. Tap Oil will undertake a 3D seismic program with the option to drill one well, all at its own expense. The Filipino companies of the SC-41 consortium reduced their participating interest to allow the entry of Tap Oil. On January 22, 2007, the DOE approved the assignment and operatorship of Tap Oil subsidiary Tap (Philippines) Pty. Ltd. South China retains 1.090% interest in the block and is fully carried until completion of the option well.

SC-41 was awarded in September 1, 1998, several wells have been drilled in the area with mixed results, two wells having significant oil and gas shows. The consortium has fully complied with the work program for the first seven-year exploration stage of the contract. Prior to entering contract year 8 the Filipino contingent of the consortium proceeded forward and negotiated with the DOE for a new program for contract year 8, reducing the Service Contract Year 8 commitment well to a geological and geophysical program. In the last quarter of 2006, Tap Oil, as the new operator, sought an extension on contract years 9 and 10 with the DOE, by expanding its 300 sq km 3D seismic commitment to 600 sq kms. On January 23, 2007, the DOE also approved the extension of SC-41's contract year 9 to May 10, 2008 and contract year 10 to May 10, 2009.

SC-60 (GSEC-99 Offshore NE Palawan)

On January 27, 2006 South China and Shell Philippines Exploration B.V. (SPEX) signed the Kuwait Foreign Petroleum Exploration Company ksc. (KUFPEC) into the consortium and the consortium subsequently similarly signed with the DOE Service Contract No. 60 (SC-60) converting Geophysical Survey and Exploration Contract No.99 (GSEC-99) into an SC. SC-60 covers an area of one million eight thousand hectares in Northeast Palawan. It is one of the promising sites identified by a study done by the Norwegian Agency for Development Cooperation (NORAD) and the DOE.

During the seven year exploration period of the SC, the consortium is expected to spend a minimum of US\$24 million or about ₱1.2 billion. The consortium shall conduct seismic and exploration work to find petroleum within the first seven years. The seven year exploration period is divided into several sub-phases wherein the consortium must exercise its option to move into the succeeding sub-phase or terminate the contract. SC-60 also includes a 25 year production term in the event of a commercial discovery.

SPEX is now operator of the project. To accommodate the entry of KUFPEC, South China reduced its participating interest in the block to 15%. The consortium completed a 1000 kilometer 2D seismic survey in the block using the seismic vessel Veritas Voyager. The survey commenced August 6 and was finished on August 25, 2006. The survey is in partial compliance of its obligations to the DOE. 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 second to third quarter of 2007 once a seismic vessel is available. The Company was carried in the acquisition and processing of the 2D seismic and will be carried in the 3D seismic and evaluation of the contract area (first sub-phase). Once a drilling decision has been made, South China will also be carried in the drilling of one deepwater exploration well (second sub-phase).

The area presents good potential in the northeastern side of Palawan, particularly in terms of size of mapped structures. It is considered one of the few remaining areas in the country with the possibility for large hydrocarbon accumulations.

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

After a moratorium on applications for new exploration contract areas, the DOE launched PECR-3 (Philippine Energy Contracting Round No. 3) in December 22, 2006. The bid round covers nine blocks scattered within the Philippine territory and will end on May 30, 2007. The Company is currently reviewing the bid round and evaluating the areas for possible participation in the bid. In light of this development, the Company continues to actively seek strategic partners for the joint exploration of Offshore Cuyo.

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 has informed the company that it is currently negotiating 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 : May 15, 2007



IMELDA D. OLALIA
Accounting Manager

Date : May 15, 2007

SOUTH CHINA RESOURCES, INC
BALANCE SHEETS

	2007 MARCH	2006 DECEMBER Audited
ASSETS		
Current Assets		
Cash	8,299,823	5,090,607
Available for Sale (AFS) Investments - current	49,800	42,000
Accounts receivable	92,393	66,664
Prepayments and other current assets	611,414	423,656
Total Current Assets	9,053,430	5,622,927
Noncurrent Assets		
Available-for-sale	6,435,265	5,746,328
Investment in properties	486,980,479	486,980,479
Investments in associates - net	120,376,576	124,795,088
Deposit for Future Investment	34,843,800	34,843,800
Deferred Exploration Costs - net of valuation allowance of P12,618,353 in 2001 and in 2000	77,606,250	82,331,858
Property and Equipment - net	203,205	189,875
Other assets	141,554	141,554
Total Noncurrent Assets	726,587,129	735,028,982
TOTAL ASSETS	735,640,559	740,651,909
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	18,908,029	19,089,294
Noncurrent liabilities		
* Subscriptions payable	171,720,000	171,720,000
Total Liabilities	190,628,029	190,809,294
Stockholders' Equity		
Capital Stock - P1 par value		
Authorized - 1 billion shares		
Issued	587,799,569	587,739,569
Subscribed	318,760,000	318,820,000
** Subscriptions receivable	(239,070,000)	(239,115,000)
Additional paid in capital	72,272,140	72,272,140
Unrealized gains (losses) on marketable equity securities/ AFS investments	1,432,252	735,515
Deficit	(196,181,431)	(190,609,609)
Total Stockholders' Equity	545,012,530	549,842,615
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	735,640,559	740,651,909

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

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

SOUTH CHINA RESOURCES, INC
BALANCE SHEETS

	2007 MARCH	2006 MARCH Previous Report Restated	2005 MARCH Previous Report Restated
ASSETS			
Current Assets			
Cash	8,299,823	1,202,712	727,504
Available for Sale (AFS) Investments - current	49,800		
Accounts receivable	92,393	87,978	123,667
Prepayments and other current assets	611,414	548,647	394,571
Total Current Assets	9,053,430	1,839,337	1,245,742
Noncurrent Assets			
Available-for-sale	6,435,265	8,630,558	7,561,534
Investment in properties	486,980,479	486,980,479	486,980,479
Investments in associates - net	120,376,576	174,594,999	208,338,401
Deposit for Future Investment	34,843,800		
Deferred Exploration Costs - net of valuation allowance of P12,618,353 in 2001 and in 2000	77,606,250	87,258,415	83,335,014
Property and Equipment - ne	203,205	111,397	251,834
Other assets	141,554	141,554	293,657
Total Noncurrent Assets	726,587,129	757,717,402	786,760,919
TOTAL ASSETS	735,640,559	759,556,739	788,006,661
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	18,908,029	18,992,686	12,774,759
Noncurrent liabilities			
* Subscriptions payable	171,720,000	171,720,000	171,720,000
Total Liabilities	190,628,029	190,712,686	184,494,759
Stockholders' Equity			
Capital Stock - P1 par value			
Authorized - 1 billion shares			
Issued	587,799,569	586,639,569	586,639,569
Subscribed	318,760,000	319,920,000	319,920,000
** Subscriptions receivable	(239,070,000)	(239,940,000)	(239,940,000)
Additional paid in capital	72,272,140	72,272,140	72,272,140
Unrealized gains (losses) on marketable equity securities/ AFS investments	1,432,252	2,773,743	1,360,469
Share in unrealized losses on marketable equity securities/ AFS investments of an associate	-	238,220	-
Deficit	(196,181,431)	(173,059,619)	(136,740,276)
Total Stockholders' Equity	545,012,530	568,844,053	603,511,902
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	735,640,559	759,556,739	788,006,661

*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 QUARTER ENDED MARCH 31, 2007

	2007	2006 Previous Report Restated	2005 Previous Report Restated
INCOME			
Unrealized foreign exchange loss	(80,303)	(38,848)	(17,956)
Net interest income	10,348	2,329	1,605
Dividend and miscellaneous income	350.00	-	350.00
Recovery(decline) in market value of marketable securities	-	-	344,250.00
	(69,605)	(36,519)	328,249
EXPENSES			
Equity in net earnings (losses) of investee company	(4,418,512)	(7,702,799)	(7,246,023)
General and administrative expenses	(1,083,705)	(1,040,630)	(1,709,564)
	(5,502,217)	(8,743,429)	(8,955,587)
NET INCOME(LOSS) FOR THE PERIOD	(5,571,822)	(8,779,948)	(8,627,338)
ADD:RETAINED EARNINGS, BALANCE BEGINNING OF YEAF as previously reported		(158,978,181)	(122,928,208)
Share in prior period adjustment by an associate		(5,301,490)	(5,184,730)
RETAINED EARNINGS, BALANCE BEGINNING OF YEAF AS RESTATED	(190,609,609)	(164,279,671)	(128,112,938)
RETAINED EARNINGS(DEFICIT), BALANCE ENL	(196,181,431)	(173,059,619)	(136,740,276)
*EARNINGS (LOSS) PER SHARE	-0.00615	-0.00968	-0.00952

*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 QUARTER ENDED MARCH 31, 2007
(in comparison with prior years)

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at January 1, 2005 as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	(1,916,810)	(122,928,208)	613,851,454
Share in prior period adjustment of associate						1,916,810	(5,184,730)	(3,267,920)
Balances at January 1, 2005 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	-	(128,112,938)	610,583,534
Net loss for the 1st quarter 2005							(8,627,338)	(8,627,338)
Net unrealized loss on AFS investments					1,555,706			1,555,706
Balances at March 31, 2005, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,360,469	-	(136,740,276)	603,511,902
Balances at January 1, 2006, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	(1,678,590)	(158,978,181)	581,123,278
Share in prior period adjustment of associate						1,916,810	(5,301,490)	(3,384,680)
Balances at January 1, 2006 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	238,220.00	(164,279,671)	577,738,598
Net loss for the 1st quarter 2006							(8,779,948)	(8,779,948)
Net unrealized loss on AFS investments					(114,597)			(114,597)
Balances at March 31, 2006, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,773,743	238,220.00	(173,059,619)	568,844,053
Balances at January 1, 2007	587,739,569	318,820,000	(239,115,000)	72,272,140	735,515	-	(190,609,609)	549,842,615
Net loss for the 1st quarter 2007							(5,571,822)	(5,571,822)
Unrealized gains on AFS investments					696,737			696,737
Collection of subscriptions receivable			45,000					45,000
Shares of stock issued from subscribed	60,000	(60,000)						-
Balances at March 31, 2007	587,799,569	318,760,000	(239,070,000)	72,272,140	1,432,252	-	(196,181,431)	545,012,530

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED MARCH 31, 2007
(in comparison with prior years)

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at March 31, 2004, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	(1,916,810)	(82,115,713)	654,663,949
Share in prior period adjustment of associate						1,916,810	(5,184,730)	(3,267,920)
Balances at March 31, 2004, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	-	(87,300,443)	651,396,029
Net loss for the year 2004							(40,812,495)	(40,812,495)
Balances January 1, 2005, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	(195,237)	-	(128,112,938)	610,583,534
Net loss for the 1st quarter 2005							(8,627,338)	(8,627,338)
Net unrealized loss on AFS investments					1,555,706			1,555,706
Balances at March 31, 2005, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,360,469	-	(136,740,276)	603,511,902
Balances at March 31, 2005, as previously stated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,360,469	(1,916,810)	(131,555,546)	606,779,822
Share in prior period adjustment of associate						1,916,810	(5,184,730)	(3,267,920)
Balances at March 31, 2005 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	1,360,469	-	(136,740,276)	603,511,902
Net unrealized loss on AFS investments					(1,555,706)			(1,555,706)
Recovery from unrealized losses on AFS investments					3,083,577			3,083,577
Share in recovery of unrealized losses on AFS investments of associates						238,220		238,220
Net loss for the year 2005							(27,539,395)	(27,539,395)
Balances January 1, 2006, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	238,220	(164,279,671)	577,738,598
Net loss for the 1st quarter 2006							(8,779,948)	(8,779,948)
Net unrealized loss on AFS investments					(114,597)			(114,597)
Balances at March 31, 2006, as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,773,743	238,220	(173,059,619)	568,844,053

(forward)

SOUTH CHINA RESOURCES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED MARCH 31, 2007
(in comparison with prior years)

	Capital Stock			Additional Paid-in Capital	Unrealized Gains/(Losses) on AFS Investments -net	Share in Unrealized Gains on AFS Investments of an Associate	Deficit	Total
	Issued	Subscribed	Subscriptions Receivable					
Balances at March 31, 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
Net unrealized loss on AFS investments					114,597			114,597
Share in prior period adjustment of associate						1,916,810	(5,301,490)	(3,384,680)
Balances at March 31, 2006 as restated	586,639,569	319,920,000	(239,940,000)	72,272,140	2,888,340	238,220	(173,059,619)	568,958,650
Net loss for the year 2006							(17,549,990)	(17,549,990)
Unrealized losses on AFS investments					(2,090,735)			(2,090,735)
Valuation gains taken to the statements of income on sale of AFS investments					(62,090)			(62,090)
Share in recovery of unrealized losses on AFS investments of an associate						162,498		162,498
Derecognition of share in unrealized gains on AFS investments of a disposed associate						(400,718)		(400,718)
Collection of subscriptions receivable			825,000					825,000
Shares of stock issued from subscribed	1,100,000	(1,100,000)						-
Balances January 1, 2007	587,739,569	318,820,000	(239,115,000)	72,272,140	735,515	-	(190,609,609)	549,842,615
Net loss for the 1st quarter 2007							(5,571,822)	(5,571,822)
Unrealized gains on AFS investments					696,737			696,737
Collection of subscriptions receivable			45,000					45,000
Shares of stock issued from subscribed	60,000	(60,000)						-
Balances at March 31, 2007	587,799,569	318,760,000	(239,070,000)	72,272,140	1,432,252	-	(196,181,431)	545,012,530

SOUTH CHINA RESOURCES, INC
STATEMENT OF CASH FLOWS

FOR THE QUARTERS ENDED
MARCH 31

	2007	2006 Previous Report Restated	2005 Previous Report Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income(loss) from operation	(5,571,822)	(8,779,948)	(8,627,338)
Adjustments for:			
Equity in net earnings(losses) of associates	4,418,512	7,702,799	7,246,023
Depreciation and amortization	13,660	19,440	24,140
Dividend and miscellaneous income	(350)	-	(350)
Interest Income	(10,348)	(2,329)	(1,605)
Provision for (recovery from) decline in market value of marketable securities	-	-	(344,250)
Unrealized foreign exchange loss	80,303	38,848	-
Operating loss before working capital changes	(1,070,045)	(1,021,190)	(1,703,380)
Decrease (increase) in:			
Accounts receivable	(25,729)	(25,918)	(34,215)
Prepayments and other current assets	(187,757)	(223,498)	(112,573)
Increase (decrease) in:			
Accounts payable and accrued expenses	(181,265)	1,415,242	2,061,120
Net cash flows from (used in) operating activities	(1,464,796)	144,636	210,952
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in deferred exploration costs	4,725,607	(50,369)	(344,542)
Dividend and miscellaneous income	350	-	350
Interest Income	10,348	2,329	1,605
Decrease (increase) in other assets	-	-	186,955
Acquisitions of property and equipment	(26,990)	(4,286)	-
Net cash flows from (used in) investing activities	4,709,315	(52,326)	(155,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivable	45,000		
NET INCREASE IN CASH	3,289,519	92,310	55,320
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(80,303)	(38,848)	-
CASH AT BEGINNING OF YEAR	5,090,607	1,149,250	672,184
CASH AT END OF THE PERIOD	8,299,823	1,202,712	727,504

Aging of Accounts Receivable

South China Resources, Inc. Aging of Accounts Receivable As of March 31, 2007									
Type of Accounts Receivable	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos. To 1 Year	1-2 Years	3-5 Years	5 Years - Above	Past due accounts & Items in Litigation
a) Trade Receivables									
1) XXX									
2) XXX									
3) XXX	n/a								
Subtotal									
Less: Allow. For Doubtful Acct.									
Net Trade receivable	-								
b) Non-Trade Receivables									
1) Interest receivable									
2) A/R employees	21,686.00	19,999.00			1,687.00				
3) A/R Others	837,615.51		9,603.63		3,625.00	57,478.46		766,908.42	
Subtotal	859,301.51	19,999.00	9,603.63		3,625.00	57,478.46	-	766,908.42	
Less: Allow. For Doubtful Acct.	(766,908.42)							(766,908.42)	
Net Non-Trade receivable	92,393.09	19,999.00	9,603.63		3,625.00	57,478.46	-	-	
Net Receivables (a+b)	92,393.09								
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