

# COVER SHEET

SEC Registration Number

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**COMPANY NAME**

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**PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)**

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Form Type

1	7	Q
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Preliminary

Department requiring the report

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Secondary License Type, If Applicable

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**COMPANY INFORMATION**

Company's Email Address

jdsllarrazabal@ismcorp.com.ph
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Company's Telephone Number/s

(02) 310-1916
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Mobile Number

n/a
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No. of Stockholders

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Annual Meeting Month/Day

September 28
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Fiscal Year Month/Day

December 31
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**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Jovita D.S. Larrazabal
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Email Address

jdsllarrazabal@ismcorp.com.ph
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Telephone Number/s

(02) 310-1916
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Mobile Number

n/a
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**CONTACT PERSON'S ADDRESS**

3F Alegria Alta Bldg. 2294 Chino Roces Ave. Ext. Makati City
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**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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**ISM COMMUNICATIONS CORPORATION  
(formerly, Itogon-Suyoc Mines, Inc.)**

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(Company's Full Name)

**3F Alegria Alta Bldg. 2294 Chino Roces Ave., Makati City**

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(Company's Address)

**(02) 310-1916**

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(Telephone Number)

**December 31**

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(Fiscal Year Ending)  
(month & day)

**Quarterly Report Pursuant to Section 17  
of the Securities Regulation Code and SRC Rule 17  
(2) (b) Thereunder**

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Form Type

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Amendment Designation (if applicable)

**September 30, 2018**

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Period Ended Date

**N/A**

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(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, 2018
2. Commission identification number 808                      3. BIR Tax Identification No. 000-162-935V
4. Exact name of issuer as specified in its charter ISM Communications Corporation
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office 3F Alegria Alta Bldg. 2294 Chino Roces Ave., Makati City  
Postal Code 1232
8. Issuer's telephone number, including area code (632) 310-1916
9. Former name, former address and former fiscal year, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of shares of common stock outstanding
Common P1.00 par value	1,958,054,893 common shares, exclusive of 841,945,107 of treasury shares

11. Are any or all of the 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:

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 registrant was required to file such reports)

Yes  No

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

Yes  No

## Part I – Financial Information

Item 1. Financial Statements See attached

### Basis of Preparation

The interim financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

There are no changes in estimates of amounts reported in the prior financial periods.

The Company has not declared any dividends for the last three fiscal years.

There is no disclosure on segment information in the Company's annual financial statements.

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements.

There are no contingent liabilities or contingent assets since the last annual balance sheet date.

There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

### Earnings Per Share

The Earnings per Share (EPS) is determined by dividing net income for the period by the weighted average number of common shares outstanding during the period. Diluted Earnings per Share, on the other hand, is computed as aforementioned and assuming further that all outstanding options and warrants are exercised at the beginning of the period.

The weighted average number of common shares used in determining basic and diluted earnings per share is shown below:

	Basic	Diluted
September 30, 2018	1,221,612,677	1,221,612,677
September 30, 2017	1,074,324,234	1,074,324,234

### Adoption of New and Amended Standards and Interpretation

- PFRS 9 (2014), *Financial Instruments* replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management. Management is currently assessing the potential impact of PFRS 9 on the financial statements of the Company.
- *Philippine Interpretation IFRIC-22 Foreign Currency Transactions and Advance Consideration*. The amendments clarify that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially

recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a consolidated transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognizes a non-monetary asset or liability before recognizing the related item. Management is currently assessing the potential impact of IFRIC-22 on the financial statements of the Company.

#### New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new and revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018, and have not been applied in preparing these interim financial statements. None of these is expected to have a significant impact on the interim financial statements of the Company.

The Company will adopt the following new and revised standards and amendments to standards in the respective effective dates:

##### *Effective January 1, 2019, with early adoption permitted*

- PFRS 16 *Leases* supersedes PAS 17 *Leases* and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

The new standard is to be applied retrospectively and with early adoption permitted for entities that apply PFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of PFRS 16.

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

The current capitalization of the Company, and expected future revenues from its various investment activities are projected to sufficiently meet the Company's operating cash requirements. The Company intends to utilize internally generated funds to finance the acquisition of computer and other equipment, if any. These acquisitions, and facilities, are not expected to be of material amounts.

The Company does not expect to conduct any product research and development in the foreseeable future.

No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of the Company's operations. All purchases will be financed through internally-generated funds and existing capitalization.

Hiring of employees will be done in the regular course of business, if necessary.

As previously disclosed, the Board authorized its Executive Committee to raise funds via the issuance of ISM's 841,945,107 Treasury Shares and the remaining 883,730,659 unissued shares of its authorized capital stock via private placement at a minimum issue price of Php1.45 per share, which is equivalent to a 20% discount to the 60-day volume weighted average price (as of June 21, 2018) of ISM, and on such other terms and conditions as the Executive Committee may find appropriate and proper. On August 15, 2018, the Executive Committee approved the subscription by Dennison Holdings Corporation (DHC) to all of the Company's 883,730,659 unissued common shares at a subscription price of Php1.45 per share or a total subscription of Php1,281,455.55 (25% of which is payable upon subscription and the 75% balance no later than the end of 2018). DHC and the Company executed the deed of subscription on the said date. On September 18, 2018, the Company and Accion Common Development Fund SPC ("Accion") proceeded to execute the definitive agreement for the purchase by Accion of all of the Company's 841,945,107 treasury shares at a purchase price of Php1.45 per share or a total purchase price of Php1,222,820,405.15 (25% of which is payable upon purchase and the 75% balance no later than the end of the year). Under the terms of the agreement, the treasury shares will be transferred to Accion upon full payment of the purchase price. With the entry of these two investors, the Company is in a better position to take advantage of other investment opportunities to diversify its holdings.

Aside from the above, there are no other known trends, events or uncertainties that are reasonably expected to have a material impact on the Company's revenues or continuing operations as of September 30, 2018.

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

## RESULTS OF OPERATION

INCOME STATEMENT	January to September	
	2018	2017
Other Income - net	(5,641,919)	(32,268,433)
Expenses	21,056,105	18,280,712
Net Income	(26,698,024)	(54,369,145)
Retained Earnings at Beginning of Period	836,040,202	1,177,459,565
Retained Earnings at End of Period	809,342,178	1,123,090,420
<b>BALANCE SHEET</b>		
Current Assets	1,784,223,516	1,401,384,698
Total Assets	2,463,741,111	2,135,740,362
Total Liabilities	303,385,478	1,092,869
Total Equity	2,160,355,633	2,134,647,493

Results of Operation for the First Nine Months of 2018 and 2017  
(Based on Income Statement (IS) for Sep 30 2018 and Sep 30 2017)

In 2017, the Company entered into a service agreement to provide administrative services to its associate. Income earned from this agreement is booked under Other Income – net.

Total Other Income – net of the Company for the first nine months of 2018 totaled (P5.64) million, which is higher than the (P32.27) million other income for the same period in the previous year. This is mainly due to the Company's higher share in the net losses of an associate in 2017.

The Company generated a net loss of P26.70 million in the first nine months of 2018 while the Company generated a net loss of P54.37 million for the same period the year before.

The Company's key performance indicators for the nine months ended September 30, 2018 and 2017 are the following:

Financial Ratios	Sep 30 2018	Sep 30 2017
Current Ratio (Current Assets/Current Liabilities)	5.88 : 1.00	1,282.30 : 1.00
Asset to Equity Ratio (Total Assets / Total Equity)	1.14 : 1.00	1.00 : 1.00
Debt to Asset Ratio (Total Liabilities / Total Assets)	0.12 : 1.00	0.00 : 1.00
Debt to Equity Ratio (Total Liabilities / Total Equity)	0.14 : 1.00	0.00 : 1.00
Return on Total Assets (Net Income / Total Assets)	-0.80%	-2.55%
Return on Total Equity (Net Income / Total Equity)	-0.91%	-2.55%

Discussion on the Balance Sheets (BS) for the periods ending September 30, 2018 and December 31, 2017:

*Cash and Cash Equivalents*

Cash and cash equivalents stood at ₱932.12 million at end of September 30, 2018 compared to ₱35.94 million at December 31, 2017. The increase can be attributed to the following factors: (1) the proceeds received for the subscription of the Company's authorized but unissued common stock; (2) the partial payment received for the sale of treasury shares; and (3) the transfer of funds from short-term receivables to short-term investments, the latter being classified as a cash equivalent.

*Receivables*

There is a decrease in the net receivable of the Company from December 31, 2017 to September 30, 2018 due to the transfer of funds to short-term investments, as mentioned in the foregoing discussion, and the conversion of ₱290.98 million of the short-term loans to preferred shares in Acentic Holdings Ltd.

The outstanding balance is a sum of the repurchase transaction placements of ₱763.21 million, remaining balance from the sale of ETPI assets of ₱307.77, short-term loans to Acentic Holdings Ltd. (previously Acentic GmbH) including interest of ₱81.21 million. The outstanding balance also includes the provision of ₱307.77 million allowance for doubtful accounts.

*Other Current Assets*

The increase in other current assets is mainly due to the increase in input VAT.

*Property and Equipment – net*

As of September 30, 2018, property and equipment net of depreciation amounted to ₱0.13 million. This consists of the Company's transportation equipment, leasehold improvement, office and computer equipment and other fixed assets.

*Investments in associates, AFS and shares of stock*

As of reporting date, the book values of the Company's investments are as follows – a.) in PBCom: ₱98.30 million; b.) SBC IMA: ₱321.60 million; c.) in Acentic: ₱257.43 million; d.) in Alphaforce: ₱2.0 million; and e.) in ISM Equities: ₱0.06 million.

*Accounts Payable and Accrued Expenses*

The change is due to the increase in the income tax payable for the period.



## Quantitative and Qualitative Disclosures on Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued expenses. The main risks arising from the use of these financial instruments are credit risk, liquidity risk, and market risk.

### *Credit Risk*

Credit risk is the risk arising from the inability of a debtor to make payments when receivables are due. With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counter party, with maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at September 30, 2018 as follows:

Cash and cash equivalents	P932,119,092
Receivables – net	846,019,424
Investments held under trust management	321,601,505

The aging of receivables as of September 30, 2018 is shown on a separate schedule.

### *Liquidity Risk*

The risk that the Company will be unable to meet its obligations as they fall due. To effectively manage liquidity risk, the Company monitors its cash flows and ensures that credit facilities are available to meet its obligation when they fall due.

The Company's ratio of current assets to current liabilities as of September 30, 2018 was at 5.88:1.

### *Market Risk*

The risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's exposure to foreign currency exchange rate risk arises from transactions denominated in foreign currency. The Company does not engage in any derivative transaction to mitigate its exposure to foreign currency exchange rate risk.

### *Fair Values*

The carrying amounts of the financial assets and liabilities approximate fair values primarily due to the relatively short-term maturity of these financial instruments, except for AFS financial assets. The Company's financial instruments comprise of cash and cash equivalents, receivables, AFS financial asset, accounts payable and accrued expenses, and notes payable. The fair value of AFS financial asset is determined by reference to quoted market bid prices at the reporting date.

**Part II – Other Information**


There are no disclosures not reported under SEC Form 17-C.


**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.

**ISM COMMUNICATIONS CORPORATION**

Registrant

  
JUSTINNE DIZON-DE LUZURIAGA  
Acting Treasurer

  
ERIC O. RECTO  
Chairman/CEO

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November \_\_, 2018

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*Quarterly Report – January 1, 2018 to September 30, 2018*

**ISM Communications Corporation**  
**STATEMENTS OF FINANCIAL POSITION**

	Sep 30 2018 (Unaudited)	Dec 31 2017 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 1)	932,119,092	35,939,677
Receivables - net (Note 2)	846,019,424	1,411,240,082
Other current assets - net (Note 3)	6,085,000	5,396,534
<b>Total Current Assets</b>	<b>1,784,223,516</b>	<b>1,452,576,293</b>
<b>Noncurrent Asset</b>		
Available-for-sale financial assets (Note 4)	421,904,340	452,456,823
Investments in associates and a subsidiary (Note 5)	257,487,998	3,093,689
Property and equipment - net (Note 7)	125,257	1,405,407
<b>Total Noncurrent Assets</b>	<b>679,517,595</b>	<b>456,955,919</b>
<b>TOTAL ASSETS</b>	<b>2,463,741,111</b>	<b>1,909,532,212</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Deposit	302,205,101	-
Accounts payable and accrued expenses (Note 6)	1,117,274	359,955
Income tax payable	63,103	2,420
<b>Total Current Liabilities</b>	<b>303,385,478</b>	<b>362,375</b>
<b>Total Liabilities</b>	<b>303,385,478</b>	<b>362,375</b>
<b>Equity</b>		
Capital stock	2,137,202,006	1,916,269,341
Additional paid-in capital	545,911,874	455,329,483
Retained earnings	809,342,178	836,040,202
Cumulative unrealized fair value loss on available-for-sale financial assets	(46,640,047)	(13,008,811)
Cumulative translation adjustment	(5,674,352)	(5,674,352)
Treasury stock	(1,279,786,026)	(1,279,786,026)
<b>Total Equity</b>	<b>2,160,355,633</b>	<b>1,909,169,837</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,463,741,111</b>	<b>1,909,532,212</b>

**ISM Communications Corporation**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	Jul to Sep 2018 (Unaudited)	Jul to Sep 2017 (Unaudited)	Jan to Sep 2018 (Unaudited)	Jan to Sep 2017 (Unaudited)
<b>INCOME</b>				
OPERATING COSTS AND EXPENSES (Note 8)	60,000	60,000	180,000	180,000
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>8,583,950</b>	<b>5,989,573</b>	<b>20,969,424</b>	<b>18,280,712</b>
	<b>(8,523,950)</b>	<b>(5,929,573)</b>	<b>(20,789,424)</b>	<b>(18,100,712)</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	10,920,958	5,758,342	22,859,603	16,868,397
Foreign exchange gain (loss)	(1,342,043)	1,054,986	10,761,980	2,895,698
Gain on disposal of property and equipment	-	-	300,000	-
	9,578,915	6,813,328	33,921,583	19,764,095
<b>EQUITY IN NET EARNINGS (LOSSES) OF ASSOCIATES</b>	<b>(7,868,547)</b>	<b>(23,069,013)</b>	<b>(39,743,502)</b>	<b>(56,032,528)</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(6,813,582)</b>	<b>(22,185,256)</b>	<b>(26,611,343)</b>	<b>(54,369,145)</b>
<b>INCOME TAX EXPENSE</b>	<b>63,103</b>	<b>-</b>	<b>86,681</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>(6,876,685)</b>	<b>(22,185,256)</b>	<b>(26,698,024)</b>	<b>(54,369,145)</b>
<b>EARNINGS (LOSS) PER SHARE</b>				
Basic	(0.0056)	(0.0207)	(0.0219)	(0.0506)
Diluted	(0.0056)	(0.0207)	(0.0219)	(0.0506)
Trailing 12 months	n/a	n/a	(0.1982)	(0.0274)

**ISM Communications Corporation**  
**STATEMENTS OF CHANGES IN EQUITY**

	Sep 30 2018 (Unaudited)	Sep 30 2017 (Unaudited)
<b>CAPITAL STOCK</b>		
(Authorized - 2,800,000,000 shares @ P1.00 par)		
Subscribed Capital Stock	2,800,000,000	1,916,269,341
Subscription Receivable	(662,797,994)	-
Issued Capital Stock	<u>2,137,202,006</u>	<u>1,916,269,341</u>
<b>ADDITIONAL PAID IN CAPITAL</b>	545,911,874	455,329,483
<b>RETAINED EARNINGS</b>		
Balance at beginning of the year	836,040,202	1,177,459,565
Net Income (Loss) for the period	(26,698,024)	(32,183,887)
	<u>809,342,178</u>	<u>1,145,275,678</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	(52,314,399)	(75,999,383)
<b>TREASURY SHARES – 841,945,107 shares at cost</b>	(1,279,786,026)	(1,279,786,026)
	<u>2,160,355,633</u>	<u>2,161,089,093</u>

\*Subscribed capital stock includes 841,945,107 treasury shares

**ISM Communications Corporation**  
**STATEMENTS OF CASH FLOWS**

	Sep 30 2018 (Unaudited)	Sep 30 2017 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	(26,611,343)	(54,369,145)
Adjustments for:		
Equity in net losses (gains) of associates	39,743,502	56,032,528
Depreciation	1,346,845	1,607,120
Unrealized foreign exchange loss (gain) - net	(10,761,980)	(2,895,698)
Gain on disposal of property and equipment	(300,000)	-
Interest income	(22,859,603)	(16,868,397)
Operating income before working capital changes	(19,442,579)	(16,493,592)
Decrease (increase) in:		
Receivables	1,855,384	47,587,930
Other current assets	(688,467)	(311,191)
Increase (decrease) in:		
Accounts payable and accrued expenses	757,319	154,378
Cash generated from (absorbed by) operations	(17,518,342)	30,937,525
Interest received	17,417,402	14,996,429
Income tax paid	(25,999)	(984,087)
Net cash provided by (used in) operating activities	(126,940)	44,949,867
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(66,696)	(88,856)
Gain on disposal of property and equipment	300,000	-
Advances made to affiliated company	(24,786,538)	(21,036,622)
Repurchase agreements	305,653,426	(56,292,917)
Net cash provided by (used in) an investing activity	281,100,192	(77,418,395)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of capital stock (net of transaction cost)	311,515,056	-
Deposit for sale of treasury shares	302,205,101	-
Net cash provided by (used in) an investing activity	613,720,157	-
<b>EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>1,486,005</b>	<b>1,642,492</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>896,179,415</b>	<b>(30,826,037)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>35,939,677</b>	<b>48,990,202</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>932,119,092</b>	<b>18,164,166</b>

**ISM Communications Corporation**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 – Cash and cash equivalents

	Sep 30 2018 (Unaudited)	Dec 31 2017 (Audited)
<b>Cash and cash equivalents</b>		
Petty cash	65,000	15,000
Cash on hand	622,557,465	-
Cash in banks	6,305,377	35,924,677
Short term investments	303,191,250	-
	<b>932,119,092</b>	<b>35,939,677</b>

Note 2 – Receivables (net)

	Sep 30 2018 (Unaudited)	Dec 31 2017 (Audited)
<b>Receivables - net</b>		
Short term receivables	763,213,491	1,068,866,916
Sale of ETPI assets	307,777,692	307,777,692
Notes receivable	78,036,542	327,001,787
Interest receivable	3,174,687	15,216,905
Others	1,594,705	154,473
Subtotal	1,153,797,116	1,719,017,774
Allowance for impairment	(307,777,692)	(307,777,692)
	<b>846,019,424</b>	<b>1,411,240,082</b>

Note 3 – Other current assets (net)

	Sep 30 2018 (Unaudited)	Dec 31 2017 (Audited)
<b>Other current assets - net</b>		
Input VAT	7,783,885	7,082,436
Prepaid expenses	2,695,627	2,708,609
Subtotal	10,479,512	9,791,045
Allowance for impairment - VAT	(4,394,512)	(4,394,512)
	<b>6,085,000</b>	<b>5,396,534</b>

Note 4 – Available-for-sale (AFS) financial assets

	Sep 30 2018 (Unaudited)	Dec 31 2017 (Audited)
<b>Available-for-sale financial assets</b>		
Quoted	419,904,389	450,456,873
Unquoted	1,999,950	1,999,950
	<b>421,904,340</b>	<b>452,456,823</b>

Note 5 – Investment in associates and in subsidiary

	Sep 30 2018 (Unaudited)	Dec 31 2017 (Audited)
<b>Investments in associates and a subsidiary</b>		
Investment in associate	257,425,498	3,031,189
Investment in subsidiary	62,500	62,500
	<b>257,487,998</b>	<b>3,093,689</b>

Note 6 – Accounts payable and accrued expenses

	Sep 30 2018 (Unaudited)	Dec 31 2017 (Audited)
Trade payables	39,286	39,286
Accrued expenses	784,286	14,578
Payable to government agencies	293,702	306,092
	<b>1,117,274</b>	<b>359,955</b>



Note 8 – Operating costs and expenses

	Jul to Sep 2018 (Unaudited)	Jul to Sep 2017 (Unaudited)	Jan to Sep 2018 (Unaudited)	Jan to Sep 2017 (Unaudited)
Salary and administrative	3,531,679	3,422,715	10,683,750	10,199,798
Professional fees	3,419,114	1,100,200	5,753,188	2,821,900
Representation and entertainment	502,193	347,568	1,222,944	1,109,142
Depreciation and amortization	517,532	535,487	1,346,845	1,607,120
Taxes and licenses	41,195	2,625	57,572	23,146
Transportation and travel	110,283	124,028	278,633	912,304
Rentals	210,348	203,600	626,478	599,677
Utilities	126,323	115,460	380,629	344,078
Printing and office supplies	911	23,368	46,088	96,434
Miscellaneous	124,371	114,522	573,296	567,115
	<b>8,583,950</b>	<b>5,989,573</b>	<b>20,969,424</b>	<b>18,280,712</b>

**ISM Communications Corporation**  
**AGING OF RECEIVABLES**

	Balance	Current	> 30 but < 60	> 60 but < 90	> 90 but < 120	> 120
Loans Receivable	78,036,542	78,036,542	-	-	-	-
Interest Receivable	3,174,687	1,303,493	1,398,608	-	472,586.01	-
Short-term Receivables	763,213,491	763,213,491	-	-	-	-
Other Receivables	1,594,705	15,297	2,389	557,148	38,815	981,056
	<b>846,019,424</b>	<b>842,568,823</b>	<b>1,400,997</b>	<b>557,148</b>	<b>511,401</b>	<b>981,056</b>