SEC Number 808
File Number

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

(Company's Full Name)

The Penthouse, Alphaland Southgate Tower
2258 Chino Roces Avenue corner EDSA, Makati City

(Company's Address)

338-5599

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

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

Form Type

Amendment Designation (if applicable)

September 30, 2011

Period Ended Date

N/A

(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, 2011

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 The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City
   Postal Code 1232

8. Issuer's telephone number, including area code (632) 338-5599

9. 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 Sections 4 and 8 of the RSA

Title of Each Class	Number of shares of common stock outstanding
Common P1.00 par value	1,916,216,149

11. Are any or all of the 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:

    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 [X] No [ ]

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

    Yes [X] No [ ]

Part I – Financial Information

Item 1. Financial Statements <u>See attached</u>

The interim financial statements have been prepared in accordance with accounting principles generally accepted in the Philippines.

ISM Communications Corporation ("ISMCC" or "ISM" or the "Company") used the equity method in recording its share on the net income of a majority controlled telecommunications entity, Eastern Telecommunications Philippines, Inc. ("ETPI") in the first quarter of 2007 and fiscal year ended December 31, 2006. In October and December 2007, ISMCC completed the acquisition of 2,548,000 and 4,600,557 ETPI common shares, respectively. This brought up its ownership in ETPI to 67.5%. Thus, the year 2007 marks the start of the consolidation of the financial statements of ISMCC and its majority owned subsidiary, ETPI. In March 2008, ISMCC acquired additional 2,652,000 ETPI common shares and further expanded its ownership in the company to 77.7%.

In a special meeting of the Company's Board of Directors on September 26, 2007, an approval for the increase in authorized capital from ₱1.2 billion divided into 120 billion shares to ₱1.8 billion divided into 180 billion shares at ₱0.01 par value each share has been granted. Likewise, the amendment of the Articles of Incorporation referring to the company's authorized capital was approved. These were presented for approval of the Company's stockholders as of record date, October 19, 2007, in a special meeting held on November 8, 2007.

On June 23, 2008, the board of directors approved the issuance of new shares by way of rights offering in favor of all stockholders as of a record date to be fixed by the President and that the rights offering shall be conducted according to the following terms and conditions:

i. Each shareholder as of record date hall have the right to subscribe to one (1) ISM common share for every five (5) shares held;
ii. Exercise price shall be Two and Six-Tenths Centavos (P0.026) per share;
iii. The offer period shall be fixed by the Corporation's President provided that the Offer Period shall commence not later than thirty (30) calendar days from the 'Record Date'.

The board of directors and stockholders, in special meetings both held on August 4, 2008, approved the following:

a.) The increase in authorized capital stock from P1.8 billion divided into 180,000,000,000 shares at P0.01 par value each share to P2.8 billion divided into 280,000,000,000 shares at P0.01 par value each share;
b.) To accept subscriptions to the increase in authorized capital stock by way of rights offering of one (1) share for every five (5) shares held in favor of all stockholders of record, and that the payment of the subscription price shall be in cash or by conversion of stockholders' advances to equity.
c.) That the board of directors or the president be authorized to determine the other terms, conditions, and details of the "Rights Offering".

On December 16, 2008, the board of directors, in view of the then prevailing global financial crisis approved the following revisions on the terms and conditions of the "Rights Offering":

a.) Each stockholder as of record date shall have the right to subscribe to one (1) ISM common share for every 1.92 ISM common shares held as of record date;

b.) The exercise price shall be 1/100 Peso (P0.01) per share subscribed and payable in full, by way of cash or conversion of advances/liabilities to equity;
c.) The "Offer Period" shall be fixed by the Company's President provided that the Offer Period shall commence not later than thirty (30) calendar days from the Record Date;
d.) That the President be authorized to determine the other terms, conditions and details of the "Rights Offering";
e.) That the board of directors be authorized to have the offer shares be registered under the Securities Regulation Code and be listed with the Philippine Stock Exchange ("PSE");
f.) That the President, the Corporate Secretary, or any proper officer of the Company be authorized and empowered to sign, execute and deliver such documents and perform such acts as may be necessary to carry into effect the foregoing procedures.

On January 14, 2009, the PSE approved the listing of additional 65,554,832,528 common shares, with a par value of P0.01 per share to cover its 1:1.92 stock rights offering to all eligible stockholders of record as of February 4, 2009, at an offer price of P0.01 per share. The offer period for the rights offering ended last February 16, 2009 with the offering fully subscribed. The subscription payments, amounting to more than P655.55 million, will be used by the Company to support its application with the Philippine Securities and Exchange Commission ("SEC") for the increase in authorized capitalization from P1.8 billion to P2.8 billion.

On May 28, 2009 the SEC approved increase in authorized capital stock from P1.8 billion divided into 180,000,000,000 shares at P0.01 par value each share to P2.8 billion divided into 280,000,000,000 shares at P0.01 par value each share.

On April 20, 2010, the Board of Directors passed a resolution to increase the par value of the Company's shares from Php0.01 per share to Php1.00 per share. There will also be a corresponding amendment to Article Seventh of the Company's Articles of Incorporation. This will be presented to the stockholders during the scheduled meeting on May 27, 2010 for their ratification where votes by stockholders represent at least two-thirds of the Company's outstanding capital stock is required for approval. The Company decided to increase the par value of its common shares to enhance its value and in view of its consistent profitability. This was also done in response to requests from various institutional investor groups.

On September 9, 2010, the SEC approved the Company's application for the amendment of its Articles of Incorporation to reflect the increase in par value of its common shares from P0.01 per share to P1.00 per share. As a result of the increase in the par value, the following changes in the capital stock of the Company were effected:

	Before the increase in par value	After the increase in par value
Number of authorized shares	280 billion shares	2.8 billion shares
Number of shares issued (inclusive of treasury shares)	182,626,865,857 shares	1,826,268,659 shares
Number of shares subscribed	9,000,068,290 shares	90,000,682 shares
Number of treasury shares	5,115,990 shares	53,192 shares
Number of shares outstanding	191,621,818,157 shares	1,916,216,149 shares

No fractional shares were issued to the stockholders of the Company in the conversion of the number of shares. The Company acquired the resulting fractional shares as additional treasury shares.

Sale of 40% interest in ETPI

On December 16, 2010, the executive committee of the board of directors of the Company authorized the Company to sell 100% of its interest in AGNP to Vega Telecom, Inc. ("Vega"), under such terms and conditions which Mr. Eric O. Recto, the President of the Company, may deem to be in the best interest of the Company. AGNP was the corporate vehicle through which the Company held a 40% interest in ETPI. On December 29, 2010, the Company and Vega executed the sale documents for this transaction. Consequently, as of December 30, 2010, the Company's interest in ETPI was reduced to approximately 37.7%.

On October 20, 2011, the remaining stock of 37.7% was sold to San Miguel Equity Security for a total consideration of P1,507,777,692.

There are no seasonal aspects that have an effect on the Company's results of operations.

There are no unusual items affecting assets, liabilities, equity, net income, or cash flows except for the P161 million other income recorded in the first quarter of 2008 representing negative goodwill on acquisition of 10.2% additional ownership of ETPI.

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

There are no other issuances, repurchases, and repayments of debt and equity securities except for (a) the 6,816,761,093 newly listed common shares of the Parent Company issued to Aerocom Investors and Managers, Inc. in exchange for the 4,600,557 Class "A" common shares of ETPI completed in December 2007; (b) the acceptance of a US$10 million (₱441.9 million) private placement from EMDCD Ltd. and Asset Holder PCC No. 2 Ltd. Re: Ashmore Asian Recovery Fund in consideration for the issuance of an aggregate of 16,127,737,226 newly issued shares at a subscription price of P0.0274 per share; and the issuance of 65,554,832,528 new common shares in connection with the P655M 1:1.92 stock rights offering to all eligible stockholders of record as of February 4, 2009, at an offer price of P0.01 per share.

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 for the interim period.

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, 2011	1,916,316,149	1,926,210,841
September 30, 2010	1,916,162,957	1,926,340,340

* *For the purpose of comparison, prior period is presented on the assumption that the change in par value was previously effected.*

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Subsequent to initial recognition, the Company classifies its financial assets in the following categories: held-to-maturity (HTM) financial assets, available-for-sale (AFS) financial assets, FVPL financial assets, and loans and receivables. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reevaluates such designation at every reporting date. The measurement of financial instruments subsequent to initial recognition is described below.

- *Cash and Cash Equivalents.* Cash includes cash on hand and in banks and is stated at its face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of changes in value.

- *Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Gains and losses are recognized in the consolidated statements of income when the loans and receivables are derecognized or impaired, as well as through amortization process.

  The Company's receivables are included in this category.

- *Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVPL at the inception of the liability. Other financial liabilities are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

  Included in this category are the Company's accounts payable and accrued expenses

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

ISM was originally a mining company incorporated on March 1925, under the name "Itogon-Suyoc Mines, Inc.".

During meetings held on June 22 and July 25, 2001, the Board of Directors and stockholders of ISM approved a Memorandum of Agreement ("MOA") between ISM and PhilWeb Corporation ("PWC", formerly "PhilWeb.Com, Inc."). Under the terms of the MOA, PWC shall manage the transformation of ISM from a mining company to a company engaged in information technology, multimedia, telecommunications, and other similar industries, including the identification and negotiation with potential investors who will infuse the necessary capital or assets for projects in such industries. Any project identified by PWC shall be subject to the approval of the Board of Directors and stockholders of ISM. As consideration for the services to be rendered by PWC, and in order to generate investor confidence in the new corporate direction of ISM, PWC was granted the right to subscribe to 12,000,068,290 shares of the unissued capital stock of ISMCC at par value, by making an initial payment of 25% on such subscription.

To facilitate the transformation envisioned in the aforementioned MOA, ISM has agreed, among others, to do the following:

(a) Amend its articles of incorporation and by-laws to enable it to undertake its new projects in a manner acceptable to the new investors;

(b) Completely divest its mining operations, as well as all mining-related assets and liabilities to a third party such that, at the time of the commencement of the new projects and/or the entry of the new investors, it would have substantially no assets and no liabilities; and

(c) Allow the new investors to have majority control of its voting shares of stock and control the management of its operations.

On July 25, 2001, the stockholders of ISM also approved the following:

b. The amendments to the articles of incorporation of ISM concerning:

   1. The declassification of the capital stock (common "A" and common "B") into just one class of common stock;

   2. Denial of pre-emptive rights; and

   3. Inclusion, among its secondary purposes, of the business of information technology, telecommunications, multimedia, as well as other similar businesses.

c. The granting of authority to the Board of Directors to sell, alienate, and/or dispose of any or all of its assets to repay maturing loan obligations.

On April 10, 2002, the stockholders of ISM approved a Restructuring Plan, which involved, among others, the following:

a. Change in corporate name from "Itogon-Suyoc Mines, Inc." to "ISM Communications Corporation"; and

b. Change in the primary purpose from a company engaged in the business of mining to a company engaged in the business of telecommunications, multimedia and information technology.

The SEC subsequently approved such Restructuring Plan on June 7, 2002.

Effective October 1, 2002, the activities of ISM have been entirely focused on building the products and services of its new line of business.

In accordance with the Restructuring Plan, ISM ceased its mining operations and assigned all of its rights over its two mining properties ("Sangilo" and "Suyoc") located in the Province of Benguet, including all tangible and intangible assets pertaining to the mining operations, to Itogon-Suyoc Resources, Inc. ("ISRI"). As consideration for the aforementioned mining-related assets assigned by ISM, ISRI assumed certain liabilities of the former.

In December 2006, SEC approved the increase in the Company's authorized capital stock from ₱300 million to ₱1.2 billion, divided into 120,000,000,000 shares at ₱0.01 par value per share. Subsequently, the Company issued to the private investors, namely, Araza Resources Corporation, Boerstar Corporation, EMDCD Ltd. and Asset Holder PCC No. 2 Ltd. Re: Ashmore Asian Recovery Fund, the aggregate of 43.1 billion shares out of the increased capital.

The proceeds from the above mentioned subscriptions from the private investors were used to acquire 100% ownership in A. G. N. Philippines, Inc. (AGNP), which owns 10.4 million Class "B" shares of ETPI (equivalent to 40% ownership).

As previously mentioned, the Company subsequently increased its authorized capital to P1.8 billion and then to its current authorized capital of P2.8 billion. Also, ISMCC acquired additional 2,548,000 Class "A", 4,600,557 Class "A" and 2,652,000 Class "A" common shares of ETPI in October, December 2007 and March 2008, respectively. As of March 31, 2008, ISMCC owns 77.7% of ETPI's total outstanding shares of 26,000,000 common shares.

In 1986, ETPI acquired 840,000 shares at one Sing Dollar (S$1) per share representing approximately 17% of the total equity in ASEAN Cableship Pte Ltd. (ACPL), a company registered in Singapore. The principal activity of ACPL is that of an operator of cableships for laying, repair and maintenance of submarine telecommunications cables. For the full years of 2008 and 2007, ETPI received dividends from ACPL amounting to P116M and P244M, respectively.

On December 22, 2009, the parent company entered into an Agreement relating to the sale and purchase in January 2010 of certain shares of Acentic GmbH ("Acentic") with LBC Capital Sarl ("LBC Capital"), Host Union International Limited ("Host Union") and PWC.

On January 11, 2010, the Parent Company completed the acquisition of 32.5% of Acentic GmbH, a Germany based company engaged in hotels and other multi-dwelling establishment thru Host Union in the amount equivalent to P644 million.

Acentic is an international provider of Hotel TV platforms and applications that connect, engage and entertain hotels and their guests. Acentic's range of complete solutions include Acentic Media advertising options, Wi-Fi high-speed Internet, hotel mobile applications, digital interactive television (iTV) and high definition TV platforms (HD TV). These digital platforms not only provide hotels and their guests with a unique entertainment and communication hub, but also open up the hotel industry opportunity for international advertising brands and technology developers. Acentic's technologies are in many of the world's leading hotel chains, including Accor, Dorint, Intercontinental Hotel Group, Hilton, Hyatt, Maritim, Marriott, Mövenpick, Starwood and Wyndham Worldwide, in more than 30 countries in Europe, Middle East and Africa. With more than 30 years of industry experience and 153,000 rooms installed, they are currently the second largest in-room entertainment provider to the European hospitality industry.

On September 09, 2010, the application of ISM for the increase in the par value of its shares (from P0.01 per share to P1.00 per share) was approved by the SEC. ISM acquired the resulting fractional shares as treasury shares.

On July 26, 2011, the executive committee of the board of directors of the Company approved the participation of the Company in the acquisition of Philippine Bank of Communications for the sale of approximately 97% of its outstanding shares.

RESULTS OF OPERATION

	For the First Nine Months Ended September 30, 2011	For the First Nine* Months Ended September 30, 2010
Income Statement		
Net Operating Revenues	-	735,587,218
Costs and Expenses	**17,611,735**	732,262,444
Operating Income (Loss)	**(17,611,735)**	3,324,774
Other Income - Net	**37,089,631**	95,303,305
Net Income Before Minority Interest		69,230,189
Earnings of Minority Interest	-	18,174,821
Net Income (Loss)	**19,477,896**	51,055,368
Retained Earnings at Beginning of Period	**1,498,337,579**	1,174,350,078
Retained Earnings at End of Period	**1,517,815,475**	1,225,405,444
Balance Sheet		
Current Assets	**2,932,359,670**	2,414,686,302
Total Assets	**6,555,960,517**	5,373,001,544
Total Liabilities	**2,756,569,748**	1,195,931,487
Minority Interest	-	673,289,414
Stockholders' Equity	**3,799,390,769**	4,177,070,058

Results of Operation for the First Nine Months of 2011 and 2010
(Based on Income Statement (IS) for 2011 and Consolidated Income Statement of 2010)

*On December 30, 2010, ISMCC sold its 100% equity interest in AGNP to Vega. Since AGNP owns 40% ETPI, the transaction led to ISMCC losing 40% equity interest in ETPI. Consequently, ISMCC's shareholdings has been reduced to 37.7% from 77.7% of the total outstanding shares of ETPI of prior year. In view thereof, AGNP and ETPI 2010 financial statements were deconsolidated in the Group's financial statements beginning December 2010.

On October 20, 2011 the remaining 37.7% was sold to San Miguel Equity Securities.

Total Operating Expenses for the first nine months of 2011 was ₱17.6 million.

Other Income (net of other expenses) was at ₱37.1 million. This is mainly composed of interest income from money market placement and loans from FDTL, partially offset by interest cost on borrowings. It also includes equity earnings from ETPI for the 37.7% remaining stake.

Net income for the first nine months of 2011 was ₱19.5 million. There was no minority share of the income for the year due to deconsolidation.

ISMCC's net income for the same period in 2010, before deducting the share of the non-controlling interest, was ₱51.1 million.

Performance Indicators for the First Nine Months of 2011 and 2010

The current ratio measures the liquidity or the ability of the company to meet its short-term debts. This is computed by dividing the total current assets by the total current liabilities. In the first nine months of operations for the year 2011, the current ratio was at 1.06:1. This means that the risk that the company will not be able to meet its short-term obligations is quite low. For the same period in 2010 current ratio was at 2.16:1.

The debt ratio for 2011 was at 0.73:1 computed as total liabilities of ₱2,756,569,748 divided by total equity of ₱ 3,799,390,769. For 2010, debt ratio was at 0.29:1 computed as total liabilities of ₱ 1,195,931,487 divided by total equity of ₱ 4,177,070,058.

There were no events that triggered direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There were no other material off-balance sheet transactions, arrangement, obligation, and other relationships to the company with unconsolidated entities or other persons created during the reporting period.

Discussion on the Balance Sheets (BS) for the periods ending September 30, 2011 and December 31, 2010:

Cash and Cash Equivalents

Cash and Cash Equivalents totaled to ₱1.126 billion, P312 million less than prior period. The reduction mainly represents payment of the Capital Gains Tax on the sale of AGNP and payment of borrowings from third party and additional investments.

Receivables

Net receivables increased by P11.4 million due to the change of Euro rate to Php from P58.033 to P59.2751 and accrual of interest earned from loans extended to third party. Euro8.1M of the total receivable represents interest bearing notes receivable from First Digital Trading Ltd. P640 million represents current portion of accounts receivable from Vega Telecoms amounting to P1.28B.

Investment held for sale

On December 22, 2009, ISMCC entered into an agreement relating to the sale and purchase in January 2010 of 65% of Acentic with LBC Capital, Host Union and PhilWeb.

On January 11, 2010, ISMCC completed the acquisition on 32.5% of Acentic, a Germany based company engaged in hotels and other multi-dwelling establishment thru Host Union in the amount to P660.4 million.

The above investment is presented as held for sale following the commitment of the Group's management on June 16, 2010, to plan to sell the assets. Efforts to sell the investment have commenced, and a sale is expected by 2011.

On July 26, 2011, ISMCC led a group of investors which entered into an agreement to acquire a total of approximately 97% of PBCOM. The agreement will be completed as soon as regulatory approvals are obtained. ISMCC's share in this acquisition amounts to approximately 38% of PBCOM

Management assessed that there is no indication of impairment on the asset held for sale. In view thereof, no impairment loss was recognized in the books.

Other Current Assets

The decrease in other current assets of P7.1 million was mainly due to the payment/offset for the share of Affiliates on the foreign exchange translation of Euro borrowing from HSBC.

Property and Equipment – net

As of September 30, 2011, property and equipment, net of depreciation, posted at P9.3 million primarily consisting of ISMCC's computer equipment, Network and Data Equipment, Transportation Equipment and other fixed assets, net of accumulated depreciation and impairment losses. Property and equipment pertaining to ETPI as of December 31, 2010 were derecognized due to reduction of shareholdings of the Company from 77.7% to 37.7% as a result of sale of AGNP.

Investment in Shares of Stock

The P1.164 billion amount of investment in shares of stock as of September 30, 2011 represents the remaining value of the 37.7% equity interest of ISMCC in ETPI. Also, on June 17, 2011, the company incorporated RRE Capital Ventures Corporation. Initial capital investment for the incorporation is P6.25 million.

Other Non-Current Assets

Other non-current assets consist of ISMCC's Deferred tax assets.

Accounts Payable and Accrued Expenses

The amount decreased by P151.9 million which mainly represents payment of capital gains tax on the sale of AGNP which was accrued in December 2010.

Notes Payable

This represents short term interest bearing bank loans from Bank of Commerce and The Hongkong and Shanghai Banking Corporation. The loan with HSBC amounting to 16.2 million euro is secured by money market placement equivalent to 110% of peso value of borrowings. Also, on July 22, 2011 an additional Notes Payable to the BOC amounting to P1.688 billion to support the funding of acquisition of PBCOM has been made.

Stock Options

Stock options of P9.9 million represents cost of stock options granted to employees that have vested. As of September 30, 2011, there were no stock options exercised.

Minority Interest

No minority interest computed as of September 30, 2011 due to deconsolidation.

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

The carrying amounts of the financial assets represent the Company's maximum credit exposure. The maximum exposure to credit risk at September 30, 2011 as follows:

Receivables – net	P1,144,171,293

The aging of receivables as of September 30, 2011 is shown on a separate schedule.

Liquidity Risk

The risk that the Company may not be able 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, 2011 was at 1.06:1.

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.

Fair Values

The fair values of the Company's financial instruments approximate their carrying amounts as of balance sheet date either because of their relatively short-term nature or the interest rates they carry approximate interest rates for comparable instruments in the market.

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The current and prospective increase in capitalization of the Company and expected future revenues from its various information technology, multimedia, and telecommunications activities are projected to sufficiently meet the Company's operating cash requirements. Acquisition of computer and other equipment, if any, will be financed by existing capitalization and internally generated funds. These acquisitions and facilities are not expected to be of material amounts.

No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of the Company's operations.

There are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the Company's revenues or continuing operations.

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

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

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.

<u>ISM COMMUNICATIONS CORPORATION</u>
Registrant

ZALDY M. PRIETO	**JOVITA L. LARRAZABAL**
Treasurer and Chief Finance Officer	Assistant Corporate Secretary

---

November 11, 2011

Quarterly Report – January 1, 2011 –September 30, 2011

ISM COMMUNICATIONS CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION

	SEPTEMBER 30, 2011 (Unaudited)	December 31, 2010 (Audited)*
ASSET		
Current Assets		
Cash and cash equivalents	P1,126,258,891	P1,438,204,608
Receivables-net	1,144,171,293	1,132,776,369
Investment held for sale	660,419,903	660,419,903
Other current assets	1,509,583	8,563,701
Total Current Assets	**P2,932,359,670**	**P3,239,964,581**
Noncurrent Assets		
Long-term receivables	P640,000,000	P640,000,000
Investments in shares of stock	1,164,226,973	1,143,971,003
Investments in associate	1,809,963,944	-
Deferred tax assets	63,160	63,160
Property and equipment - net	9,346,769	12,289,862
Total Noncurrent Assets	**3,623,600,846**	**1,796,324,025**
	P6,555,960,517	**P5,036,288,606**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	P97,025,190	P249,022,385
Notes payable	2,659,544,559	1,007,353,348
Total Current Liabilites	2,756,569,748	1,256,375,733
Total Liabilities	**P2,756,569,748**	**1,256,375,733**
Equity		
Capital stock	P1,826,368,658	P1,826,368,658
Additional paid-in capital	445,434,791	445,434,791
Stock option outstanding	9,894,692	9,894,692
Retained earnings (deficit)	1,517,815,475	1,498,337,579
Treasury stock	(122,847)	(122,847)
Total Equity	**3,799,390,769**	**3,779,912,873**
	P6,555,960,517	**P5,036,288,606**

ISM COMMUNICATIONS CORPORATION
SEPARATE STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	September 30, 2011 (Unaudited)	September 30, 2010 (Unaudited)*
CAPITAL STOCK		
Par Value - P1.0 in 2010, P0.01 in 2009 and 2008		
Authorized - 2,800,000,000 shares in 2010 and 2009		
Issued - 1,826,368,659 shares in 2010 and 2009		
Subscribed - 90,000,682 shares (partially paid, net subscriptions receivable is P89,900,683)	**P1,826,368,658**	P1,826,368,658
ADDITIONAL PAID-IN CAPITAL	**445,434,791**	445,434,791
STOCK OPTIONS OUTSTANDING	**9,894,692**	6,694,597
RETAINED EARNINGS		
Balance at beginning of year	**1,498,337,579**	1,174,350,078
Net income for the period	**19,477,896**	51,055,368
	1,517,815,475	1,225,405,446
NON CONTROLLING INTEREST		
Balance at beginning of year	-	655,114,592
Net income for the period	-	18,174,821
	-	673,289,413
TREASURY STOCK - 53,192 shares at cost	(122,847)	(122,847)
	P3,799,390,769	P4,177,070,058

* *2010 represents consolidated numbers. On December 30, 2010 the 40% stake in ETPI was sold, the company financials were deconsolidated subsequently.*

ISM COMMUNICATIONS CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	July - Sept 2011 Unaudited	July - Sept 2010 Unaudited*	January - Sept 2011 Unaudited	January - Sept 2010 Unaudited*
Net operating revenues		P246,901,889		**P735,587,218**
General and administrative expenses	**(6,873,103)**	(257,812,647)	**(17,611,735)**	(732,262,444)
Income (loss) from operations	**(6,873,103)**	(10,910,758)	**(17,611,735)**	3,324,774
Other income				
Interest income (net)	**7,079,788**	34,423,636	**23,083,661**	95,303,305
Equity in net income of ETPI	**5,814,926**		**14,005,970**	
	12,894,714	34,423,636	**37,089,631**	95,303,305
Income before income tax	**6,021,611**	23,512,878	**19,477,896**	98,628,079
Income tax expense	**-**	12,591,692	**-**	29,397,889
Net income	**P6,021,611**	P10,921,186	**P19,477,896**	P69,230,190
Earnings per share				
Basic	**0.00314**	0.00273	**0.01016**	0.02664
Dilluted	**0.00314**	0.00272	**0.01016**	0.02650

* *2010 represents consolidated numbers. On December 30, 2010 the 40% stake in ETPI was sold, the company financials were deconsolidated subsequently.*

ISM COMMUNICATIONS CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

		September 30, 2011 (Unaudited		September 30, 2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P	19,477,896	P	69,230,189
Adjustments for:				
Depreciation		3,026,298		252,739,252
Foreign exchange loss		849,217		648,904
Provision for doubtful account				18,389,341
Equity in net income of ETPI		(14,005,970)		
Operating income (loss) before changes in working capital		9,347,441		341,007,686
Increase in receivables		(11,394,924)		(71,308,921)
Decrease (increase) in other current assets		4,088,872		(32,296,010)
Decrease in deferred tax liability				(8,036,460)
Increase (decrease) in accounts payable and accrued expenses		(149,031,950)		32,429,932
Net cash provided by (used in) operating activities		(146,990,561)		261,796,227
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment		(83,205)		(376,284,121)
Additional investments		(1,816,213,944)		(660,419,902)
Increase in other non-current assets		-		(104,781)
Net Cash used in investing activities		(1,816,297,149)		(1,036,808,804)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in loans receivables				(512,644,512)
Increase in notes payables		1,651,341,994		513,976,398
Net Cash provided by (used in) financing activities	P	1,651,341,994	P	1,331,886
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(311,945,716)		(773,680,691)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,438,204,608		1,390,686,670
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	P	1,126,258,891	P	617,005,979

ISM COMMUNICATIONS CORPORATION AND SUBSIDIARIES
AGING OF RECEIVABLES SCHEDULE
AS OF SEPTEMBER 30, 2011

	CLOSE BALANCE	CURRENT	>30 BUT <60	>60 BUT <90	>90 BUT <120	>120
ACCOUNT RECEIVALBLE	640,000,000.00					640,000.00
LOANS RECEIVABLE	492,017,182.00					492,017,183.00
INTEREST RECEIVABLE	12,154,111.00	6,527,319.00	5,626,792.00			
TOTAL	**1,144,171,293.00**	**6,527,319.00**	**5,626,792.00**	-	-	**492,657,183.00**