

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

T	H	E		P	E	N	T	H	O	U	S	E															
A	L	P	H	A	L	A	N	D		S	O	U	T	H	G	A	T	E		T	O	W	E	R			
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E	D	S	A	,	M	A	K	A	T	I		C	I	T	Y												

(Business Address: No. Street/City/Province)

Jovita D.S. Larrazabal
 Contact Person

338-5599
 Company Telephone Number

1	2		3	1
<i>Month</i>			<i>Day</i>	
Fiscal Year				

SEC Form 17 Q
 FORM TYPE

May 24
 Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

 To be accomplished by SEC Personnel concerned

quirkyFile Number

 LCU

Document I.D.

 Cashier

STAMPS

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)

02-551-1863

(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)

June 30, 2016

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 June 30, 2016
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) 551-1863
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	1,074,324,234 common shares, inclusive 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

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

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.

Basis of Preparation

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
June 30, 2016	1,074,324,234	1,074,324,234
June 30, 2015	716,216,156	716,216,156

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.

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, 2014, 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, except for PFRS 9, Financial Instruments, which becomes mandatory for the Company's 2015 financial statement and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

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

Effective January 1, 2014

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32)*

No definite date - Originally January 1, 2015

- PFRS 9, Financial Instruments (2009), PFRS 9, Financial Instruments (2010) and PFRS 9, Financial Instruments (2013)

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.

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

RESULTS OF OPERATION

	January to June	
INCOME STATEMENT	2016	2015
Other Income - net	(10,118,638)	(1,264,997)
Expenses	23,607,739	14,575,301
Net Income	(33,726,377)	(15,840,298)
Retained Earnings at Beginning of Period	1,376,994,731	1,836,878,270
Retained Earnings at End of Period	1,343,268,355	1,821,037,972
BALANCE SHEET		
Current Assets	1,776,372,017	2,132,493,834
Total Assets	2,659,453,156	2,686,615,938
Total Liabilities	451,681,307	446,436,547
Total Equity	2,207,771,849	2,240,179,391

Results of Operation for the First Six Months of 2016 and 2015 (Based on Income Statement (IS) for 2016 and of 2015)

Total other income – net of the Company for the first six months of 2016 totaled negative Php 10.1 million, higher than the negative Php1.26 million other income for the same period in the previous year. This is mainly due to loss on equity earnings of an associate.

The Company generated a net loss of Php33.7 million in the first half of 2016 while the Company generated a net loss of Php15.8 million pesos for the same period the year before.

The Company's key performance indicators for the six months ended June 30, 2016 and 2015 are the following:

Financial Ratios	June 30, 2016	June 30, 2015
Current Ratio (Current Assets/Current Liabilities)	3.93 : 1.00	4.89 : 1.00
Asset to Equity Ratio (Total Assets / Total Equity)	1.20 : 1.00	1.19 : 1.00
Debt to Asset Ratio (Total Liabilities / Total Assets)	0.17 : 1.00	0.16 : 1.00
Debt to Equity Ratio (Total Liabilities / Total Equity)	0.20 : 1.00	0.19 : 1.00
Return on Total Assets (Net Income / Total Assets)	-0.56%	0.65%
Return on Total Equity (Net Income / Total Equity)	-0.68%	0.78%
Interest Rate Coverage Ratio (EBIT / Interest Expense)	8.88 : 1.00	-4.44 : 1.00

Discussion on the Balance Sheets (BS) for the periods ending June 30, 2016 and December 31, 2015:

Cash and Cash Equivalents

Cash and cash equivalents stood at P542 million at end of June 2016 compared to P485 million at December 31, 2015. The increase can be attributed to the collection from SMESI.

Receivables

There is an increase in the net receivable of the Company from December 31, 2015 to June 30, 2016 due to the increased placement in short-term investments of funds generated from the sale of treasury shares.

The outstanding balance is a sum of the remaining receivable from San Miguel Equity Securities of P307.7 million, loans receivable from CML, including interest of P225.5 million, P37 million short-term loan to Acentic GmbH and placement of repurchase transaction with PBCom of P968.7 million. The outstanding balance also includes the provision of P307.7 million allowance for doubtful accounts.

Other Current Assets

The increase in other current assets is mainly due to the increase in input vat and prepaid expenses.

Property and Equipment – net

As of June 30-, 2016, property and equipment net of depreciation amounted to P3.6 million. This consists of the Company's transportation equipment, office and computer equipment and other fixed assets.

Investments in associates, AFS and shares of stock

The decrease in investments in associates was mainly due to the reclassification of the Company's investment in PBCOM to investment in AFS.

As of reporting date, the book values of the Company's investments are as follows – a.) in PBCOM: P108.1 million; b.) in Acentic: P372.5 million; c.) in Alphaforce: P2.0 million; and d.) in Security Bank: P348.7 million.

Accounts Payable and Accrued Expenses

The substantial decrease is attributable to the pay out of administrative expenses.

Notes Payable

The outstanding balance represents the Euro 7.89 million loan from HSBC secured by money market placement.

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 June 30, 2016 as follows:

Receivables – net	P1,231,384,486
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The aging of receivables as of June 30, 2016 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 June 30, 2016 was at 3.93:1.

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. All purchases will be financed through internally-generated funds and existing capitalization.

There are no 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 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.

ISM COMMUNICATIONS CORPORATION

Registrant


SUZANNE S. ROJAS
Finance Director


JOVITA D.S. LARRAZABAL
Corporate Secretary

August 3, 2016

Quarterly Report – April 1, 2016 – June 30, 2016

ISM COMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION

		June 30 2016 (Unaudited)	December 31 2015 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	Note 1	542,439,287	485,662,597
Receivables - net	Note 2	1,231,384,486	940,673,123
Other current assets - net	Note 3	2,548,245	2,267,156
Total Current Assets		1,776,372,017	1,428,602,876
Noncurrent Assets			
Long term receivables	Note 4	48,000,000	48,000,000
Available-for-sale financial assets		458,892,721	444,901,324
Investments in associates and a subsidiary		372,570,771	391,234,024
Property and equipment - net		3,617,647	4,544,523
Total Noncurrent Assets		883,081,139	888,679,871
		2,659,453,156	2,317,282,747
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable and accrued expenses	Note 5	40,879,071	40,864,405
Income Tax payable			234,858
Short term notes payable	Note 6	410,802,235	-
Total Current Liabilities		451,681,307	41,099,263
Noncurrent Liability			
Long term notes payable			408,392,502
Total Liabilities		451,681,307	449,491,765
Equity			
Capital Stock		1,916,269,341	1,916,269,341
Additional paid-in capital		269,100,751	455,329,483
Retained Earnings		1,343,268,354	1,376,994,729
Cumulative unrealized fair value loss on available-for-sale financial assets		-	(16,434,535)
Share in cumulative other comprehensive income (loss) of an associate		(41,080,571)	(32,827,852)
Cumulative translation adjustment			(7,417,348)
Treasury Stock	Note 7	(1,279,786,026)	(1,824,122,836)
Total Equity		2,207,771,849	1,867,790,982
		2,659,453,156	2,317,282,747

ISM COMMUNICATIONS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	April to June 2016 (Unaudited)	April to June 2015 (Unaudited)	January to June 2016 (Unaudited)	January to June 2015 (Unaudited)
INCOME				
OPERATING COSTS AND EXPENSES	15,634,196	5,555,375	23,607,739	14,575,301
LOSS FROM OPERATIONS	(15,634,196)	(5,555,375)	(23,607,739)	(14,575,301)
OTHER INCOME (EXPENSES)				
Interest Income	8,919,373	4,740,191	16,049,872	10,748,641
Interest Expense	(1,517,142)	(2,207,158)	(4,409,788)	(4,537,974)
Equity in net earnings of associates	(15,130,558)	(6,896,553)	(18,663,253)	(12,202,117)
Foreign exchange gain (loss)-net	306,534	(22,042,387)	(2,565,715)	6,402,202
Gain/(Loss) on sale of investment	8,073,707	(1,675,748)	(529,753)	(1,675,748)
	651,913	(28,081,656)	(10,118,638)	(1,264,997)
INCOME (LOSS) BEFORE INCOME TAX	(14,982,283)	(33,637,031)	(33,726,377)	(15,840,298)
INCOME TAX EXPENSE	-	-	-	-
NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)	(14,982,283)	(33,637,031)	(33,726,377)	(15,840,298)
EARNINGS (LOSS) PER SHARE				
Basic	(0.0139)	(0.0470)	(0.0314)	(0.0221)
Diluted	(0.0139)	(0.0470)	(0.0314)	(0.0221)

ISM COMMUNICATIONS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	January to June	
	2016 (Unaudited)	2015 (Unaudited)
CAPITAL STOCK		
(Authorized - 2,800,000,000 shares @ P1.00 par; Issued and subscribed – 1,916,269,341, inclusive 841,945,107 treasury shares)	1,916,269,341	1,916,269,341
ADDITIONAL PAID IN CAPITAL	269,100,751	455,329,483
RETAINED EARNINGS		
Balance at beginning of the year	1,376,994,731	1,836,878,270
Net Income (Loss) for the period	(33,726,377)	(15,840,298)
	1,343,268,355	1,821,037,972
OTHER COMPREHENSIVE INCOME (LOSS)	(41,080,571)	(128,334,569)
TREASURY SHARES – 841,945,107 shares at cost	Note 7 (1,279,786,026)	(1,824,122,836)
	2,207,771,849	2,240,179,391

ISM COMMUNICATIONS CORPORATION
STATEMENT OF CASH FLOWS

	January to June	
	2016 (Unaudited)	2015 (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (Loss)	(33,726,378)	(15,840,298)
(Increase) decrease in:		
Receivables	(290,711,363)	599,351,587
Other current assets	(281,087)	(928,799)
Non-current assets	4,671,857	12,202,117
Increase (decrease) in:		
Accounts payable and accrued expenses	14,666	13,230,422
Notes payable	2,409,733	(27,930,959)
Income tax payable	(234,858)	
Net cash provided by (used in) operating activities	(317,857,430)	580,084,070
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of:		
Property and equipment	926,876	(4,518,385)
Net cash provided by (used in) investing activities	926,876	(4,518,385)
CASH FLOW FROM FINANCING ACTIVITIES		
Investment in Treasury shares	358,108,079	(1,823,999,989)
Other Comprehensive Income	15,599,164	(3,126,075)
Net cash used in financing activities	373,707,243	(1,827,126,064)
NET DECREASE IN CASH AND CASH EQUIVALENTS	56,776,690	(1,251,560,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	485,662,597	2,552,308,821
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	542,439,287	1,300,748,442

ISM COMMUNICATIONS CORPORATION
NOTES TO THE FINANCIAL STATEMENT

Note 1

Cash and Cash Equivalents consists of the following.

Cash in Bank	62,093,040
Short-term investments	480,346,247
	<u>542,439,287</u>

Note 2

Breakdown of Receivables are as follows.

PBCom (repurchase transactions)	968,782,362
San Miguel Equity Securities Inc.	307,777,692
Allowance for impairment loss in receivables	(307,777,692)
Century Mill Limited (CML)	205,401,118
Interest Receivable-CML	20,104,432
Acentic GmbH	37,071,224
ISM Equities Corporation	25,351
	<u>1,231,384,486</u>

Note 3

Total Other Current Assets is composed of:

Advances - Employee/Officers/for liquidation	20,000
Prepaid Expenses	144,758
Security deposit	47,368
Input VAT-net	2,336,118
	<u>2,548,245</u>

Note 4

Long term receivable

San Miguel Equity Securities Inc.	48,000,000
	<u>48,000,000</u>

Note 5

The Accounts Payable and Accrued Expenses consists of:

Accounts payable	3,605
Accrued expenses	3,391,860
Due to Non-Affiliated Companies	36,768,409
Payable to government agencies	715,197
	<u>40,879,071</u>

Note 6

Notes payable is loan availed from HSBC

Notes Payable - HSBC	<u>410,802,235</u>
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Note 7

Capital Stock - Treasury Shares

The increase in the treasury shares is a result of the tender offer. Beginning of the year, the Company had 53,192 treasury shares. When the issuer tender offer of the Company was concluded in February 2, 2015, the Company acquired 1,199,999,993 shares from the tendering shareholders. These shares were recorded as part of the treasury shares.

In March 2016, the Company sold 358,108,078 treasury shares. This brought down total treasury shares to 841,945,107.

ISM COMMUNICATIONS CORPORATION						
Aging of Current Receivable Schedule						
As of June 30, 2016						
	Close Balance	Current	> 30 but < 60	> 60 but < 90	> 90 but < 120	>120
Accounts Receivable	968,782,362	968,782,362				
Loans Receivable	205,401,118					205,401,118
Interest Receivable	20,104,432	922,335	920,517	937,486	933,673	16,390,420.10
Others	37,096,574	37,071,223.47				25,351
TOTAL	1,231,384,486	1,006,775,921	920,517	937,486	933,673	221,816,889