

# COVER SHEET

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S.E.C. Registration Number

I	S	M		C	O	M	M	U	N	I	C	A	T	I	O	N	S		C	O	R	P	.			

(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		
2	2	5	8		C	H	I	N	O		R	O	C	E	S		A	V	E		C	O	R			
E	D	S	A	,	M	A	K	A	T	I		C	I	T	Y											

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

<b>Jovita D.S. Larrazabal</b>
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Contact Person

<b>338-5599</b>
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Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

<b>SEC Form 17 Q3</b>
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FORM TYPE

<b>May 24</b>
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Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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quirkyFile Number

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Document I.D.

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

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(Company's Full Name)

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

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(Company's Address)

02-551-1863

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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, 2016

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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, 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, 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

*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
September 30, 2016	1,074,324,234	1,074,324,234
September 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 September	
INCOME STATEMENT	2016	2015
Other Income - net	(9,195,375)	2,500,285
Expenses	29,027,409	19,997,090
Net Income	(38,222,784)	(17,496,805)
Retained Earnings at Beginning of Period	1,376,994,731	1,836,878,270
Retained Earnings at End of Period	1,338,771,948	1,819,381,466
BALANCE SHEET		
Current Assets	1,782,508,396	2,130,722,577
Total Assets	2,652,192,365	2,685,621,176
Total Liabilities	458,764,974	453,875,182
Total Equity	2,193,427,391	2,231,745,995

### Results of Operation for the First Three Quarters of 2016 and 2015 (Based on Income Statement (IS) for 2016 and of 2015)

Total other income – net of the Company for the first three quarters of 2016 totaled negative Php 9.2 million. This far behind the Php2.5M 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 Php38.2 million in the first three quarters of 2016 while the Company generated a net loss of Php17.5 million pesos for the same period the year before.

The Company's key performance indicators for the three quarters ended September 30, 2016 and 2015 are the following:

<b>Financial Ratios</b>	<b>Sept 30, 2016</b>	<b>Sept 30, 2015</b>
Current Ratio (Current Assets/Current Liabilities)	<b>3.93 : 1.00</b>	4.69 : 1.00
Asset to Equity Ratio (Total Assets / Total Equity)	<b>1.21 : 1.00</b>	1.20 : 1.00
Debt to Asset Ratio (Total Liabilities / Total Assets)	<b>0.17 : 1.00</b>	0.17 : 1.00
Debt to Equity Ratio (Total Liabilities / Total Equity)	<b>0.21 : 1.00</b>	0.20 : 1.00
Return on Total Assets (Net Income / Total Assets)	<b>-1.44%</b>	-0.65%
Return on Total Equity (Net Income / Total Equity)	<b>-1.74%</b>	-0.78%
Interest Rate Coverage Ratio (EBIT / Interest Expense)	<b>6.66 : 1.00</b>	3.57 : 1.00

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

#### *Cash and Cash Equivalents*

Cash and cash equivalents stood at P542 million at end of September 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 September 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 P236.6 million, P38.5 million short-term loan including interest to Acentic GmbH and placement of repurchase transaction with PBCom of P963 million. The outstanding balance also includes the provision of P307.7 million allowance for doubtful accounts.

#### *Other Current Assets*

The decrease in other current assets is mainly due to the decrease in input vat.

#### *Property and Equipment – net*

As of September 30, 2016, property and equipment net of depreciation amounted to P6.2 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*

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: P357.8 million; c.) in Alphaforce: P2.0 million; and d.) in Other Banks: P347.3 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 September 30, 2016 as follows:

Receivables – net	P1,238,209,010
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The aging of receivables as of September 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 September 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

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November 14, 2016

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Quarterly Report – July 1, 2016 – September 30, 2016

**ISM COMMUNICATIONS CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

		September 30 2016 (Unaudited)	December 31 2015 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	Note 1	542,164,748	485,662,597
Receivables - net	Note 2	1,238,209,010	940,673,123
Other current assets - net	Note 3	2,134,639	2,267,156
<b>Total Current Assets</b>		<b>1,782,508,396</b>	<b>1,428,602,876</b>
<b>Noncurrent Assets</b>			
Long term receivables	Note 4	48,000,000	48,000,000
Available-for-sale financial assets		457,526,941	444,901,324
Investments in associates and a subsidiary		357,923,609	391,234,024
Property and equipment - net		6,233,419	4,544,523
<b>Total Noncurrent Assets</b>		<b>869,683,969</b>	<b>888,679,871</b>
		<b>2,652,192,365</b>	<b>2,317,282,747</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable and accrued expenses	Note 5	31,213,003	40,864,405
Income Tax payable			234,858
Short term notes payable	Note 6	427,551,971	-
<b>Total Current Liabilities</b>		<b>458,764,974</b>	<b>41,099,263</b>
<b>Noncurrent Liability</b>			
Long term notes payable			408,392,502
<b>Total Liabilities</b>		<b>458,764,974</b>	<b>449,491,765</b>
<b>Equity</b>			
Capital Stock		1,916,269,341	1,916,269,341
Additional paid-in capital		269,100,751	455,329,483
Retained Earnings		1,338,771,947	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		50,928,622	(32,827,852)
Cumulative translation adjustment			(7,417,348)
Treasury Stock	Note 7	(1,279,786,026)	(1,824,122,836)
<b>Total Equity</b>		<b>2,193,427,391</b>	<b>1,867,790,982</b>
		<b>2,652,192,365</b>	<b>2,317,282,747</b>

**ISM COMMUNICATIONS CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	July to September 2016 (Unaudited)	July to September 2015 (Unaudited)	January to September 2016 (Unaudited)	January to September 2015 (Unaudited)
<b>INCOME</b>				
<b>OPERATING COSTS AND EXPENSES</b>	5,419,670	5,421,789	29,027,409	19,997,090
<b>LOSS FROM OPERATIONS</b>	(5,419,670)	(5,421,789)	(29,027,409)	(19,997,090)
<b>OTHER INCOME (EXPENSES)</b>				
Interest Income	8,583,336	5,362,445	24,633,208	16,111,086
Interest Expense	(2,338,098)	(2,262,968)	(6,747,886)	(6,800,942)
Equity in net earnings of associates	(14,647,162)	1,248,850	(33,310,416)	(10,953,266)
Foreign exchange gain (loss)-net	1,879,773	(10,706)	(685,942)	6,391,496
Gain/(Loss) on sale of investment	7,445,415	(572,339)	6,915,661	(2,248,088)
	923,262	3,765,282	(9,195,375)	2,500,285
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	(4,496,407)	(1,656,507)	(38,222,784)	(17,496,805)
<b>INCOME TAX EXPENSE</b>	-	-	-	-
<b>NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)</b>	(4,496,407)	(1,656,507)	(38,222,784)	(17,496,805)
<b>EARNINGS (LOSS) PER SHARE</b>				
Basic	(0.0042)	(0.0023)	(0.0356)	(0.0244)
Diluted	(0.0042)	(0.0023)	(0.0356)	(0.0244)

**ISM COMMUNICATIONS CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**

	January to September	
	2016	2015
	(Unaudited)	(Unaudited)
<b>CAPITAL STOCK</b>		
(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
<b>ADDITIONAL PAID IN CAPITAL</b>	<b>269,100,751</b>	<b>455,329,483</b>
<b>RETAINED EARNINGS</b>		
Balance at beginning of the year	1,376,994,731	1,836,878,270
Net Income (Loss) for the period	(38,222,784)	(17,496,804)
	<b>1,338,771,948</b>	<b>1,819,381,466</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>(50,928,622)</b>	<b>(135,111,459)</b>
<b>TREASURY SHARES – 841,945,107 shares at</b>	<b>(1,279,786,026)</b>	<b>(1,824,122,836)</b>
	<b>2,193,427,391</b>	<b>2,231,745,995</b>

**ISM COMMUNICATIONS CORPORATION**  
**STATEMENT OF CASH FLOWS**

	January to September	
	2016	2015
	(Unaudited)	(Unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	(38,222,785)	(17,496,804)
(Increase) decrease in:		
Receivables	(297,535,887)	788,548,005
Other current assets	132,519	(976,787)
Non-current assets	20,684,799	10,953,266
Increase (decrease) in:		
Accounts payable and accrued expenses	(9,651,402)	5,144,646
Notes payable	19,159,468	(12,138,645)
Income tax payable	(234,858)	(267,903)
<b>Net cash provided by (used in) operating activities</b>	<b>(305,668,145)</b>	<b>773,765,778</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
Property and equipment	(1,688,896)	(4,046,030)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,688,896)</b>	<b>(4,046,030)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Investment in Treasury shares	358,108,079	(1,823,999,989)
Other Comprehensive Income	5,751,114	(9,902,965)
<b>Net cash used in financing activities</b>	<b>363,859,192</b>	<b>(1,833,902,954)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>56,502,151</b>	<b>(1,064,183,206)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>485,662,597</b>	<b>2,552,308,821</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>542,164,748</b>	<b>1,488,125,615</b>

**ISM COMMUNICATIONS CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENT**

*Note 1*

*Cash and Cash Equivalents consists of the following.*

Cash in Bank	61,081,550
Short-term investments	481,083,198
	<u>542,164,748</u>

*Note 2*

*Breakdown of Receivables are as follows.*

PBCom (repurchase transactions)	962,960,838
San Miguel Equity Securities Inc.	307,777,692
Allowance for impairment loss in receivables	(307,777,692)
Century Mill Limited (CML)	213,775,985
Interest Receivable-CML	22,874,927
Acentic GmbH	38,571,909
ISM Equities Corporation	25,351
	<u>1,238,209,010</u>

*Note 3*

*Total Other Current Assets is composed of:*

Advances - Employee/Officers/for liquidation	20,000
Prepaid Expenses	148,050
Security deposit	47,368
Input VAT-net	1,919,220
	<u>2,134,639</u>

*Note 4*

*Long term receivable*

San Miguel Equity Securities Inc.	<u>48,000,000</u>
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*Note 5*

*The Accounts Payable and Accrued Expenses consists of:*

Accounts payable	3,605
Accrued expenses	2,536,149
Due to Non-Affiliated Companies	28,393,541
Payable to government agencies	279,708
	<u>31,213,003</u>

*Note 6*

*Notes payable is loan availed from HSBC*

Notes Payable - HSBC	<u>427,551,971</u>
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*Note 7*

*Capital Stock - Treasury Shares*

At the start of the year, the Company had a total of 1,200,053,185 treasury shares.

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

<b>ISM COMMUNICATIONS CORPORATION</b>						
<b>Aging of Current Receivable Schedule</b>						
<b>As of September 30, 2016</b>						
	<b>Close Balance</b>	<b>Current</b>	<b>&gt; 30 but &lt; 60</b>	<b>&gt; 60 but &lt; 90</b>	<b>&gt; 90 but &lt; 120</b>	<b>&gt;120</b>
Accounts Receivable	962,960,838	962,960,838				
Loans Receivable	213,775,985					213,775,985
Interest Receivable	22,874,927	949,159	907,438	913,897	922,335	19,182,096.23
Others	38,597,260	38,571,909.10				25,351
	<b>1,238,209,010</b>	<b>1,002,481,906</b>	<b>907,438</b>	<b>913,897</b>	<b>922,335</b>	<b>232,983,432</b>