

SEC Number 808  
File Number

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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)

**338-5599**

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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)

March 31, 2012

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Period Ended Date

**N/A**

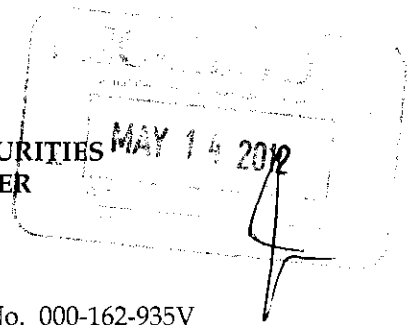
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(Secondary License Type and File Number)

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 March 31, 2012
- 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	1,916,216,148

- 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.*

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 shall 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.

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 22, 2011, the remaining 37.7% stake in ETPI was sold to San Miguel Equity Securities.

*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.*

*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 except for the additional investment to PBCom amounting to P22.7 million for 814,666 additional shares.*

*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
March 31, 2012	1,916,316,149	1,929,199,481
March 31, 2011	1,916,316,149	1,929,199,481

#### **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 Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for PFRS 9, Financial Instruments, which becomes mandatory for the Company's 2015 financial statements 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.

#### 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.

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 December 30, 2010, ISMCC sold its 100% equity interest in AGNP to Vega Telecom, Inc., a domestic company. AGNP owns 40% of ETPI, hence the transaction led to ISMCC losing its 40% indirect equity interest in ETPI. Consequently, ISMCC's shareholdings have been reduced to 37.70% from 77.7% of the total outstanding shares of ETPI.

On June 17, 2011, the Company incorporated RRE Ventures Corporation (RRE), a wholly owned



subsidiary. RRE's total authorized capital subscribed and paid minimum capital of P6.25 million. This has not been consolidated in 2011 on the basis of immateriality. In addition, ISMCC acquired 10% equity interest in Alpha Force Security Agency for a total consideration of P1.00 million.

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. This resulted to the Company's acquisition of 36.64% equity interest.

On October 22, 2011, the Company sold the remaining 37.7% stake in ETPI to San Miguel Equity Securities, Inc. With this sale, the Company has fully divested its interest in ETPI.

On November 14, 2011, the Board of Directors approved to keep the investment in Acentic and withdrew the previous authorization to sell due to economic slowdown in Europe. As a result, the investment ceases to be classified as held for sale and equity method of accounting has been applied and the carrying amount of the investment previously classified as held for sale was remeasured using the equity method of accounting.

On April 2012, the Company subscribed additional 814,666 shares from PBCom in the amount of P22.7 million.

## RESULTS OF OPERATION

	For the First Three Months Ended March 31, 2012	For the First Three* Months Ended March 31, 2011
<b>Income Statement</b>		
Income	P 184,752,342	P18,245,810
Expenses	21,198,187	15,051,903
Net Income	163,554,155	3,193,907
Retained Earnings at Beginning of Period	1,947,322,415	1,498,337,579
Retained Earnings at End of Period	2,110,876,570	1,501,531,486
<b>Balance Sheet</b>		
Current Assets	1,599,624,423	3,768,542,920
Total Assets	5,524,502,415	4,923,684,755
Total Liabilities	1,132,050,551	1,140,577,976
Stockholders' Equity	4,392,451,864	3,783,106,780

### Results of Operation for the First Three Months of 2012 and 2011 (Based on Income Statement (IS) for 2012 and of 2011)

Total Income of the Company for the first quarter amounted to P185 million, which mainly represents the equity earnings from its associate, PBCom. PBCom made a total net income of P493 million for the first quarter of 2012. This also includes interest income from money market placement and loans from CML.

#### *Investment in Associate*

The P175.8 million increase was mainly due to the Company's equity in the net earnings of Acentic and PBCom amounting to (P4.8) million and P180.6 million respectively.

As of reporting date, the book value of investments are: PBCom P2,152.7 million, Acentic P649million, RRE P6.2 million and Alpha Force P1 million

#### *Accounts Payable and Accrued Expenses*

The amount decreased by P40.3 million which was mainly due to the settlement of obligation arising from the escrow agreement with other investors in PBCom. The escrow was initially deposited under ISM's account and was returned after the completion of the investment with PBCom.

#### *Notes Payable*

The outstanding balance represents the amount of loan from BOC and HSBC amounting to P600 million and Euro 7.89 million respectively. The loan from HSBC is secured by money market placement.

#### *Stock Options*

Stock options of P9.9 million represents cost of stock options granted to employees that have vested. As of March 31, 2012, there were no stock options exercised.

### **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 March 31, 2012 as follows:

Receivables - net	P 2,078,218,132
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The aging of current receivables as of March 31, 2012 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 March 31, 2012 was at 1.41:1.

#### *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**

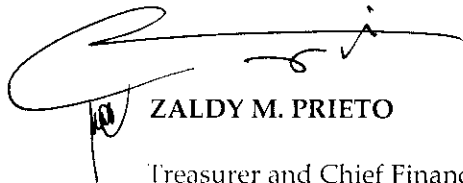
There are no disclosures not reported under SEC Form 17-C.

**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.

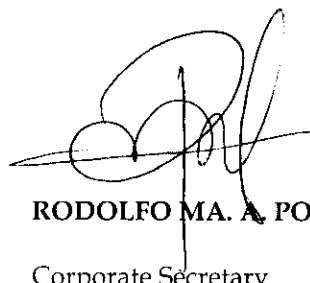
**ISM COMMUNICATIONS CORPORATION**

Registrant



**ZALDY M. PRIETO**

Treasurer and Chief Finance Officer



**RODOLFO MA. A. PONFERRADA**

Corporate Secretary

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May 14, 2012

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*Quarterly Report – January 1, 2012–March 31, 2012*

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

	March 2012 (Unaudited)	December 2011 (Audited)
<b>ASSET</b>		
<b>Current Assets</b>		
Cash and cash equivalents	624,102,980	628,949,751
Receivables-net	970,440,440	976,356,905
Other current assets	5,081,003	4,563,119
<b>Total Current Assets</b>	<b>1,599,624,423</b>	<b>1,609,869,775</b>
<b>Noncurrent Assets</b>		
Long-term receivables	1,107,777,692	1,107,777,692
Investments in associates	2,809,006,036	2,633,154,391
Property and equipment - net	8,094,264	8,765,915
Other non current asset	-	38,936,479
<b>Total Noncurrent Assets</b>	<b>3,924,877,992</b>	<b>3,788,634,477</b>
	<b>5,524,502,415</b>	<b>5,398,504,252</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	80,615,941	120,946,323
Notes payable	1,051,434,610	1,048,660,220
<b>Total Current Liabilities</b>	<b>1,132,050,551</b>	<b>1,169,606,543</b>
<b>Equity</b>		
Capital stock	1,826,368,658	1,826,368,658
Additional paid-in capital	445,434,791	445,434,791
Stock option outstanding	9,894,692	9,894,692
Retained earnings (deficit)	2,110,876,570	1,947,322,415
Treasury stock	(122,847)	(122,847)
<b>Total Equity</b>	<b>4,392,451,864</b>	<b>4,228,897,709</b>
	<b>5,524,502,415</b>	<b>5,398,504,252</b>

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

	January - March 2012 Unaudited	January - March 2011
<b>INCOME</b>		
Equity in net earnings in associates	175,851,644	(242,807)
Interest income	8,900,698	18,488,617
	<b>184,752,342</b>	<b>18,245,810</b>
<b>EXPENSES</b>		
Administrative expenses	6,328,258	2,525,843
Interest expenses	14,576,467	11,530,267
Forex loss	293,462	995,793
	<b>21,198,187</b>	<b>15,051,903</b>
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>	<b>163,554,155</b>	<b>3,193,907</b>
<b>EARNINGS PER SHARE</b>		
Basic	P0.0853	P0.0017
Dilluted	0.0848	0.0017

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

	March 31, 2012 (Unaudited)	March 31, 2011 (Unaudited)
<b>CAPITAL STOCK (2,800,000,000 shares Authorized @ P1.00 par; 1,826,268,658 shares Issued; 90,000,682 shares Subscribed)</b>	<b>1,826,368,658</b>	<b>1,826,368,658</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>445,434,791</b>	<b>445,434,791</b>
<b>STOCK OPTIONS OUTSTANDING</b>	<b>9,894,692</b>	<b>9,894,692</b>
<b>RETAINED EARNINGS</b>		
Balance at beginning of year	1,947,322,415	1,498,337,579
Net income for the period	163,554,155	3,193,907
	<b>2,110,876,570</b>	<b>1,501,531,486</b>
<b>TREASURY STOCK - 53,192 shares at cost</b>	<b>(122,847)</b>	<b>(122,847)</b>
	<b>4,392,451,864</b>	<b>3,783,106,780</b>

# ISM COMMUNICATIONS CORPORATION

## STATEMENTS OF CASH FLOWS

	March 2012 (Unaudited)	March 2011 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	<b>P163,554,155</b>	P3,193,907
Adjustments for:		
Depreciation and amortization	<b>781,744</b>	1,007,588
Interest Expense	<b>14,576,467</b>	11,530,267
Equity in net earnings in associates	<b>(175,851,645)</b>	995,793
Interest Income	<b>(8,900,698)</b>	(6,958,350)
Operating income (loss) before working capital changes	<b>(5,839,977)</b>	9,769,204
(Increase) decrease in:		
Receivables	<b>5,916,465</b>	(27,482,083)
Other current assets	<b>(517,884)</b>	(26,559,641)
Other noncurrent assets	<b>38,936,479</b>	-
Increase (decrease) in:		
Accounts payable and accrued expenses	<b>(40,330,382)</b>	(113,920,341)
Notes payable	<b>2,774,390</b>	(14,403,476)
Cash (absorbed by) generated from operation	<b>939,091</b>	(172,596,337)
Interest received	<b>8,900,698</b>	6,958,350
Interest paid	<b>(14,576,467)</b>	-
<b>Net cash (used in) provided by operating activities</b>	<b>(4,736,678)</b>	(165,637,987)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<b>(110,093)</b>	(68,205)
Decrease (increase) in other noncurrent assets	<b>-</b>	242,807
<b>Net Cash used in investing activities</b>	<b>(110,093)</b>	174,602
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,846,771)</b>	(165,463,385)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>628,949,751</b>	1,438,204,608
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>P624,102,980</b>	P1,272,741,223



ISM COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
AGING OF CURRENT RECEIVABLES SCHEDULE  
AS OF MARCH 31, 2012

	CLOSE BALANCE	CURRENT	>30 BUT <60	>60 BUT <90	>90 BUT <120	>120
ACCOUNT RECEIVABLE	739,529,843	772,807	46,734		163,740	738,546,562
LOANS RECEIVABLE	225,717,305					225,717,305
INTEREST RECEIVABLE	5,193,292	2,491,398	1,257,786	1,444,109		
<b>TOTAL</b>	<b>970,440,440</b>	<b>3,264,205</b>	<b>1,304,520</b>	<b>1,444,109</b>	<b>163,740</b>	<b>964,263,867</b>