



First Half 2009
Financial and Operating Results

4 August 2009

PLDT Group: 1H 2009 Financial Highlights



	1H 2009 (unaudited)	1H 2008 (unaudited)		% Y-o-Y
Service Revenues	P72.9bn	P70.3bn		4%
• Wireless	P48.1bn	P45.8bn		5%
• Fixed Line	P25.4bn	P24.6bn		3%
EBITDA	P44.1bn	P43.9bn		-
• Wireless	P30.2bn	P29.7bn		2%
• Fixed Line	P13.3bn	P13.7bn		3%
EBITDA Margin	60%	62%		
Reported Net Income	P19.7bn	P19.3bn		2%
Core Net Income	P20.8bn	P18.7bn		11%
Core EPS	P110.20	P97.92		13%
Period-end PhP:US\$1	P48.16	P44.90		7%
Period-average PhP:US\$1	P47.83	P42.00		14%

PLDT Group: 2Q2009 vs 1Q2009 and 2Q2009

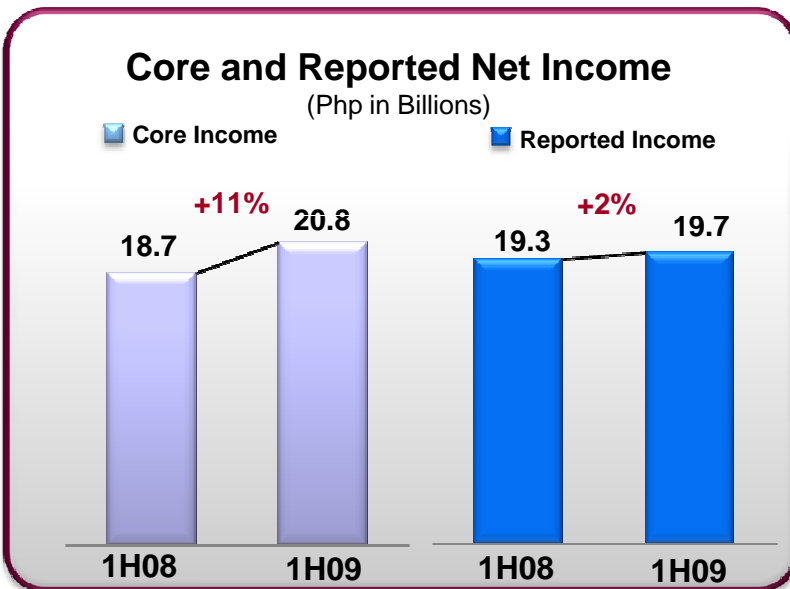


	2Q2009 (unaudited)	1Q2009 (unaudited)	%	2Q2009 (unaudited)	2Q2008 (unaudited)	%
Service Revenues	P36.5bn	P36.4bn	-	P36.5bn	P35.4bn	↑ 3%
* Wireless	P24.2bn	P23.9bn	↑ 1%	P24.2bn	P23.3bn	↑ 4%
* Fixed Line	P12.7bn	P12.8bn	↓ 1%	P12.7bn	P12.2bn	↑ 3%
EBITDA	P22.2bn	P21.9bn	↑ 2%	P22.2bn	P21.9bn	↑ 1%
* Wireless	P15.2bn	P15.0bn	↑ 1%	P15.2bn	P15.2bn	-
* Fixed Line	P6.7bn	P6.6bn	↑ 2%	P6.7bn	P6.6bn	↑ 1%
EBITDA Margin	61%	60%	↑	61%	62%	↓
Reported Income	P10.1bn	P9.6bn	↑ 6%	P10.1bn	P8.8bn	↑ 15%
Core Net Income	P10.6bn	P10.2bn	↑ 4%	P10.6bn	P9.4bn	↑ 13%
Core EPS	P55.55	P53.97	↑ 3%	P55.55	P48.42	↑ 15%

PLDT Group: Core and Reported Income



- **Core net income for 1H09 increased by P2.1bn or 11% y-o-y to P20.8bn on account of:**
 - + 4% rise in service revenues
 - + Lower provision for income tax largely due to the reduced corporate tax rate
 - 8% increase in cash opex
- **Reported net income increased by P450mn or 2% to P19.7bn compared to 1H08 largely due to:**
 - + Higher recurring income of P2.1bn
 - P1.7bn increase in net forex and derivative losses resulting from movements in the Peso-Dollar exchange rate and Peso- and Dollar-interest rates
- **2Q09 core income is 13% or P1.3bn higher than 2Q08 at P10.6bn; while reported net income is 15% higher at P10.1bn**
- **Compared to 1Q09, 2Q09 core income grew by 4%, while reported income is 6% higher**



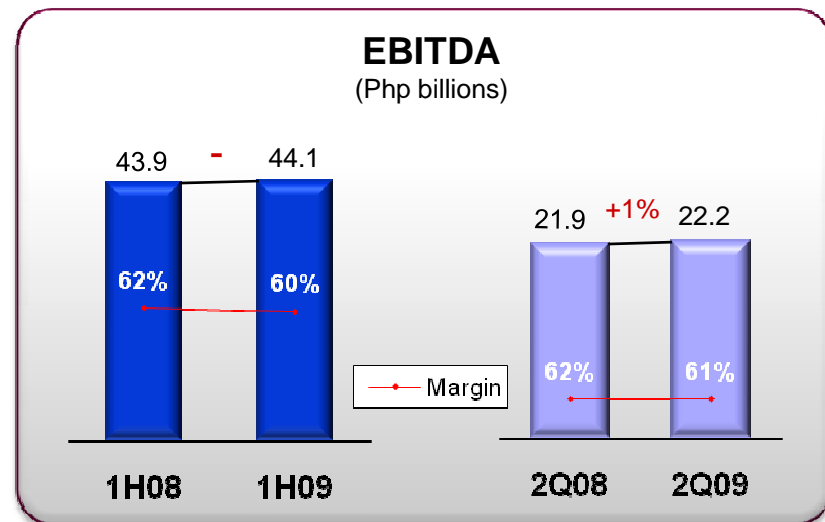
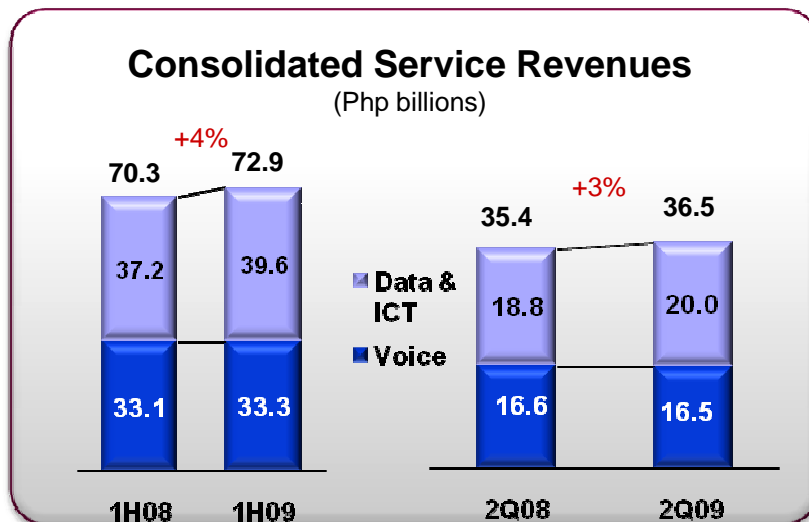
1H09 vs 1H08 Core and Reported Income
(Php in Billions)

	1H09	1H08	Diff
Core Income	20.8	18.7	2.1
Forex (Loss)/Gain	(0.3)	(3.6)	3.3
(Loss)/Gain on Derivatives	(1.3)	4.4	(5.7)
Tax Effect	0.5	(0.3)	0.8
Reported Net Income	19.7	19.3	0.4

PLDT Group: Service Revenues and EBITDA



- **Consolidated service revenues increased by 4% to P72.9bn from P70.3bn in 1H09 on account of:**
 - + A 6% increase in data and ICT revenues which included a 27% growth in broadband revenues
 - Steady voice revenues
- **Data and ICT revenues now account for 54% of total service revenues**
- **Consolidated EBITDA remained flat at P44.1bn in 1H09 while EBITDA margin declined to 60%**
 - Wireless margin at 63%
 - Fixed line margin at 52%
 - ICT margin at 10%
- **EBITDA grew by 1% to P 22.2bn in 2Q09 compared to 2Q08 and increased 2% q-o-q**
- **2Q09 consolidated service revenues grew by 3% to P36.5bn from P35.4bn in 2Q08**
- **Approximately 29% of 1H09 consolidated service revenues are US\$ linked**



PLDT Group: Capital Management



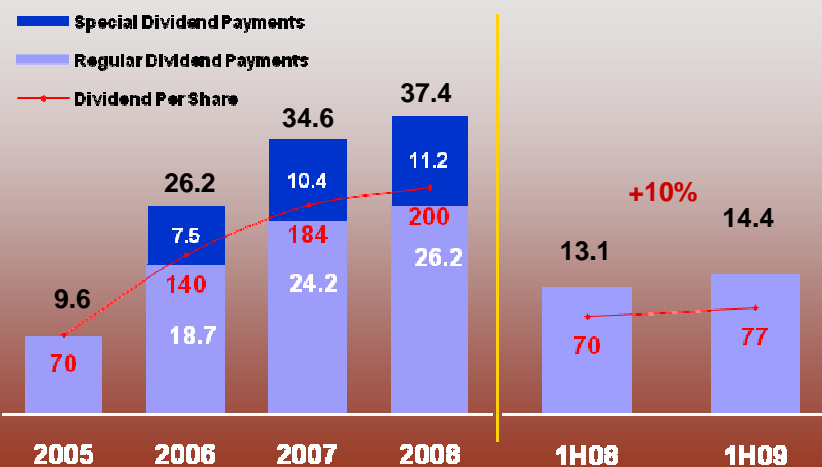
- Consistent with the committed 70% dividend payout ratio, PLDT declared an interim cash dividend of P 77 per share, a 10% increase over the P70 interim dividend in 2008
- As part of our dividend policy, the company will undertake a “look-back” approach at the end of the year to determine the payment of any special dividends
- Under the approved share buyback program, PLDT may still acquire up to an additional 2.3mn shares on opportunistic basis

Dividend Declaration

Declaration Date	4 August 2009
Record Date	20 August 2009
Payment Date	22 September 2009
Interim Regular Dividend for 2009	P77 per share

Dividend Payments

(PhP billions, except per share amount)



PLDT Group: Capex and Free Cash Flow



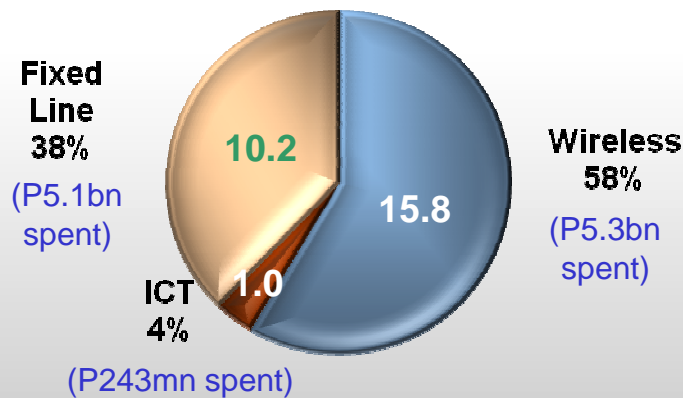
➤ Capex guidance for 2009 affirmed at P27bn

- Capex at 1H09 amounted to P10.7bn, of which P5.1bn is capex for the fixed line – largely investments in NGN and outside plant rehabilitation
- As of 1H09, we had 5,433 GSM cell sites and 8,742 base stations, which include 1,370 3G-2100 Nodes On-Air with HSDPA, 750 3G-850 Nodes On-Air, and 1,999 Canopy base stations
- Capex investments are being made to build out a multi-platform network: HSPA roll-out and WiMax trials

➤ Free cash flow of P31.6bn generated in 1H09, P3.4bn higher than P28.2bn in 1H08

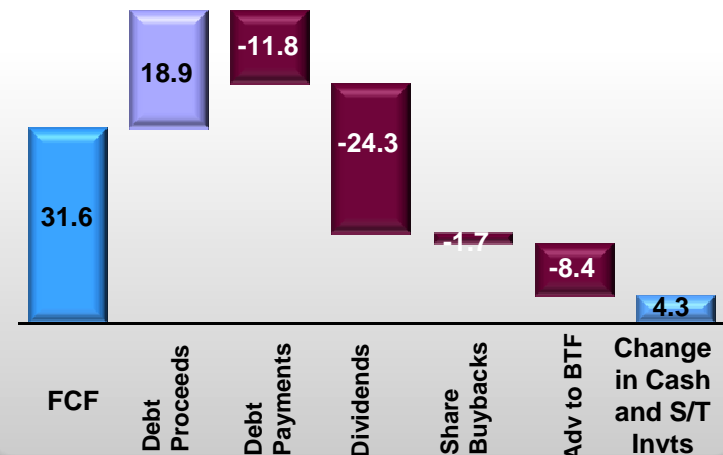
- Net proceeds from borrowings of P7.1bn provided additional funds
- Dividends amounting to P24.3bn were paid in April 2009
- P1.7bn was utilized for share buybacks
- Advance of P8.4bn made to the PLDT Beneficial Trust Fund (BTF) for the Meralco share acquisition
- In July, Piltel made full payment of P20bn for its 20% interest in Meralco

2009 Capital Expenditures by Business Unit



Total P27 billion

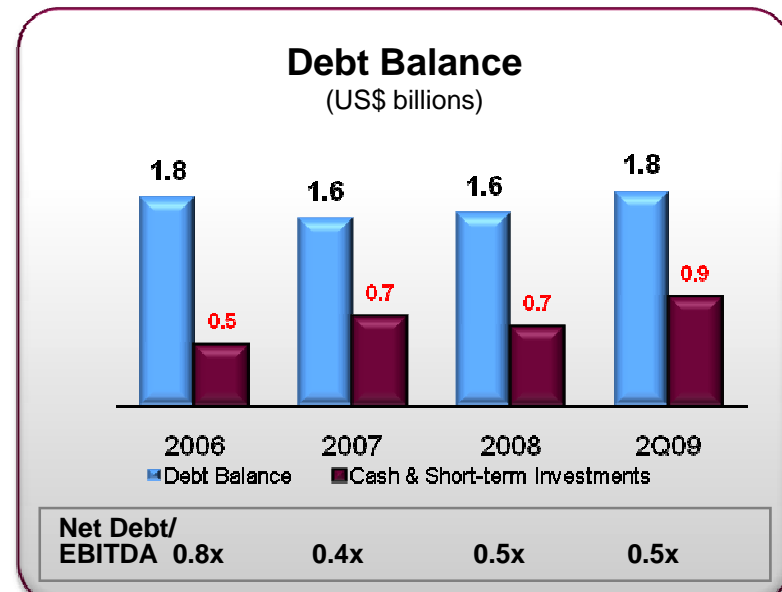
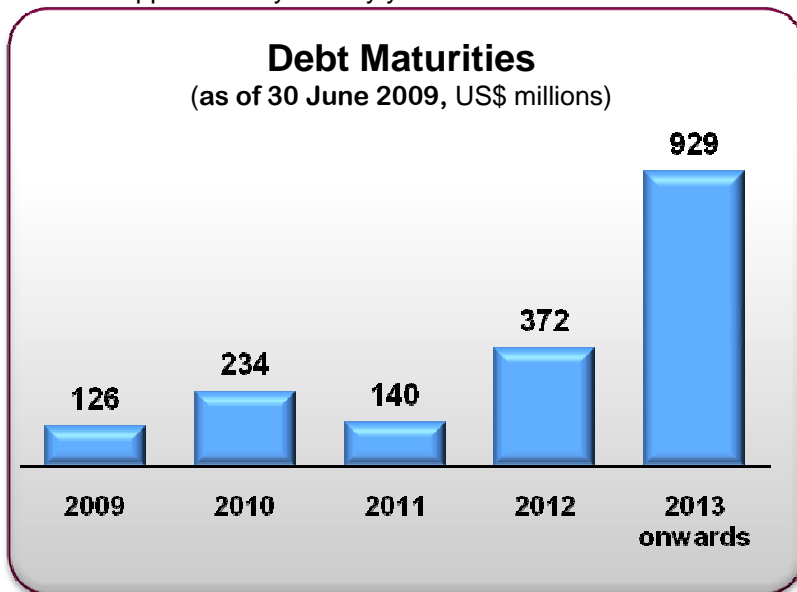
Free Cash Flow Utilization 1H2009
(billion pesos)



PLDT Group: Debt Profile



- **Net debt stood at US\$900mn at the end of 1H09 and 1H08**
- **As of 1H09, total group debt amounted to US\$1.8bn compared to US\$1.6bn in 1H08**
 - Our U. S. dollar debt has declined to 63% of our total debt portfolio
 - Outstanding hedge transactions of US\$421mn represent 23% of total outstanding debt or 37% of total U. S. dollar denominated debt
 - Considering our peso borrowing, hedges and our US\$ cash holdings, the unhedged portion of our total debt stood at 27% equivalent to US\$ 469mn
 - 66% of loans are fixed-rate, while 34% are floating-rate loans
- **Debt maturities continue to be well-spread out**
- **Net debt/EBITDA stood at 0.5x**
- **Planned borrowings for the group for 2009 are estimated at P38bn, to be used for capex and to support investments (including the 20% stake in Meralco)**
 - As of end June 2009, P33bn of new loans have been committed, of which P19bn of new borrowings have already been drawn
 - Debt repayments for 1H09 amounted to P12bn
 - Net increase in debt after the planned borrowings is projected to be about P 20bn with net debt/EBITDA estimated to be approximately 0.9x by year-end 2009



PLDT Group: 1H2009 Segment Highlights



➤ **Wireless Business**

- Subscriber base at 38.5mn with 3.3mn net adds for 1H09
- Service revenues hit P48.1bn for the first half of 2009, a 5% increase
- EBITDA of P30.2bn in 1H09 is 2% higher compared to 1H08

➤ **Fixed Line**

- Service revenues of P25.4bn in 1H09 reflect a 3% increase
- 17% increase in corporate data and DSL revenues which now contribute 41% to total fixed line service revenues compared to 36% in 1H08

➤ **Broadband**

- Combined subscriber base now at 1.2mn
- Service revenues of P6.5bn for 1H09 represent a 27% increase
- Broadband and internet service revenues now account for 9% of total Group service revenues

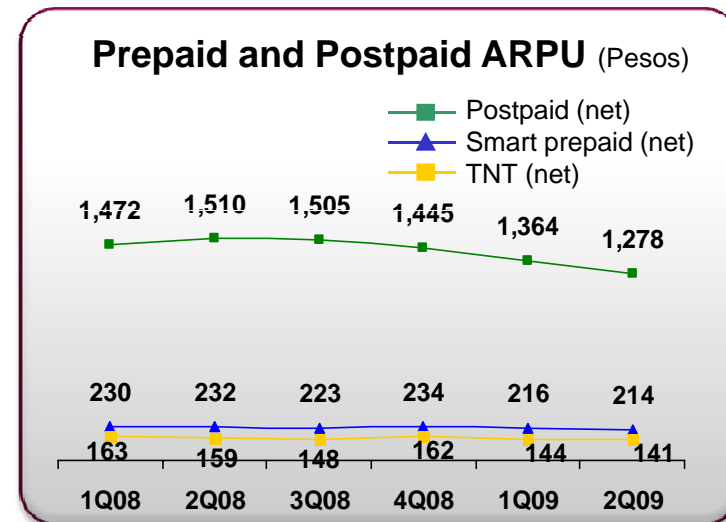
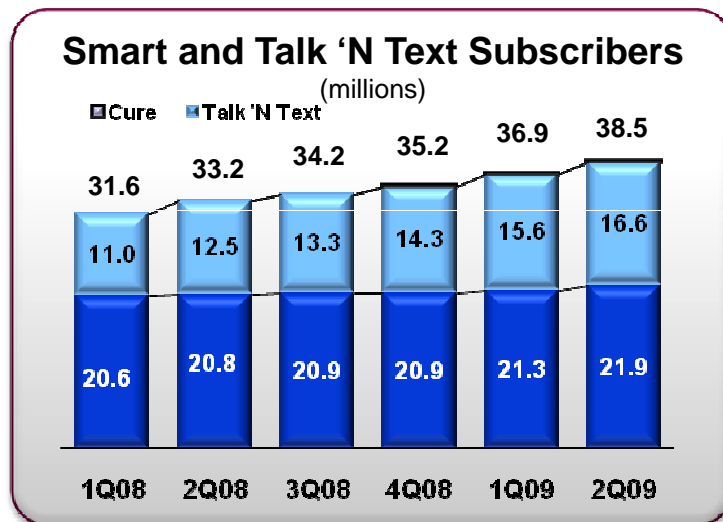
➤ **ePLDT**

- Service revenues increased by 5% to reach P5.2bn in 1H09
- EBITDA registered a 4% increase to P511mn

SMART: Leading the pack

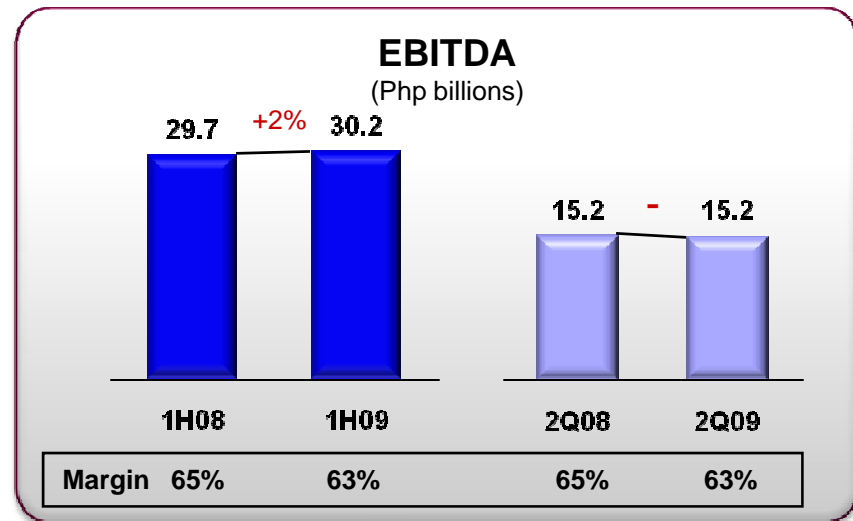
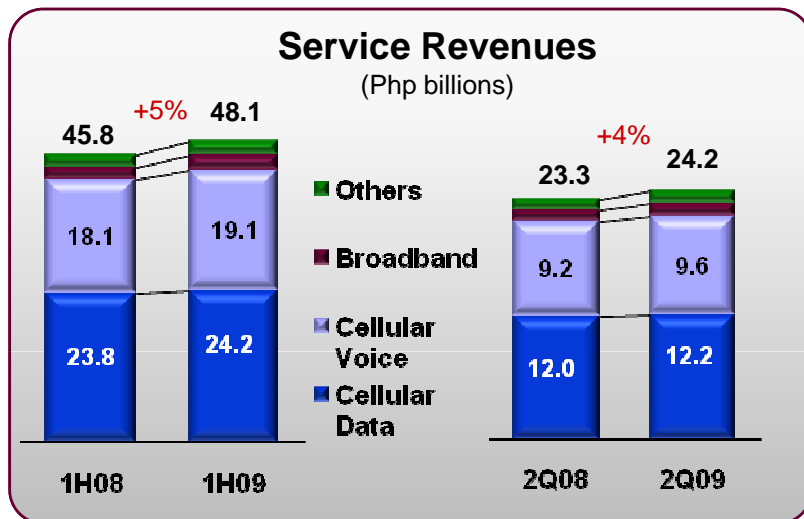


- **The combined Smart and TNT subscriber base reached 38.5mn as at end June 2009, registering a 16% growth year-on-year**
 - 3.3mn net adds for 1H09, 3% higher than the 3.2mn net adds for 1H08
 - Of the 3.3mn net adds, 2.3mn are TNT subscribers
 - In line with the approved consolidation of the wireless business within Smart, the Talk 'N Text subscriber base will be transferred to Smart in 3Q09
- **Net blended ARPU decreased by 11% year-on-year to P 195 with margins at 63%**
- **Prepaid subscriber acquisition costs recovered in about a week's time, with SAC equivalent to approximately 23% of net blended prepaid ARPU of P 183 in 1H09**

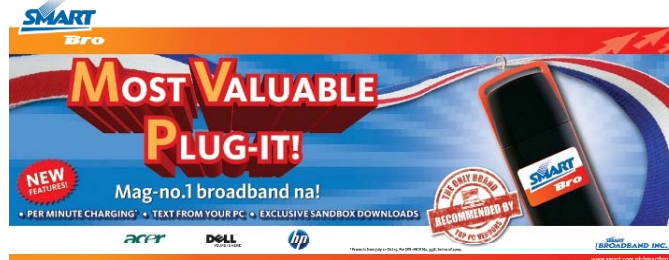


SMART: Continuing to climb

- **Wireless service revenues grew by 5% to P48.1bn and contributed 66% to total service revenues in 1H09 on account of:**
 - + 29% increase in wireless broadband revenues
 - + 5% growth in cellular voice revenues
 - + 2% rise in cellular data revenues
- **Revenue increase attained due to a 16% growth in subscribers tempering the impact of an 11% decline in net blended ARPUs**
- **54% of 1H09 cellular service revenues were derived from data services, compared to 55% in 1H08 and FY08**
 - bucket-priced SMS packages accounted for 57% of total cellular data revenues
- **EBITDA improved by 2% to P30.2bn in 1H09**
- **EBITDA margin declined to 63% from 65% in 1H08**
- **Wireless service revenues for 2Q09 grew by 4% to P 24.2bn compared with 2Q08, while EBITDA remained flat**



SMART: Pursuing Growth



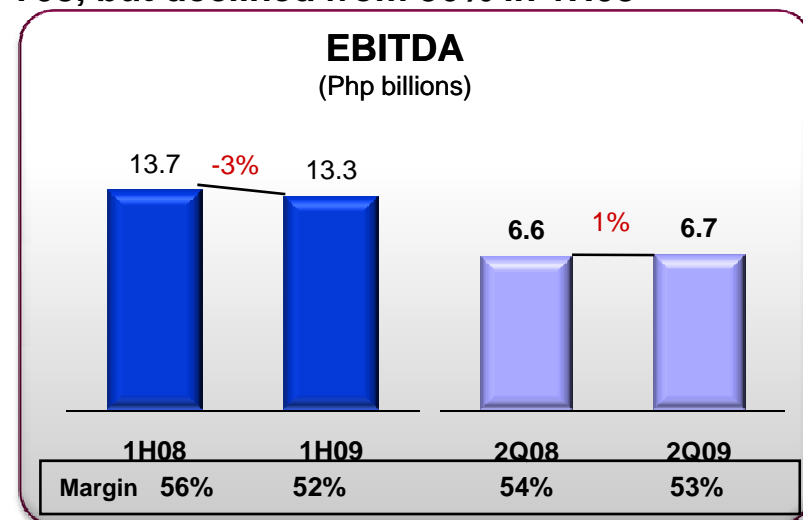
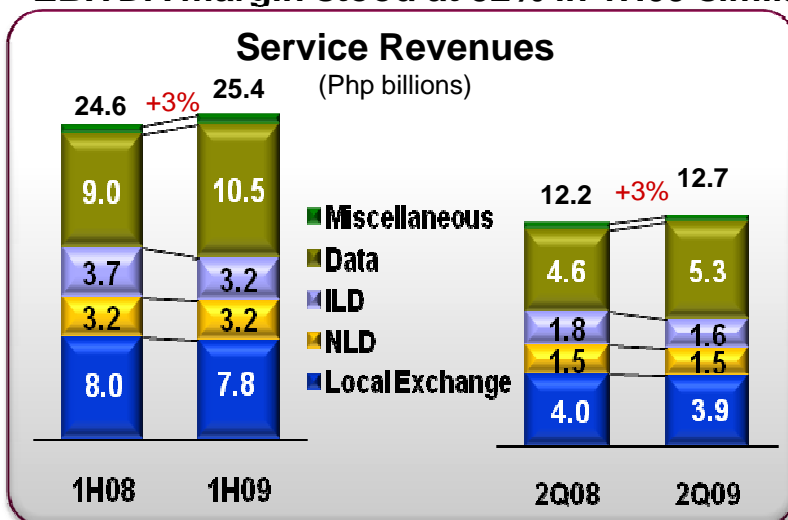
SMART TALK

- ✓ Intensify efforts in the voice segment with multiple offerings including unlimited and bucket type
- ✓ Stimulate data usage with an all-in-one platform that unites social networking, music and video downloads and online shopping
- ✓ Expand broadband activations with customized university modems, per minute charging and partnership with top PC vendors
- ✓ Reinforce “tipid sulit” proposition with nationwide advocacy thematic campaign



Fixed Line: Sustaining momentum

- **Fixed line service revenues grew by 3% to P25.4bn in 1H09 due to the combined impact of:**
 - + Increase in corporate data and DSL service revenues
 - Net decrease in LEC revenues where lower fixed charges resulting from bundling of voice was offset by increase in the number of postpaid billed lines and higher demand for bundled services
 - Lower NLD revenues
 - Decline in ILD revenues due to decreases in call volumes on account of cellular substitution and use of alternatives such as VOIP/email
- **Data service revenues accounted for 41% of fixed line service revenues compared to 36% in the same period last year**
- **2Q09 service revenues are 3% higher at P12.7bn compared to P12.2bn in 2Q08**
- **EBITDA declined by 3% to P13.3bn in 1H09 due to a 13% increase in cash opex largely due to provisions for LTIP and pension costs, and rental expenses for international leased circuits**
- **EBITDA for 2Q09 improved by 1% at P6.7bn compared to P6.6bn in 1H08 and by 2% vs. 1Q09**
- **EBITDA margin stood at 52% in 1H09 similar to FY08, but declined from 56% in 1H08**



Fixed Line: Expanding our offers



- tapping the Small and Medium Enterprises market: 600,000 SMEs



- Affordable communication and hardware bundle for DSL and voice needs
- ARPU: P3,200



- Wireless landline offering free local landline calls within the same calling area
- ARPU: P600-850



- Video monitoring solution using broadband/3G access to oversee multi-site operations
- ARPU: P1,600/service



- Bundled hardware, software and connectivity for businesses
- ARPU: P3,337



- ✓ Tapping new markets to gain new subscribers
- ✓ Generating new and higher ARPUs
- ✓ Leveraging on the fixed and wireless networks
- ✓ Creating new products for different market segments



- Quick Install Kit: "ready-to-use" DSL
- ARPU: P990

- Fibre-to-the-Home: premium/high-speed broadband
- Targeting high-end market segment

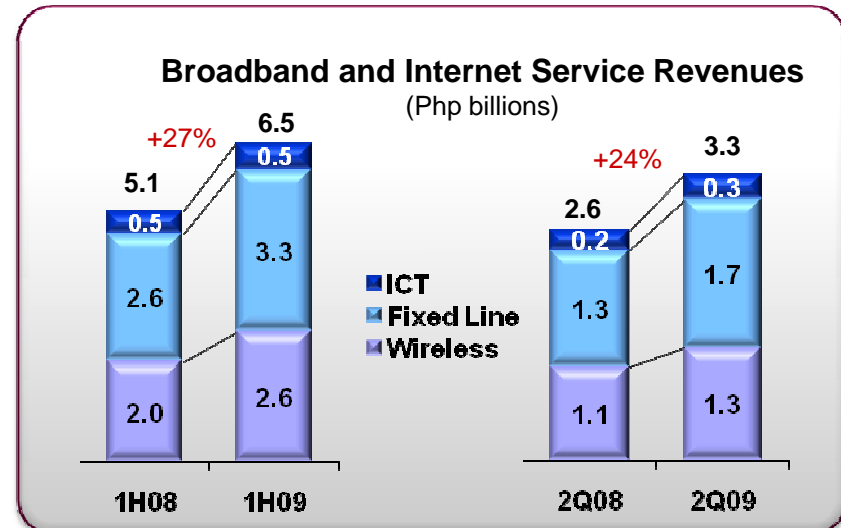
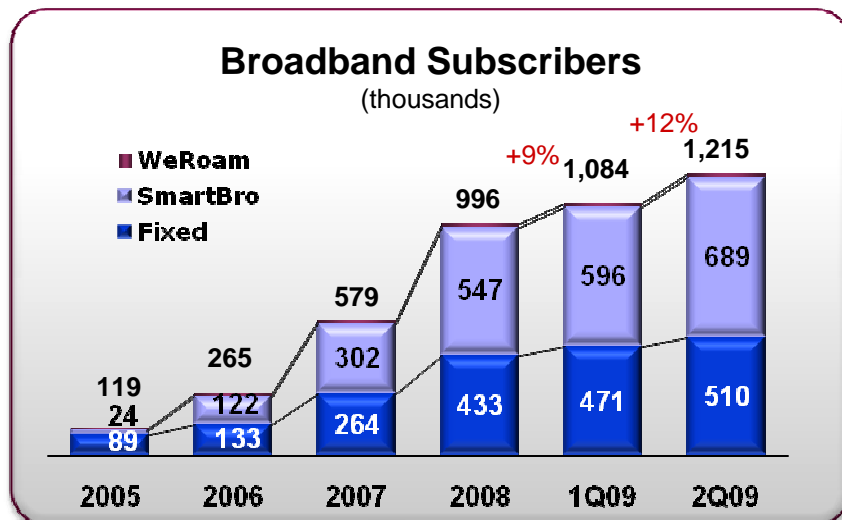


- Residential broadband
- ARPU: P990 (384kbps)-P3000 (3Mbps)

Broadband: Scaling new heights



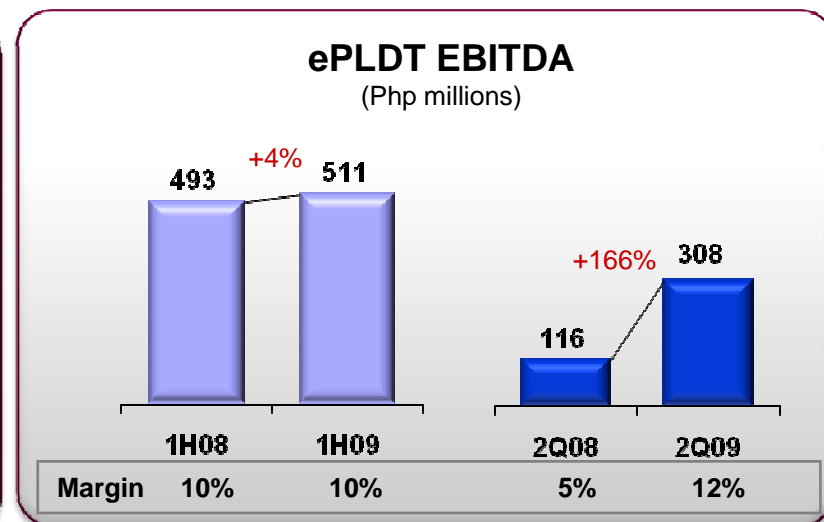
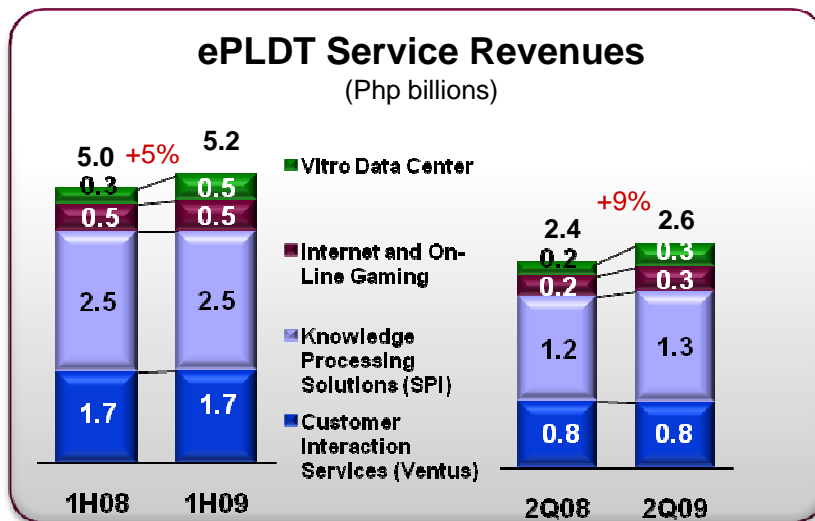
- **PLDT DSL, *SmartBro* and *WeRoam* added 219,000 subscribers during 1H09, representing a 22% growth from the end of 2008**
 - *SmartBro*, today's most widely available broadband service provider in the country, recorded more than 142,000 subscribers in 1H09, bringing its subscriber base to 689,000; of this, 261,000 are prepaid while 428,000 are post-paid subscribers
 - 77,000 DSL net adds were registered in 1H09 to reach 510,000 subscribers
- **PLDT Group's total DSL, wireless broadband and internet service revenues grew by 27% to P6.5bn, representing 9% of service revenues in 1H09**
 - 2Q09 broadband revenues increased by 24% to P3.3bn vs. 2Q08
 - DSL ARPU at approx. P1,170 while blended wireless ARPU at P720
- **Our wide variety of broadband offerings are delivered using multiple platforms**
 - DSL (copper) → FTTH (fiber/NGN)
 - Fixed wireless broadband (Canopy, WiMax)
 - Mobile broadband (HSPA850)



ePLDT: Registering improvements



- ePLDT's service revenues increased by 5% to P5.2bn in 1H09 due to:
 - + 59% increase in data center revenues
 - + 2% increase in call center (Ventus) revenues
 - 1% decrease in KPS/SPI revenues
- ePLDT contributed 7% of PLDT Group service revenues in 1H09
- About 81% of ePLDT's service revenues come from Ventus and SPI; of the total Ventus and SPI revenues, 40% is accounted for by call centers, 26% by content/publishing, 24% by medical billing, and 11% by healthcare
- Focus of BPO operations: generation of leads, conversion of sales prospects and management of costs; finalizing wind down of EDD business
- ePLDT's EBITDA improved to P511mn and margin remained flat at 10% in 1H09 due to:
 - + the favorable effect of the depreciation of the peso on ePLDT's dollar service revenues
 - Increase in cash operating expenses by 5%, specifically compensation, maintenance and cost of sales
- 2Q09 revenues grew by 9% to P2.6bn compared to 2Q08, with EBITDA higher by 166% at P308mn



Meralco: Updates



➤ PLDT/Piltel Investment in Meralco

- Piltel made full payment of P20bn for 20% of Meralco on 14 July 2009
 - Our 3Q09 results will include Meralco's financial results using equity accounting
- Three (3) PLDT nominees elected to Meralco Board at the 26 May 2009 AGM; PLDT-nominated CFO assumed the position on 1 July 2009
- In line with the plan of consolidating our wireless businesses under Smart, the TNT brand, TNT subscribers and fixed assets are to be transferred from Piltel to Smart
 - Approved by the Piltel shareholders on 30 June 2009
 - Total consideration of approximately P 11.5bn
 - Target date of transfer: before end of August 2009
- With the transfer, Piltel's primary asset and source of income will be its investment in Meralco
 - Due to the change in the nature of Piltel's business, Smart made a Tender Offer to Piltel minority shareholders to give them an exit opportunity
 - Around 93% of Piltel minority shareholders accepted Smart's offer; Smart to own 99.5% of Piltel

➤ BTF Investment in Meralco

- Agreement between Metro Pacific Investment Corporation (MPIC) and the PLDT Beneficial Trust Fund (BTF) covering the BTF's 10.17% stake in Meralco announced:
 - BTF's Meralco shares to be acquired by MPIC at P 126/share (60-day VWAP), equivalent to P14.3bn
 - Subscription by BTF to 2.7bn MPIC shares at P3.50/share equivalent to P9.5bn
 - Net cash to be received by BTF equivalent to P4.8bn

➤ Operations

- Synergy Teams with membership from PLDT and Meralco management formed to focus on identified areas of synergy: to work out how to operationalize/implement and work out timetables

Quick Wins/Priorities	Medium-Term Projects
➤ Co-location of facilities	➤ Broadband over Powerline (BPL): Malabon Pilot
➤ Joint Pole Agreements	➤ Prepaid Metering
➤ Use of e-Meralco's fiber optic backbone	
➤ Cross-selling to subscriber bases	

➤ **Extended Prepaid Load Validity**

- Covers standard plans only; does not cover bucket plans
- Amount of unused load not significant as subscribers' usage usually "front-ended"
- Effective 19 July 2009
- NTC deferred implementation of extended load validity for "carry-over" load

➤ **Per Pulse Billing**

- Prescribes six seconds per pulse as the unit of billing for cellular voice
- Covers standard plans only; does not cover bucket plans, unlimited calls, international calls
- Allows subscriber to opt to be billed on per minute basis
- Provides for "flag-down" rate for the first 2 pulses (or 12 seconds) to allow telcos to recover set-up costs
- Telcos given 30 days from effectivity of Memorandum Circular to submit proposed tariff tables for approval of the NTC
- Telcos given 120 days to adjust software and billing arrangements

PLDT Group: Affirming Guidance for 2009



Service Revenues	P148 billion	<ul style="list-style-type: none"> • 4% growth over 2008 • P5 billion increase
EBITDA	P90 billion	<ul style="list-style-type: none"> • 3% growth over 2008 • P2 billion increase
Core Net Income	P41 billion	<ul style="list-style-type: none"> • 8% growth over 2008 • P3 billion increase
Capital Management	<p>Dividend Payout Ratio: 70% of Core EPS + “look back” approach</p> <p>Buyback of up to 2.3 million common shares*</p>	
Capex	P27 billion	<p>7% higher than 2008 P25.2 billion increase</p>

* remaining shares for buyback from total approved 5 million shares for buyback

Except for historical financial and operating data and other information in respect of historical matters, the statements contained herein are “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. The words “believe”, “intend”, “plan”, “anticipate”, “continue”, “estimate”, “expect”, “may”, “will” or other similar words are frequently used to indicate these forward looking statements. Any such forward-looking statement is not a guarantee of future performance and involves a number of known and unknown risks, uncertainties and other factors that could cause the actual performance, financial condition or results of operation of PLDT to be materially different from any future performance, financial condition or results of operation implied by such forward-looking statement. Among the factors that could cause actual results to differ from the implied or expected results are those factors discussed under “Risk Factors” in Item 3 in PLDT’s annual report on Form 20-F.

Appendix

1H 2009: Consolidated Financial Highlights



<i>(in million pesos)</i>	1H 2009				1H 2008	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Service Revenues	48,076	25,417	5,213	72,871	70,349	4%
Cash operating expenses	16,197	11,633	4,627	26,482	24,497	8%
EBITDA ⁽¹⁾	30,209	13,279	512	44,080	43,901	-
<i>EBITDA Margin</i>	63%	52%	10%	60%	62%	
Depreciation and amortization	6,520	6,171	386	13,133	12,722	3%
Financing costs, net	(1,203)	(1,861)	(68)	(3,117)	(3,222)	-3%
Income before income tax	24,346	3,983	44	28,317	30,069	-6%
Provision for income tax	6,909	1,112	42	8,046	10,437	-23%
Core net income ⁽²⁾	16,939	3,954	(15)	20,839	18,707	11%
Reported net income (loss)	16,887	2,868	4	19,720	19,270	2%

(1) EBITDA calculation provided in the appendix

(2) Consolidated net income before certain adjusting items and excluding gains/losses on foreign exchange/derivatives (after tax)

Foreign Exchange Rates:

	30-Jun-09	30-Jun-08	31-Dec-08
Php per US\$	Php48.16	Php44.90	Php47.65

Revenues



<i>(in million pesos)</i>	1H 2009				1H 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Service Revenues						
Wireless						
Cellular	44,610			44,610	43,013	4%
Broadband	2,518			2,518	1,948	29%
Satellite and other services	948			948	819	16%
Fixed line						
Local exchange		7,845		7,845	8,031	-2%
International long distance		3,196		3,196	3,669	-13%
National long distance		3,186		3,186	3,244	-2%
Data and other network		10,468		10,468	8,951	17%
Miscellaneous		722		722	688	5%
ICT						
Knowledge processing solutions			2,519	2,519	2,549	-1%
Customer interaction services			1,683	1,683	1,647	2%
Internet and online gaming			543	543	473	15%
Vitro™ data center			468	468	295	59%
Inter-segment transactions				(5,835)	(4,978)	17%
	48,076	25,417	5,213	72,871	70,349	4%
Non-Service Revenues	896	131	240	1,267	1,290	-2%
Inter-segment transactions	-	-	-	(60)	(35)	71%
	896	131	240	1,207	1,255	-4%
Total Revenues	<u>48,972</u>	<u>25,548</u>	<u>5,453</u>	<u>74,078</u>	<u>71,604</u>	<u>3%</u>

Expenses



<i>(in million pesos)</i>	1H 2009				1H 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Operating expenses						
Compensation and employee benefits	3,176	5,142	3,234	11,543	9,372	23%
Repairs and maintenance	2,277	2,008	313	4,247	4,057	5%
Selling and promotions	2,084	704	53	2,839	2,901	-2%
Professional and other contracted services	1,245	1,070	269	2,094	2,347	-11%
Rent	5,234	1,430	342	2,050	1,656	24%
Taxes and licenses	857	454	62	1,373	1,600	-14%
Communication, training and travel	471	320	234	905	980	-8%
Insurance and security services	375	271	34	643	634	1%
Other operating expenses	478	234	86	788	950	-17%
Cash operating expenses	16,197	11,633	4,627	26,482	24,497	8%
Depreciation and amortization	6,520	6,171	386	13,133	12,722	3%
Provisions	-	-	-	-	14	-100%
Asset impairment	446	502	5	953	1,001	-5%
Amortization of intangible assets	67	-	120	187	180	4%
Non-cash operating expenses	7,033	6,673	511	14,273	13,917	3%
Cost of sales	2,120	134	309	2,563	2,473	4%
Total Expenses	<u>25,350</u>	<u>18,440</u>	<u>5,447</u>	<u>43,318</u>	<u>40,887</u>	<u>6%</u>

EBITDA



<i>(in million pesos)</i>	1H 2009				1H 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Income before tax	24,346	3,983	44	28,317	30,069	-6%
Add (deduct):						
Depreciation and amortization	6,520	6,171	386	13,133	12,722	3%
Financing costs, net	1,203	1,861	68	3,117	3,222	-3%
Asset impairment	-	-	-	-	282	-100%
Amortization of intangible assets	67	-	120	187	180	4%
Equity share in net loss (income) of subsidiaries	70	46	(51)	65	43	50%
Losses (gains) on derivative financial instruments, net	11	1,297	(2)	1,306	(4,421)	-130%
Foreign exchange losses (gains), net	64	254	(25)	292	3,555	-92%
Interest income	(665)	(236)	(14)	(900)	(888)	1%
Hedge costs	-	325	-	325	420	-23%
Other income	(1,407)	(422)	(14)	(1,762)	(1,283)	37%
EBITDA	30,209	13,279	512	44,080	43,901	-
EBITDA Margin	63%	52%	10%	60%	62%	

Other Income (Expenses)



<i>(in million pesos)</i>	1H 2009				1H 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Gains (losses) on derivative transactions, net	(11)	(1,297)	2	(1,306)	4,421	-130%
Interest income	665	236	14	900	888	1%
Equity share in net earnings (losses) of associates	(70)	(46)	51	(65)	(43)	49%
Foreign exchange gains (losses), net	(64)	(254)	25	(292)	(3,555)	-91%
Hedge costs	-	(325)	-	(325)	(420)	-23%
Others	1,407	422	14	1,762	1,283	36%
Total	1,927	(1,264)	106	674	2,574	-74%
Financing costs, net						
Interest on loans and related items	(880)	(2,024)	(18)	(2,907)	(3,045)	-5%
Accretion on financial liabilities	(398)	(36)	(50)	(484)	(485)	-
Dividends on CPS	-	-	-	-	(4)	100%
Financing charges	(2)	(98)	-	(100)	(30)	230%
Capitalized interest	77	297	-	374	342	9%
Total	(1,203)	(1,861)	(68)	(3,117)	(3,222)	-3%
Total other income (expenses)	724	(3,125)	38	(2,443)	(648)	277%

Core Net Income



<i>(in million pesos)</i>	1H 2009				1H 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Reported net income	16,887	2,868	4	19,720	19,270	2%
Add (deduct):						
Foreign exchange losses (gains), net	64	254	(25)	292	3,555	-92%
Losses (gains) on derivatives financial instruments	11	1,297	(2)	1,306	(4,421)	130%
Tax effect	(23)	(466)	8	(480)	303	-257%
	<u>16,939</u>	<u>3,953</u>	<u>(15)</u>	<u>20,838</u>	<u>18,707</u>	<u>11%</u>

Cash Flows



<i>(in million pesos)</i>	1H 2009				1H 2008	%
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	Change
Net cash from operations	29,311	12,475	929	42,728	40,386	6%
Add(Deduct):						
Capital expenditures	(5,345)	(5,080)	(241)	(10,666)	(8,684)	23%
Other investing activities	185	319	5	825	381	128%
Interest, net	(190)	(1,485)	(4)	(1,667)	(1,996)	-16%
Dividends from Smart	-	14,800	-	-	-	-
Preferred share dividends	(1)	(62)	-	(63)	(63)	-
Piltel's dividends to third party	(433)	-	-	(433)	-	-100%
Others	96	784	15	895	(1,848)	-148%
Free cash flow	23,623	21,750	704	31,619	28,176	12%
Common share dividends	(14,800)	(24,256)	-	(24,256)	(23,366)	4%
Common share buyback	-	(1,389)	-	(1,389)	(3,553)	-61%
Investments	(1,085)	(28)	(60)	(1,173)	(1,409)	-18%
Advances to BTF	-	(8,380)	-	(8,380)	-	100%
Redemption of preferred shares	(297)	-	-	(297)	-	100%
Debt repayments, net	2,073	5,421	3	7,157	893	-701%
Change in cash	9,515	(6,882)	647	3,281	741	343%
Cash balance, beginning ⁽¹⁾	23,171	15,938	1,245	40,354	30,862	31%
Cash balance, end ⁽¹⁾	32,686	9,057	1,892	43,636	31,603	38%

(1) Includes short-term investments

Balance Sheet



<i>(in million pesos)</i>	Consolidated	
	June 30, 2009	December 31, 2008
Total Assets	261,703	252,558
Nominal Value of Total Debt	86,729	78,487
<i>in US\$</i>	\$1,726	\$1,647
Less: Unamortized Debt Discount	4,269	4,576
Total Debt	82,461	73,911
Cash and short-term investments ⁽¹⁾	43,635	40,354
Net Debt ⁽³⁾	43,094	38,133
Equity	100,800	106,969
Total Debt⁽²⁾/Equity	0.86x	0.73x
Net Debt⁽³⁾/Equity	0.43x	0.36x
Total Debt⁽²⁾/EBITDA	0.99x	0.90x
Net Debt ⁽³⁾/EBITDA	0.49x	0.44x

(1) Net of cash for common dividend payment

(2) Nominal value of total debt

(3) Net Debt calculated based on nominal value of debts less cash and short-term investments

Earnings Per Share



	1H 2009		1H 2008	
	Basic	Diluted	Basic	Diluted
Net Income attributable to equity holders of PLDT	19,720	19,720	19,270	19,270
Dividends on preferred shares	(227)	(25)	(227)	(227)
Net Income applicable to common shares	19,493	19,695	19,043	19,043
Outstanding common shares, beginning	187,484	187,484	188,741	188,741
Average incremental number of shares under ESOP during the period	-	18	-	14
Effect of issuance of common shares during the period	10	10	370	370
Effect of purchase of treasury shares during the period	(462)	(462)	(381)	(381)
Common shares equivalent of preferred shares deemed dilutive:				
Preferred stock series A to FF	-	1,954	-	-
Preferred Stock Series VI	-	4	-	-
Weighted average number of shares, end	187,032	189,008	188,730	188,744
EPS (based on reported net income)	104.22	104.20	100.90	100.89
Core Net Income	20,839	20,839	18,707	18,707
Adjustments for preferred shares deemed dilutive	(227)	(25)	(227)	(227)
Net Income applicable to common shares	20,612	20,814	18,480	18,480
Weighted average number of shares, end	187,032	189,008	188,730	188,744
EPS (based on core net income)	110.20	110.12	97.92	97.91

Interest-bearing Liabilities



(in millions)	June 30, 2009			December 31, 2008 Face Value	Change
	Carrying Value	Unamortized Debt Discount	Face Value		
Debt					
PLDT	\$926	\$7	\$933	\$822	\$111
Smart	764	82	846	800	46
2014 Debt	203	77	280	280	-
Others	561	5	566	520	46
Others	22	-	22	25	(3)
Total Debt*	\$1,712	\$89	\$1,801	\$1,647	\$154
Obligations under finance lease	\$1.3	\$0.04	\$1.3	\$0.2	\$1.1
Preferred Stocks Subject to Mandatory Redemption					
Series V & VI	\$0.14	-	\$0.1	\$0.2	\$0.1

*Includes notes payable amounting to Php2,559 million or US\$ 53.4 million

Consolidated Quarterly Financial Highlights



<i>(in million pesos)</i>	2009		2008	% Change 2Q09 vs. 2Q08
	1Q	2Q	2Q	
Service Revenues	36,249	36,509	35,446	3%
Non-service Revenues	565	641	773	-17%
Less: Cost of sales	1,182	1,380	1,519	-9%
Operating Expenses				
Cash operating expenses	13,320	13,049	12,361	6%
Non-cash operating expenses	<u>7,261</u>	<u>7,012</u>	<u>6,877</u>	<u>2%</u>
	20,581	20,062	19,238	4%
Operating Income	15,051	15,709	15,462	2%
EBITDA	21,852	22,228	21,907	1%
<i>EBITDA Margin</i>	60%	61%	62%	
Interest Income	533	366	438	-16%
Equity share in net earnings (losses) of associates	(45)	(19)	(20)	-5%
Financing costs	(1,584)	(1,533)	(1,833)	-16%
FX and derivatives (gain)/loss	(1,098)	(824)	(1,042)	-21%
Others	430	1,331	897	48%
Income before income tax	13,287	15,030	13,902	8%
Provision for income tax	3,455	4,591	4,877	-6%
Net income, as reported	9,580	10,140	8,824	15%
Core net income	10,221	10,618	9,358	13%