

CHANGING THE GAME



**First Half 2011
Financial and Operating Results**

August 2, 2011

PLDT Group: 1H 2011 Financial Highlights

	1H 2011 (Unaudited)	1H 2010 (Unaudited)	% Change	1H 2011 (Unaudited)	2H 2010 (Unaudited)	% Change
Service Revenues	P69.6bn	P72.2bn	↓ -3%	P69.6bn	P70.1bn	↓ -1%
Expenses	P42.5bn	P43.3bn	↓ -2%	P42.5bn	P45.6bn	↓ -7%
EBITDA	P41.5bn	P43.3bn	↓ -4%	P41.5bn	P40.5bn	↑ 3%
EBITDA Margin	60%	60%	—	60%	58%	↑
Reported Net Income	P21.3bn	P21.7bn	↓ -2%	P21.3bn	P18.5bn	↑ 15%
Core Net Income	P21.0bn	P21.2bn	↓ -1%	P21.0bn	P20.8bn	↑ 1%
Core EPS	P111.35	P112.43	↓ -1%	P111.35	P110.12	↑ 1%
Dividends per Share (Regular)	P78.00	P78.00	—	P78.00	P78.00	—
Free Cash Flow	P24.2bn	P19.4bn	↑ 25%	P24.2bn	P24.2bn	—
Period-end PhP:US\$1	P43.36	P46.42	↓ -7%	P43.36	P43.81	↓ -1%
Period-average PhP:US\$1	P43.52	P45.78	↓ -5%	P43.52	P44.43	↓ -2%

PLDT Group: 2Q2011 vs 1Q2011 and 2Q2010

	2Q2011 (unaudited)	1Q2011 (unaudited)	% Change	2Q2011 (unaudited)	2Q2010 (unaudited)	% Change
Service Revenues	P35.1bn	P34.6bn	↑ 1%	P35.1bn	P36.2bn	↓ -3%
Expenses	P21.7bn	P20.9bn	↑ 4%	P21.7bn	P21.5bn	↑ 1%
EBITDA	P20.6bn	P21.0bn	↓ -2%	P20.6bn	P22.1bn	↓ -7%
EBITDA Margin	59%	61%	↓	59%	61%	↓
Reported Net Income	P10.6bn	P10.7bn	↓ -2%	P10.6bn	P10.3bn	↑ 3%
Free Cash Flow	P9.2bn	P15.0bn	↓ -39%	P9.2bn	P6.6bn	↑ 40%
Core Net Income	P10.5bn	P10.6bn	↓ -1%	P10.5bn	P10.7bn	↓ -3%
Core EPS	P55.44	P55.91	↓ -1%	P55.44	P56.91	↓ -3%

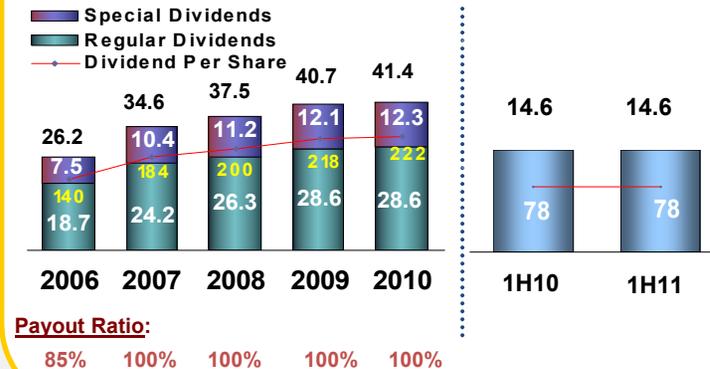
PLDT Group: Capital Management

Dividend Declaration

Declaration Date	2 August 2011
Record Date	31 August 2011
Payment Date	27 September 2011
Interim Regular Dividend for 2011	P78 per share

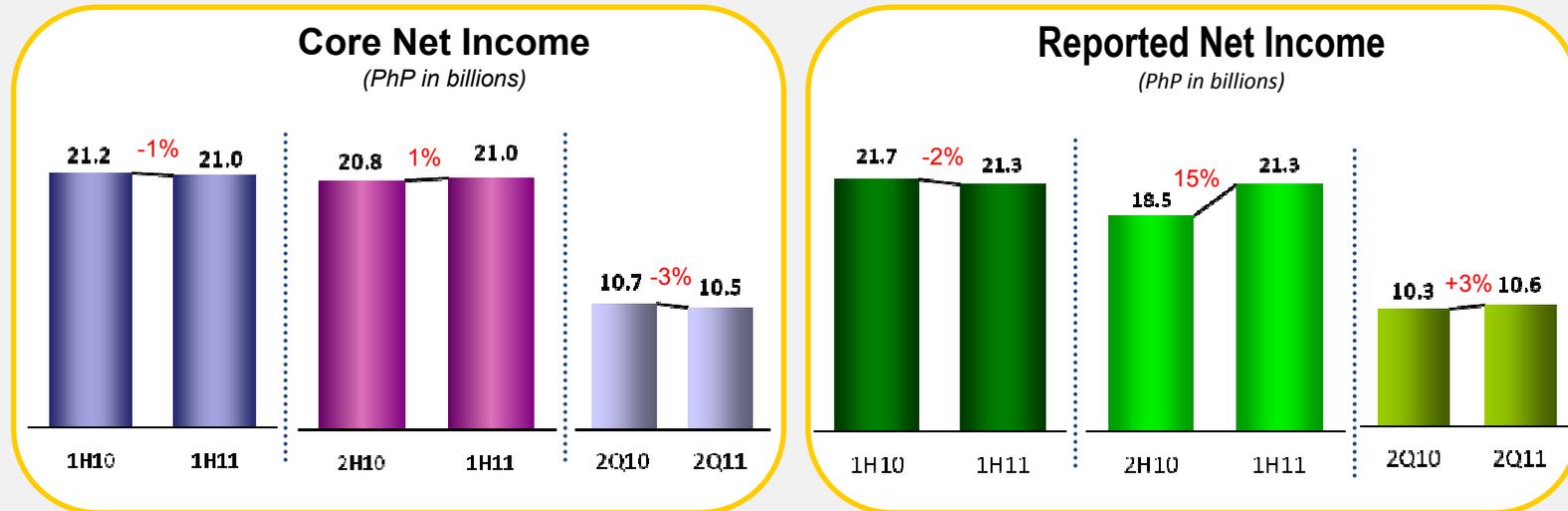
Dividend Payments

(PhP inbillions, except per share amount)



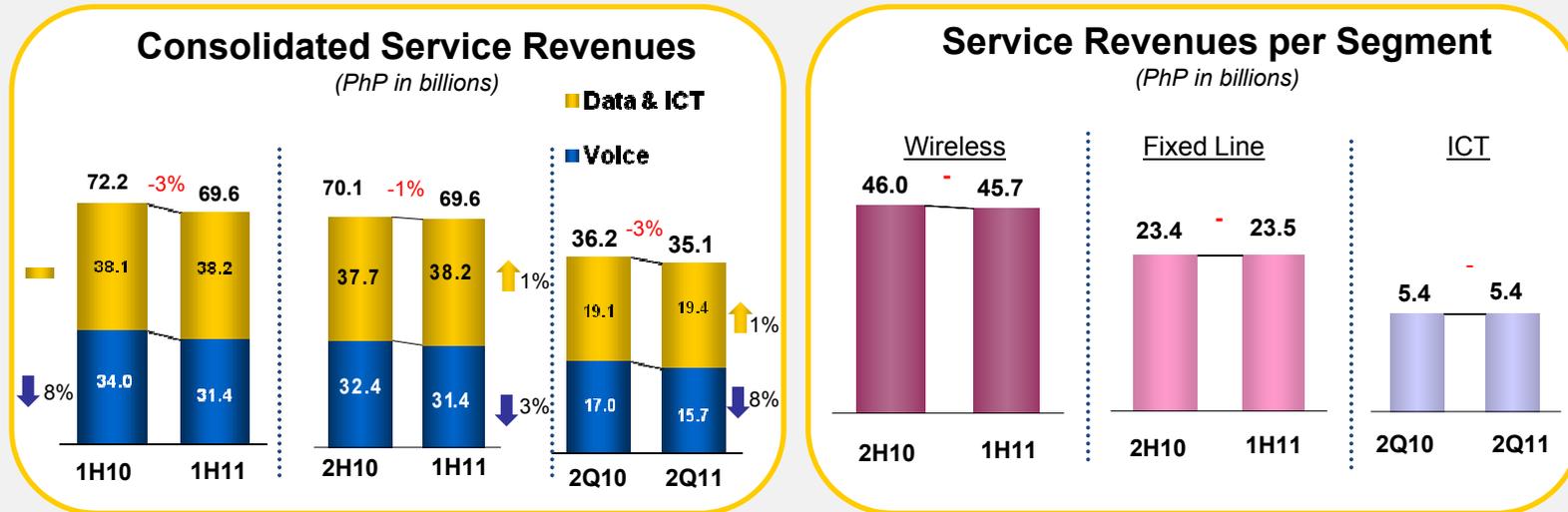
- An interim dividend of P78 per share representing 70% of 1H11 core earnings per share was declared in line with PLDT’s dividend policy, similar to the interim dividend of P78 per share declared in 1H10
- The company’s dividend policy also provides for a “look-back” mechanism that determines at the end of the year the payment of any special dividends
- Under the approved share buyback program, PLDT may acquire up to 2.3mn shares on opportunistic basis

PLDT Group: Core and Reported Net Income



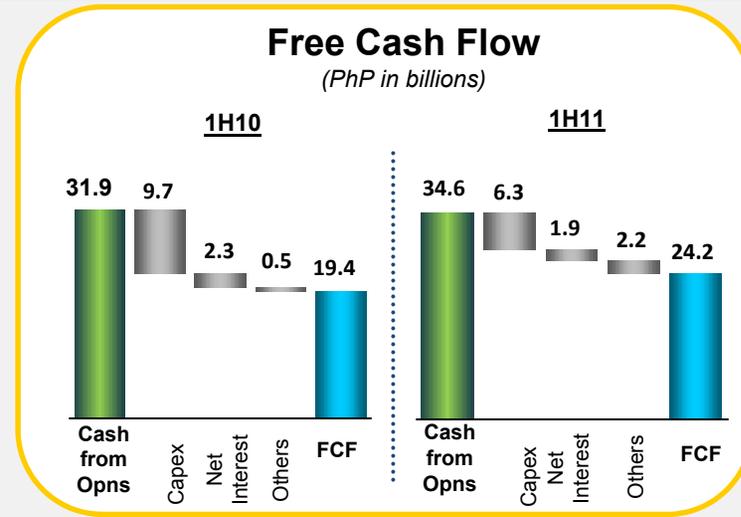
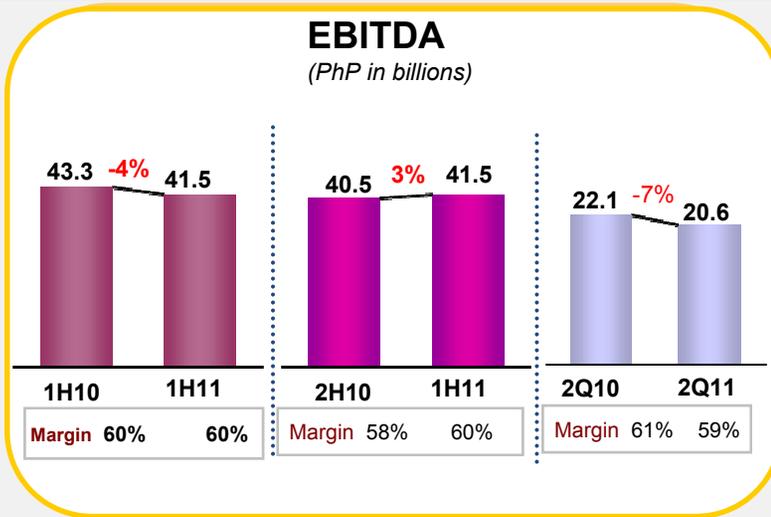
- Core net income for 1H11 decreased by 1% to P21.0bn with the decrease in consolidated revenues partly offset by a reduction in the provision for income tax as well as lower consolidated expenses resulting from the continuing focus on cost management
- Had the peso remained stable, core and reported net income would have been higher by P0.5bn for the period, at P21.5bn and P21.8bn, respectively
- Reported net income for the first six months of 2011 is 2% or P0.4bn lower year-on-year at P21.3bn largely on account of the P0.2bn decline in core net income and higher adjustment related to the equity investment in Meralco by P0.2bn
- Compared with 2H10, core and reported income for 1H11 is 1% and 15% higher, respectively

PLDT Group: Service Revenues



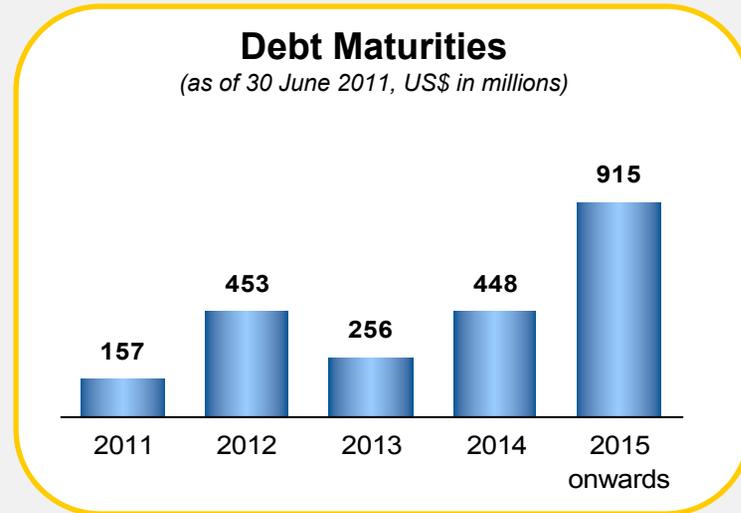
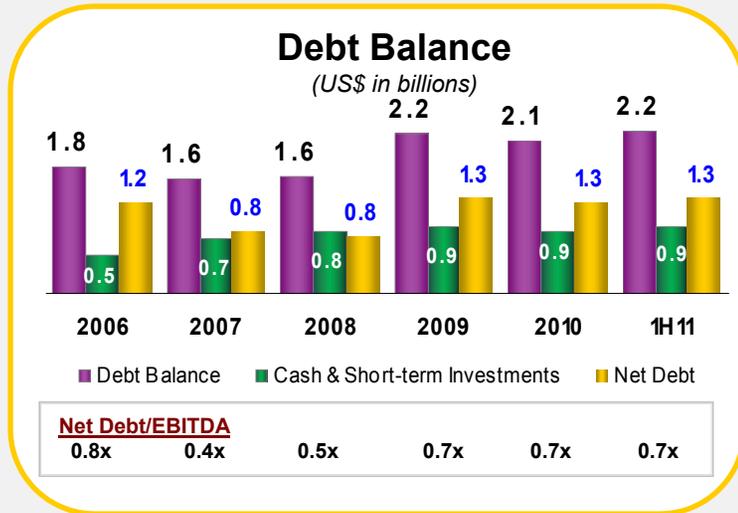
- **Consolidated service revenues of P69.6bn for 1H11 is a 3% decline year-on-year resulting from:**
 - Growth in new revenue streams not able to fully replace declines in traditional revenue streams:
 - + DSL revenues grew by P0.5bn or 13%
 - + Wireless broadband revenues were higher by P0.2bn or 5% largely due to 44% increase in mobile Internet browsing revenues
 - + Third party corporate data revenues increased by P0.1bn or 5%
 - Combined fixed and cellular voice revenues declined by P2.6bn or 8%
 - Cellular data/SMS revenue reduced by P0.3bn or 2%
 - 5% average peso appreciation during the period reduced service revenues by approximately P0.9bn, as 26% of 1H11 revenues were dollar-denominated
 - Lower revenues of about P0.2bn from the satellite business due to the sale of transponders at the end of 1Q10
- **Service revenues for 2Q11 were lower by 3% year-on-year as 2Q10 had the benefit of election spending; while 2Q11 service revenues showed a 1% quarter-on-quarter improvement**
- **Service revenues for all segments for 1H11 were stable relative to the 2H10**

PLDT Group: EBITDA and Free Cash Flow



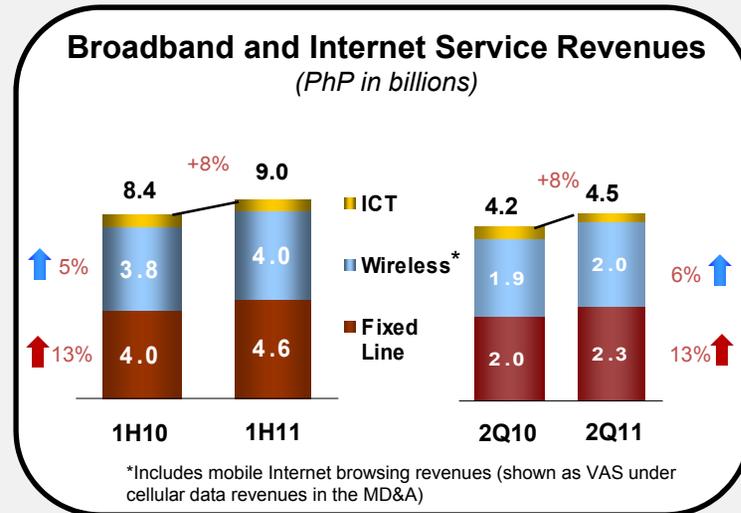
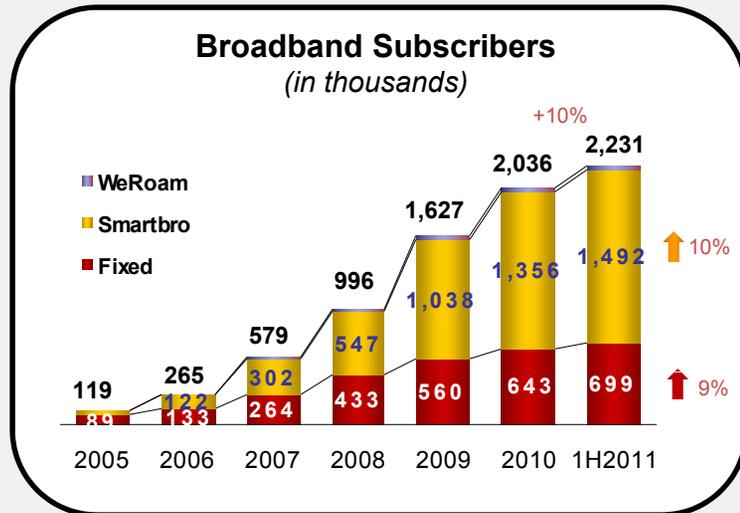
- **EBITDA for 1H11 reduced to P41.5bn or 4% from P43.3bn in 1H10 primarily due to lower service revenues, offset in part by lower cash operating expenses resulting from tight management of costs**
 - Compared with 2H10, 1H11 EBITDA was 3% higher year-on-year
- **EBITDA margin was stable year-on-year at 60% and is higher than 59% for FY10**
 - Wireless margin at 63% (1H10: 62%; FY10: 63%)
 - Fixed line margin at 49% (1H10: 50%; FY10: 47%)
 - ICT margin at 18% (1H10: 14%; FY10: 16%)
- **First half 2011 capex amounted to P6.3bn, 35% lower than P9.7bn last year**
 - Capex spend expected to build up towards the end of 2011
 - Capex for 2011 and 2012 programmed to be higher than previous years with bulk of the capex intended for the upgrade and improvement of the network to achieve cost efficiencies and in order to continue delivery of quality service to our customers
- **Free cash flow for the first half of 2011 improved by P4.8bn or 25% year-on-year to P24.2bn due to:**
 - + Higher cash from operations of P2.8bn
 - + Lower capex by P3.4bn
 - + Decrease in net interest by P0.4bn
- **1H11 FCF sufficient to cover 2011 interim dividend of P78 per share payable in September 2011**

PLDT Group: Debt Profile



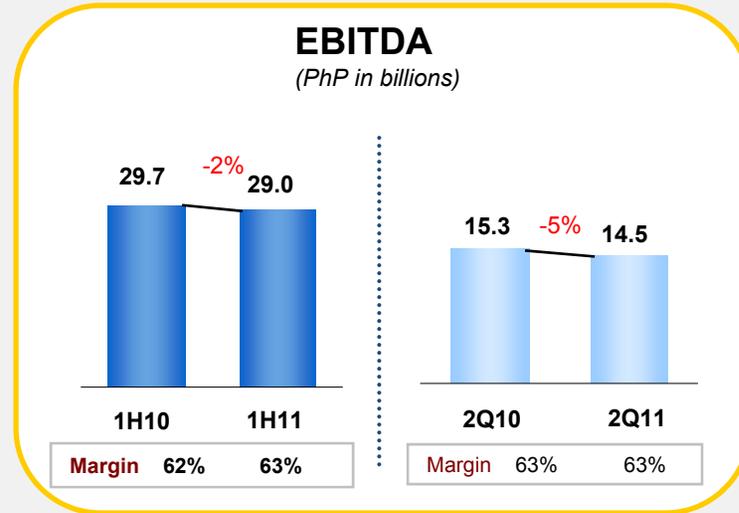
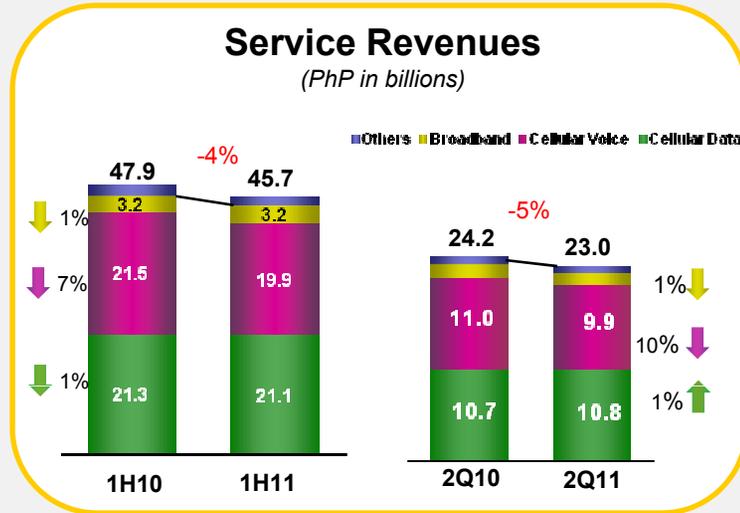
- **Net debt at the end of 1H11 remained at US\$1.3bn from YE10, with net debt/EBITDA stable at 0.7x**
- **Gross debt grew to US\$2.2bn from US\$2.1bn at the end of 2010 due to additional borrowings to partially finance capex requirements and to refinance debt**
 - 41% are US\$-denominated compared with 45% at the end of 2010
 - Taking into account our US\$ cash holdings, peso loans, and hedges, only US\$455mn or 21% of our total debt is unhedged
 - 81% are fixed-rate loans, while 19% are floating-rate loans
- **Debt maturities continue to be well-spread out**
- **Ratings agencies upgraded PLDT securities to investment grade; PLDT is the only Philippine corporate with investment grade ratings for its debt securities**
 - Moody's: bond rating at 'Baa3' with 'stable' outlook
 - Fitch: Long-term Foreign Currency Issuer Default Rating (LTFC IDR) at 'BBB-' with 'stable' outlook

Broadband: Regaining momentum



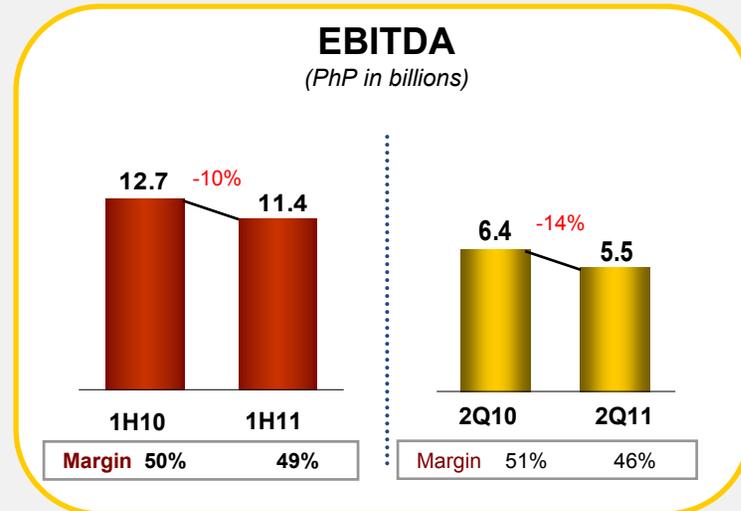
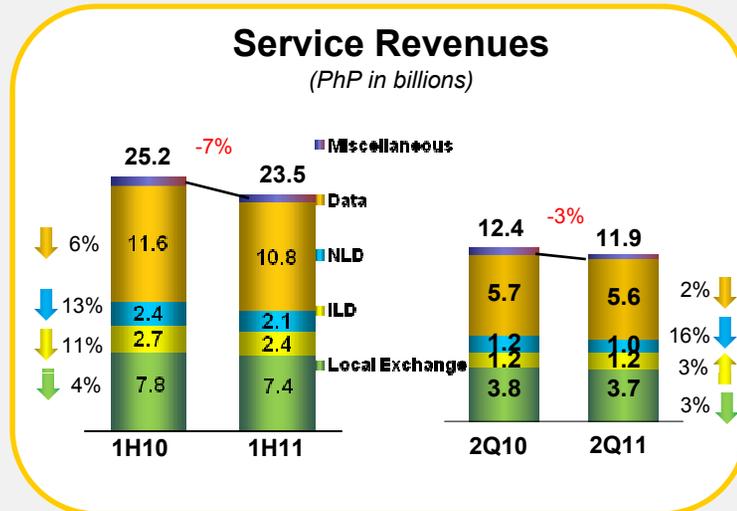
- **PLDT group broadband subscriber base improved by 10% from YE10 to over 2.2mn in 1H11:**
 - *SmartBro*, the most widely available broadband service provider in the country, had about 1.5mn subscribers at the end of the first half of 2011, with net adds of over 135,000 or 10% higher from end 2010
 - Plug-it prepaid subscribers grew from end December 2010 by 13% or over 122,000 subscribers
 - DSL subscribers increased by over 55,000 or 9% in 1H11
- **PLDT Group's total DSL, wireless broadband and Internet service revenues grew by 8% year-on-year to P9.0bn as at end June 2011, and now accounts for 13% of total service revenues**
 - DSL revenues improved by P0.5bn or 13% to P4.6bn
 - Wireless broadband revenues (including mobile internet browsing) increased by P0.2bn or 5% to P4.0bn
 - DSL ARPU is approximately P1,130 and net blended wireless ARPU at P370
- **Mobile Internet browsing revenues continue to grow strongly with a 44% year-on-year increase to P0.5bn in 1H11**
 - Device strategies, involving different smartphone models, directed to different market segments aim to encourage mobile Internet browsing usage by all
- **Other initiatives to push greater broadband take-up include the offering of content (Watchpad) to DSL customers, a streamlined approach to market broadband to the home**

Wireless: Holding margins steady



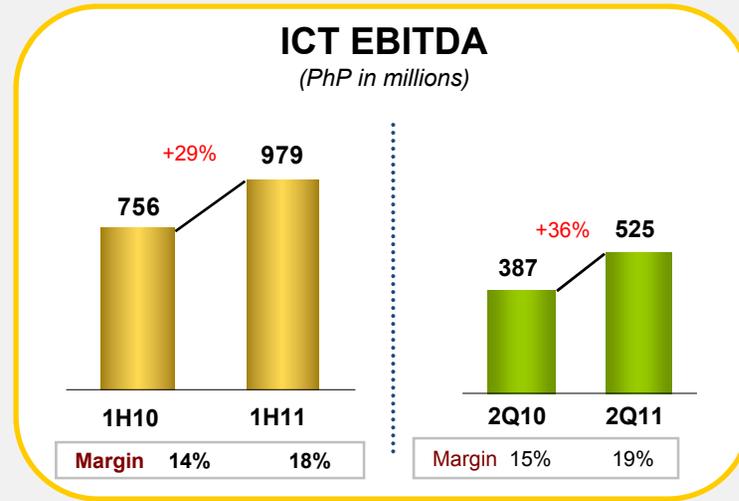
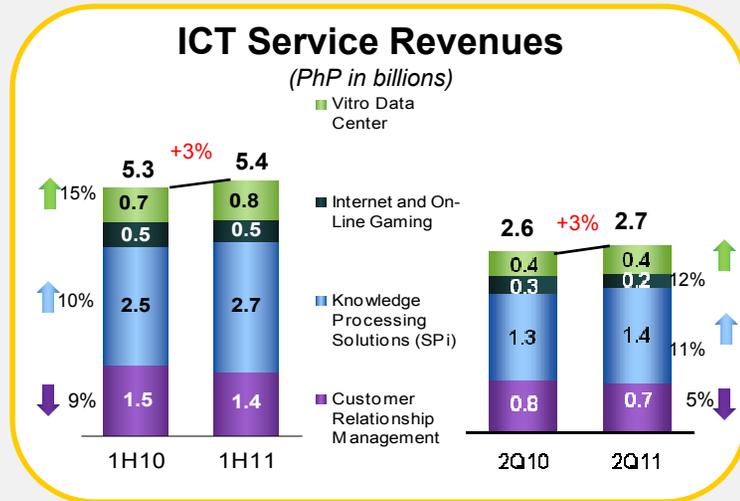
- **Combined SMART, TNT and Red Mobile subscriber base grew to over 47.8mn subscribers, an increase of almost 2.2mn or 5% from YE10:**
 - At 1H11, there were 26.5mn SMART subscribers, 19.8mn TNT subscribers and 1.5mn Red Mobile subscribers
 - Smart and TNT subscribers each grew by 0.8mn from end 2010, while Red Mobile subscribers increased by 0.6mn
 - Total net adds for 2Q11 of 1.2mn greater than the 1.0mn net adds for 1Q11
- **Wireless service revenues decreased by P2.1bn or 4% to P45.7bn in 1H11 from last year:**
 - P1.6bn or 7% drop in cellular voice revenues (44% of total wireless service revenues) due to:
 - International voice revenues lower by P0.7bn with reduction in international inbound termination rates and the impact of the peso appreciation; and
 - Domestic voice revenues down by P0.9bn resulting from the rise in unlimited offers
 - P0.3bn or 2% decline in SMS/text messaging revenues (45% of total wireless service revenues) resulting from lower SMS traffic by 10% and the impact of social media; SMS yield at P0.13
 - P0.4bn or 19% decline in satellite and other revenues
 - + P0.2bn or 44% rise in mobile Internet revenues
- **EBITDA decline by 2% y-o-y to P29.0bn in 1H11 due to lower revenue offset by reduction in rent and compensation and benefits costs**
- **EBITDA margin improved to 63% as compared with 62% for 1H2010**
- **Approximately 21% of wireless service revenue are dollar-denominated; Had the peso remained stable, service revenues would have increased by P0.5bn**

Fixed Line: Managing the downward trend



- **Fixed line service revenues declined by P1.8bn or 7% year-on-year to P23.5bn in 1H11 due to :**
 - Data and other network services, accounting for 46% of total fixed line service revenues, reduced by P0.7bn or 6%:
 - DSL revenues grew by P0.5bn or 13% with a 15% growth in subscribers
 - Third party corporate data revenues increased by P0.1bn or 5%
 - Revenues from domestic leased lines declined by P1.2bn largely due to a decrease in Dignet revenues, partially offset by increases in IP-based revenues (IP-VPN and SWUP)
 - International leased line revenues were lower by P0.1bn due the impact of the peso appreciation and termination of transponder sub-lease agreement with customers, and a decrease in revenues from I-Gate, Fibernet and other global service providers
 - ILD, NLD and LEC revenues, constituting 51% of total fixed line revenues, continued to decline as expected, registering a combined P0.9bn year-on-year reduction to P11.9bn
 - Impact of the peso appreciation on about 23% of total fixed line service revenues which are dollar denominated; had the peso remained stable, fixed line revenues would have been higher by P0.3bn
- **EBITDA for the first half of 2011 of P11.4bn is 10% lower compared with P12.7bn in 1H10 due to lower service revenues, partly offset by lower provision for uncollectible receivables and lower cash operating expenses following a tight watch on costs**
- **EBITDA margin for 1H11 stood at 49%, lower than 50% in 1H10, but an improvement over the 47% for FY10**
- **Fixed line subscribers grew by 2% to about 1.9mn in 1H11 since December 2010**

ICT: Sustaining improvements

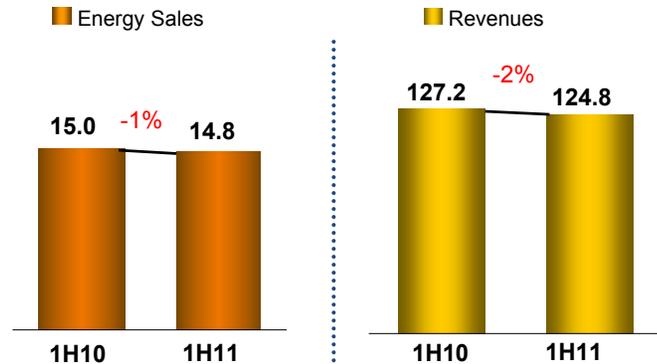


- **Despite the strengthening of the peso, ICT service revenues, which now contribute about 8% to total PLDT group service revenues, registered a 3% increase to P5.4bn due to:**
 - + 15% growth in data center revenues resulting from an increase in co-location, rental and managed service revenues
 - + 10% improvement in BPO/SPi revenues which grew 15% in dollar terms from robust business from Content Solutions and Health care divisions
 - 9% decline in call center/CRM revenues mainly due to a 5% reduction in dollar-denominated revenues coupled with the peso appreciation, partly offset by a 12% growth in domestic sales; improved 2Q trend for dollar contracts
 - 10% decrease in internet and on-line gaming
- **About 68% of ICT 1H11 service revenues were dollar-denominated; had the peso remained stable, services revenues for the first half of 2011 would have increased further by P0.2bn**
- **ICT EBITDA for the first half of 2011 posted a 29% growth with EBITDA margin improving to 18% from 14% last year, largely due to:**
 - + 3% growth in service revenues
 - + 2% reduction in cash operating expenses, primarily resulting from lower MRP cost, taxes and licenses, and selling and promotion costs
- **SPI Global is poised for future growth and higher profitability with new clients to be added in the next six months**

Meralco: Improving steadily

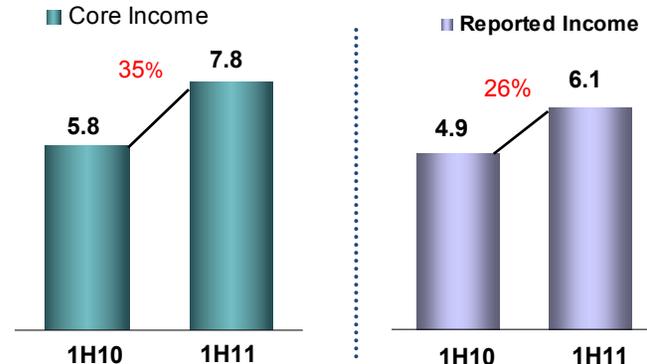
Energy Sales and Service Revenue

(PhP in billions)



Core and Reported Net Income

(PhP in billions)



- Meralco's consolidated service revenues for 1H11 decreased by 2% year-on-year to P124.8bn due to lower energy sales and lower pass-through charges offset by higher distribution revenue
- Costs and expenses of P115.2bn for the first six months of 2011 declined by 4% from last year, largely due to lower cost of purchased power
- EBITDA for 1H11 improved by 12% year-on-year to P12.3bn, with EBITDA margin higher at 10% compared with 9% last year
- Core and reported income for the first half of 2011 amounted to P7.8bn and P6.1bn, respectively, representing an increase of 35% and 26% year-on-year
 - PCEV equity share in Beacon/Meralco's core and reported earnings of P757mn and P1.2bn, respectively, in the first half of 2011 compared with P783mn and P1.0bn in the same period last year
 - Meralco's Board declared an interim dividend of P3.45/share or 50% of 1H11 core earnings
- **Other highlights:**
 - Meralco's system loss performance remains below the 8.5% system loss cap at 7.48%; all other S-factor performances within rewards range
 - ERC approved PBR distribution rate for RY12 of P1.5828/kwhr
 - RP Energy, JV between Meralco and Aboitiz group and Taiwan Co-gen, to build 600MW coal-fired base-load plants to be operational starting 2014

Investment in Digitel: Status Update

PLDT Investment	<ul style="list-style-type: none"> Digitel's equity value of P74.1bn* (US\$1.7bn) on a 100% basis
Subject of PLDT's Investment	<ul style="list-style-type: none"> Controlling interest in Digitel from J. G. Summit ("JGS") and certain other parties for P69.2bn (US\$1.6bn) PLDT will announce later its intention to conduct a mandatory tender offer for all remaining Digitel common shares held by the public at an indicative price of P1.603/share, or up to P4.9bn (US\$0.1bn)
Consideration for the acquisition	<ul style="list-style-type: none"> New PLDT shares issued at P2,500 per share 29.65mn PLDT shares to be issued (assuming all minority shareholders take up PLDT shares) representing 13.7% of the enlarged issued share capital of PLDT on a fully diluted basis; 27.68mn shares if none of the minorities opt for PLDT shares
PLDT Tender Offer to Digitel Minority Shareholders	<ul style="list-style-type: none"> Indicative price of P1.603/share Digitel minority shareholders to be offered payment in PLDT shares issued at P2,500 per share, or cash
Board representation	<ul style="list-style-type: none"> One (1) JGS representative on the PLDT Board
Target closing date	<ul style="list-style-type: none"> Extended to 26 August 2011

- **PLDT shareholders' approval to issue up to 29.65mn new common shares obtained at the 14 June AGM**
- **Regulatory hearings at NTC concluded; awaiting decision**
- **Tender Offer to be undertaken**

Creation of Voting Preferred Shares

- On 5 July 2011, the Board of Directors approved the amendment of the Seventh Article of PLDT's Amended Articles of Incorporation to sub-classify the company's authorized preferred capital stock into Non-voting and Voting Preferred Shares
- The capital structure of the company before and after the creation of the Voting Preferred Stock are shown below:

As of July 22, 2011			After Issuance of Voting Preferred Stock			
Class of Shares	Number of Authorized Shares	Par Value	Number of Outstanding Shares	Number of Authorized Shares	Par Value	Number of Outstanding Shares
Common	234,000,000	Php5.00	186,756,669	234,000,000	Php5.00	186,756,669
Voting Preferred Stock	-	-	-	150,000,000	Php1.00	150,000,000
Non-Voting Serial Preferred Stock	822,500,000	Php10.00	705,982,535	807,500,000	Php10.00	705,982,535
Total	1,056,500,000		892,739,204	1,191,500,000		1,042,739,204

Voting Preferred Shares:

- Par: P1
- Redeemable by the Company
- Entitled to vote at the shareholders' meeting to elect directors
- Can be owned only by Filipino nationals

- Amendments of Articles for shareholders' approval at a Special Stockholders' Meeting to be held on 20 September 2011
- Other features of Voting Preferred Shares are being evaluated; and will be brought to the Board for approval as necessary

PLDT Group Guidance (without Digitel)

Service Revenues	Lower by 4% in 2011 vs 2010	2010 lower by 2% vs 2009
EBITDA	Flat in 2011 vs 2010	2010 lower by 3% vs 2009
Core Net Income	P40.5 billion in 2011 and 2012, back to 2010 levels starting 2013	2010 higher by 2% vs 2009
Capex	P34 billion in 2011 and P33 billion in 2012, to reduce to about 18-20% of service revenues starting 2013	2010 higher by 2% vs 2009
Capital Management	Dividend Payout Ratio: 70% of Core EPS + “look back” approach Buyback of up to 2.3 million common shares	

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

Subscriber Data

	Jun-11	Mar-11	Dec-10	Sep-10	Jun-10	Mar-10	1H11 vs FY10		Net adds	
							Amount	%	1Q11	2Q11
CELLULAR										
Smart	26,509,537	26,165,500	25,715,018	25,594,008	26,204,136	25,479,359	794,519	3%	450,482	344,037
Buddy	26,079,785	25,735,090	25,293,443	25,175,430	25,764,292	25,033,946	786,342	3%	441,647	344,695
Postpaid	429,752	430,410	421,575	418,578	439,844	445,413	8,177	2%	8,835	(658)
Talk 'N Text	19,777,498	19,400,538	18,967,381	18,136,858	18,008,072	17,445,697	810,117	4%	433,157	376,960
Red Mobile	1,547,498	1,090,647	953,609	381,477	1,133,790	282,267	593,889	62%	137,038	456,851
Total Cellular	47,834,533	46,656,685	45,636,008	44,112,343	45,345,998	43,207,323	2,198,525	5%	1,020,677	1,177,848
BROADBAND										
SmartBro	1,491,700	1,407,219	1,355,977	1,337,965	1,323,364	1,226,195	135,723	10%	51,242	84,481
DSL	698,921	671,588	643,048	630,984	609,143	589,795	55,873	9%	28,540	27,333
WeRoam and Others	40,581	38,679	37,620	36,435	32,081	30,836	2,961	8%	1,059	1,902
Total Broadband	2,231,202	2,117,486	2,036,645	2,005,384	1,964,588	1,846,826	194,557	10%	80,841	113,716

1H 2011: Consolidated Financial Highlights

(in million pesos)	1H 2011 (Unaudited)				1H 2010 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Service Revenues	45,738	23,481	5,415	69,641	72,156	-3%
Cash operating expenses	15,210	11,576	4,376	26,055	26,460	-2%
EBITDA	29,039	11,393	979	41,512	43,257	-4%
<i>EBITDA Margin</i>	63%	49%	18%	60%	60%	
Depreciation and amortization	6,758	5,989	371	13,118	13,054	-
Financing costs, net	(1,367)	(1,786)	(29)	(3,178)	(3,451)	-8%
Income before income tax	22,498	4,878	718	28,094	29,377	-4%
Provision for income tax	5,383	1,366	49	6,798	7,756	-12%
Core net income ⁽¹⁾	17,428	2,939	656	21,023	21,230	-1%
Reported net income	17,129	3,505	665	21,299	21,679	-2%

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

	30-Jun-11	30-Jun-10	31-Dec-10
Php per US\$	43.36	46.42	43.81

Reconciliation of Core and Reported Net Income

<i>(in billion pesos)</i>	1H11	1H10	Difference
Reported net income	21.3	21.7	(0.4)
Core net income	21.0	21.2	(0.2)
	0.3	0.5	(0.2)
Accounted for by:			
Forex Net	0.4	(0.1)	0.5
Gain on Derivatives	0.7	1.2	(0.5)
Asset Impairment	-	(0.1)	0.1
Adjustment in equity in investment	(0.5)	(0.2)	(0.3)
	0.6	0.8	(0.2)
Tax Effect	(0.3)	(0.3)	-
	0.3	0.5	(0.2)

Consolidated Revenues

<i>(in billion pesos)</i>	First Half		
	2011	2010	% Change
Voice	31.4	34.0	-8%
Data and ICT	38.2	38.1	0%
	69.6	72.1	-3%

Revenues by Segment

<i>(in million pesos)</i>	1H 2011 (Unaudited)				1H 2010 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Service Revenues						
Wireless						
Cellular	42,192			42,192	44,076	-4%
Broadband	3,186			3,186	3,203	-1%
Satellite and other services	360			360	597	-40%
Fixed line						
Local exchange		7,445		7,445	7,764	-4%
International long distance		2,396		2,396	2,690	-11%
National long distance		2,055		2,055	2,351	-13%
Data and other network		10,834		10,834	11,578	-6%
Miscellaneous		751		751	854	-12%
ICT						
Knowledge processing solutions			2,744	2,744	2,502	10%
Customer Relationship Management			1,382	1,382	1,526	-9%
Internet and online gaming			469	469	520	-10%
<i>Vitro</i> TM data center and others			820	820	714	15%
Inter-segment transactions				(4,993)	(6,219)	-20%
	45,738	23,481	5,415	69,641	72,156	-3%
Non-Service Revenues						
Inter-segment transactions	596	303	256	1,155	1,160	0%
	-	-	-	(14)	(109)	-87%
	596	303	256	1,141	1,051	9%
Total Revenues	46,334	23,784	5,671	70,782	73,207	-3%

Wireless Net ARPU

	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Smart Postpaid	1,286	1,257	1,229	1,256	1,205	1,206
Smart Buddy	184	179	163	171	163	162
Talk 'N Text	115	116	112	116	106	105
Red Mobile Prepaid	8	3	5	19	27	37
Red Mobile Postpaid	-	-	-	-	133	413

Expenses

<i>(in million pesos)</i>	1H 2011 (Unaudited)				1H 2010 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Operating expenses						
Compensation and employee benefits	2,943	4,710	3,004	10,649	11,247	-5%
Repairs and maintenance	2,592	2,064	354	4,676	4,512	4%
Selling and promotions	1,993	655	42	2,690	2,667	1%
Professional and other contracted services	1,448	1,742	282	2,510	2,302	9%
Rent	4,070	1,258	332	2,023	2,173	-7%
Taxes and licenses	797	341	42	1,180	1,303	-9%
Communication, training and travel	483	275	207	857	847	1%
Insurance and security services	414	231	39	636	553	15%
Other operating expenses	470	300	74	834	856	-3%
Cash operating expenses	15,210	11,576	4,376	26,055	26,460	-2%
Depreciation and amortization	6,758	5,989	371	13,118	13,054	0%
Asset impairment	321	478	13	812	1,220	-33%
Amortization of intangible assets	54	7	83	144	178	-19%
Non-cash operating expenses	7,133	6,474	467	14,074	14,452	-3%
Cost of sales	1,764	337	306	2,406	2,389	1%
Total Expenses	24,107	18,387	5,149	42,535	43,301	-2%

Other Income (Expenses)

<i>(in million pesos)</i>	1H 2011 (Unaudited)				1H 2010 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Gains (losses) on derivative financial instruments, net	-	663	-	663	1,189	-44%
Interest income	383	245	21	645	612	5%
Equity share in net earnings (losses) of associates and joint ventures	737	-	102	839	881	-5%
Foreign exchange gains (losses), net	284	145	(3)	426	(59)	822%
Hedge costs	-	(179)	-	(179)	(255)	-30%
Others	234	393	105	631	554	14%
Total	1,638	1,267	225	3,025	2,922	4%
Financing costs, net						
Interest on loans and other related items	(949)	(1,917)	(4)	(2,866)	(3,142)	-9%
Accretion on financial liabilities	(491)	(39)	(25)	(555)	(567)	-2%
Financing charges	(29)	(42)	-	(71)	(48)	48%
Capitalized interest	102	212	-	314	306	3%
Total	(1,367)	(1,786)	(29)	(3,178)	(3,451)	-8%
Total other income (expenses)	271	(519)	196	(153)	(529)	-71%

EBITDA

<i>(in million pesos)</i>	1H 2011 (Unaudited)				1H 2010 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Income before tax	22,498	4,878	718	28,094	29,377	-4%
Add (deduct):						
Depreciation and amortization	6,758	5,989	371	13,118	13,054	0%
Financing costs, net	1,367	1,786	29	3,178	3,451	-8%
Asset impairment	-	-	3	3	119	-97%
Amortization of intangible assets	54	7	83	144	178	-19%
Equity share in net losses (earnings) of associates and joint ventures	(737)	-	(102)	(839)	(881)	-5%
Losses (gains) on derivative financial instruments, net	-	(663)	-	(663)	(1,189)	-44%
Foreign exchange losses (gains), net	(284)	(145)	3	(426)	59	-822%
Interest income	(383)	(245)	(21)	(645)	(612)	5%
Hedge costs	-	179	-	179	255	-30%
Other income	(234)	(393)	(105)	(631)	(554)	14%
EBITDA	29,039	11,393	979	41,512	43,257	-4%
	63%	49%	18%	60%	60%	

Core Income

<i>(in million pesos)</i>	1H 2011 (Unaudited)				1H 2010 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Reported net income	17,129	3,505	665	21,299	21,679	-2%
Add (deduct):						
Foreign exchange losses (gains), net	(281)	(145)	3	(423)	59	-817%
Losses (gains) on derivatives financial instruments, net	-	(663)	-	(663)	(1,189)	-44%
Others	85	-	(11)	74	115	-36%
Adjustment in equity share in Meralco	458	-	-	458	227	102%
Tax effect	37	242	(1)	278	339	-18%
Core Net Income	17,428	2,939	656	21,023	21,230	-1%

Earnings Per Share

<i>(in million pesos)</i>	1H 2011 (Unaudited)		1H 2010 (Unaudited)	
	Basic	Diluted	Basic	Diluted
Net income (loss) attributable to equity holders of PLDT	21,300	21,300	21,679	21,679
Dividends on preferred shares	(228)	(25)	(228)	(25)
Net income applicable to common shares	21,072	21,275	21,451	21,654
Outstanding common shares at beginning of period	186,756	186,756	186,797	186,797
Effect of issuance of common shares during the period				
Effect of purchase of treasury shares during the period				
Average incremental number of shares under ESOP during the period				
Common shares equivalent of preferred shares deemed dilutive				
Preferred Stock Series A to II		1,914		1,870
Global Depository Shares/Preferred Stock Series III				
Preferred Stock Series V				
Preferred Stock Series VI				
Preferred Stock Series VII				
Weighted Average number of shares, end	186,756	188,671	186,797	188,667
EPS (Based on reported net income)	112.83	112.76	114.84	114.77
Core Net Income	21,023	21,023	21,230	21,230
Dividends on preferred shares	(228)	(25)	(228)	(25)
Net income applicable to common shares	20,795	20,998	21,002	21,205
Weighted Average number of shares, end	186,756	188,671	186,797	188,667
EPS (Based on core net income)	111.35	111.30	112.43	112.39

Cash Flows

<i>(in million pesos)</i>	1H 2011 (Unaudited)				1H 2010 (Unaudited)	% Change
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	
Net cash from operations	22,237	11,177	1,219	34,629	31,848	9%
Add(Deduct):						
Capital expenditures	(1,838)	(4,186)	(311)	(6,335)	(9,700)	-35%
Other investing activities	151	20,393	(695)	(532)	135	-494%
Interest, net	(547)	(1,371)	15	(1,899)	(2,264)	-16%
Preferred share dividends	-	(61)	-	(61)	(61)	-
Others	(83)	(1,515)	(8)	(1,606)	(560)	187%
Free cash flow	19,920	24,437	220	24,196	19,398	25%
Common share dividends	(20,000)	(26,919)	-	(26,772)	(26,269)	2%
Investments	-	-	(100)	(100)	(7)	1329%
Redemption of preferred shares	-	-	(200)	-	(6)	-100%
Debt repayments, net	225	3,695	633	4,587	(5,683)	-181%
Change in cash	145	1,213	553	1,911	(12,567)	-115%
Cash balance, beginning⁽¹⁾	21,814	14,000	1,533	37,347	42,143	-11%
Cash balance, end⁽¹⁾	21,959	15,213	2,086	39,258	29,576	33%

(1) Includes short-term investments

Balance Sheet

<i>(in million pesos)</i>	Consolidated	
	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Total Assets	271,484	277,815
Nominal Value of Total Debt	96,645	92,590
<i>in US\$</i>	\$2,229	\$2,113
Less: Unamortized Debt Discount	2,492	2,944
Total Debt	94,153	89,646
Cash and short-term investments	39,258	37,347
Net Debt ⁽²⁾	57,387	55,243
Equity	91,729	97,385
Total Debt⁽¹⁾/Equity	<u>1.05x</u>	<u>0.95x</u>
Net Debt⁽²⁾/Equity	<u>0.63x</u>	<u>0.57x</u>
Total Debt⁽¹⁾/EBITDA	<u>1.18x</u>	<u>1.11x</u>
Net Debt ⁽²⁾/EBITDA	<u>0.70x</u>	<u>0.66x</u>

(1) *Nominal value of total debt*

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

Interest-bearing Liabilities

<i>(in millions)</i>	June 30, 2011 (Unaudited)			December 31, 2010 (Audited)	Change
	Carrying Value	Unamortized Debt Discount	Face Value	Face Value	
Debt					
PLDT	\$1,212.6	\$3.7	\$1,216.3	\$1,123.4	\$92.9
Smart	\$941.3	\$53.7	\$995.0	\$987.4	\$7.6
2014 Debt	230.9	49.2	280.1	280.1	-
Others	710.4	4.5	714.9	707.3	7.6
Others	\$2.3	-	\$2.3	\$2.6	0.30
Total Debt	\$2,156.2	\$57.4	\$2,213.6	\$2,113.4	\$100.8
Obligations under finance lease	\$0.30	\$0.02	\$0.32	\$1.00	(\$0.68)

Debt Profile

<i>(in million US\$)</i>	2006	2007	2008	2009	2010	1H11
Debt Balance	1,756	1,585	1,625	2,210	2,113	2,229
Cash and short-term investments	514	745	847	908	852	905
Net Debt	1,242	840	778	1,302	1,261	1,324