Philippine Long Distance Telephone Company

First Half 2006 Financial and Operating Results

8 August 2006

1H06: Financial Highlights

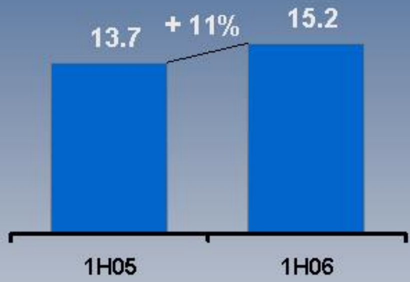
	1H05	1H06	% Y-o-Y
Service Revenues	P59.5bn	P60.6bn	↑ 2%
EBITDA	P37.9bn	P40.4bn	↑ 7%
Core Net Income	P13.7bn	P15.2bn	↑ 11%
Core EPS	P75.85	P82.48	↑ 9%
Reported Net Income	P16.5bn	P15.3bn	↓ 7%
Interim Dividends Declared(1)	P7.2bn	P9.1bn	↑ 27%

Record Date	Interim Dividend per Share	Payment Date	Total Interim Dividends
21 Aug. 2006	P50.00	21 Sept. 2006	P9.1bn

(1) Represents total interim dividends paid in 2005 of P21 per share in 3Q05 and P21 per share in 4Q05; and the estimated total payment to be made relating to the P50 per share interim dividend declared on 21 Aug. 2006

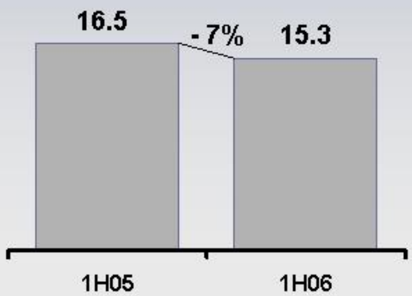
PLDT Group: Increasing Core Profitability

Core net income
(billion pesos)



Net income (in billions)	1H05	1H06	Δ%
Reported Net Income	16.5	15.3	-7%
Adjustments:			
Additional depreciation	-	3.9	
FX/derivative loss (gain)	(2.2)	0.2	-110%
Deferred tax assets and tax impact	(0.7)	(4.2)	528%
Core net income	**13.7**	**15.2**	**11%**
Less:			
Preferred dividends	(0.8)	(0.2)	-70%
Core income available to common shareholders	**12.9**	**15.0**	**16%**
Core earnings per share	**75.85**	**82.48**	**9%**

Reported net income
(billion pesos)

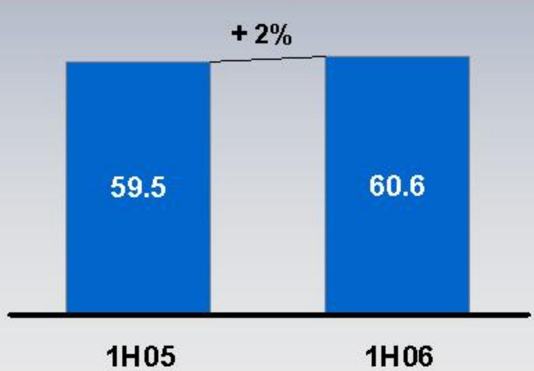


- Core net income increased by 11% y-o-y to P15.2 billion reflecting the steady improvement in operating performance and lower interest expense
- Income available to common shareholders grew 16% y-o-y to P15 billion while core earnings per share was up 9% to P83 per share
- Reported net income declined by 7% y-o-y mainly due to additional depreciation charges, FX losses arising from the depreciation of the peso and an increase in statutory income tax rate

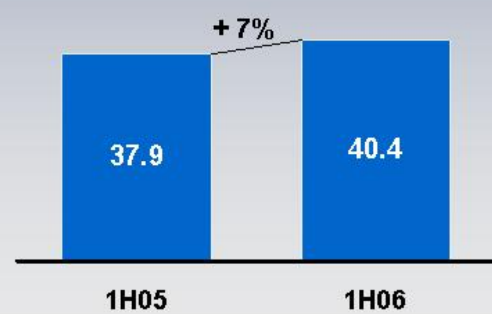
PLDT Group: Reinforcing Market Leadership

- Service revenues up 2% y-o-y to P60.6 billion in 1H06 driven by the combined impact of higher wireless and ICT revenues, offset in part by a decline in fixed line revenues
- EBITDA increased by 7% to P40.4 billion in 1H06 as a result of higher revenues and continued focus on managing the increase in cash costs
- EBITDA margin in 1H06 improved to 67%
- Service revenues grew by 2% q-o-q to P30.7 billion while EBITDA was higher by 1% q-o-q to P20.3 billion, respectively

Service Revenues (billion pesos)



PLDT Group EBITDA (billion pesos)

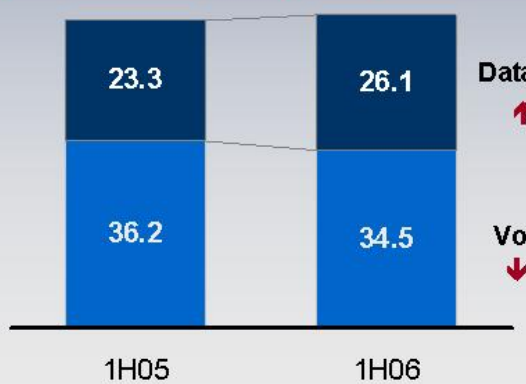


	1H05	1H06
Margin	64%	67%

PLDT Group: Developing a New Growth Platform

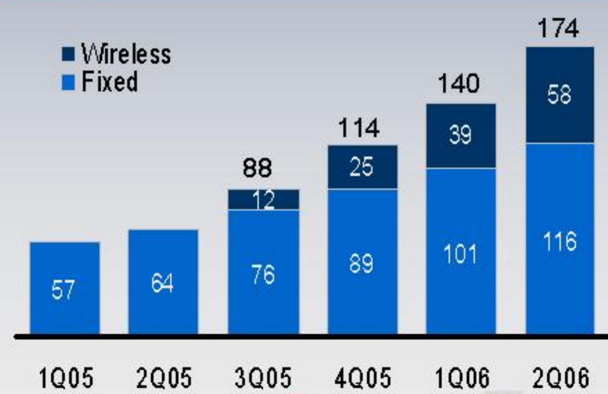
- Consolidated data revenues increased by 12% to P26.1 billion in 1H06, offsetting a 5% decline in traditional voice revenues
- PLDT Group's broadband subscribers totaled 174,000 as of end-June 2006 from 114,000 as of YE05 and are targeted to grow further as the network expands; PLDT dial-up subscribers grew to 425,000 as of end-June 2006
- PLDT DSL, Smart Bro and PLDT Vibe contributed revenues aggregating P2 billion in 1H06, representing a 58% growth y-o-y
- Expansion of DFON network in northern Luzon is expected to propel development of data and ICT services in that region

Consolidated Voice and Data Revenues (billion pesos)



(1) Includes cellular, other wireless, fixed line data and ICT service revenues
(2) Includes cellular voice, LEC, ILD and NLD service revenues

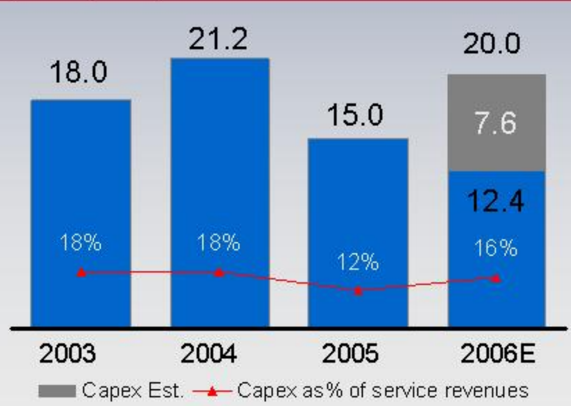
Number of Broadband Subscribers (1,000)



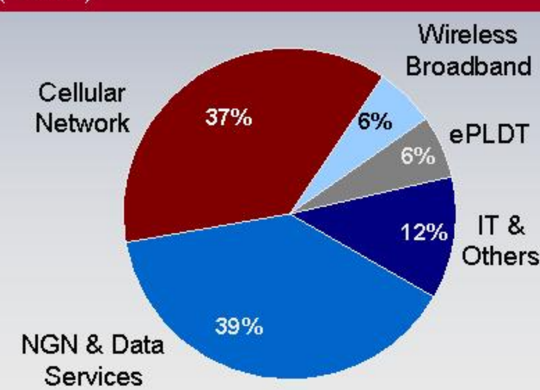
PLDT Group: Investing in the Future

- Consolidated capex in 1H06 reached P12.4 billion mainly due to:
  - Ongoing upgrade of about 200,000 lines to NGN and expansion of DFON network
  - Increase in wireless broadband capable cell sites to approximately 2,200 as of end-June 2006
  - Accelerated rollout of multi-purpose cellular network elements
  - Expansion of the call center business
- Full year 2006 capex estimate expected to reach P20 billion as the fixed line and wireless networks are upgraded and expanded
- Capex as a percentage of service revenues remains reasonable at approximately 16%

Consolidated Capital Expenditures (billion pesos)



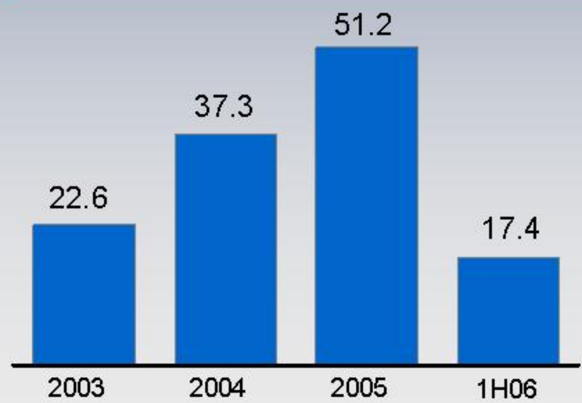
Allocation of Capital Expenditures (FY06E)



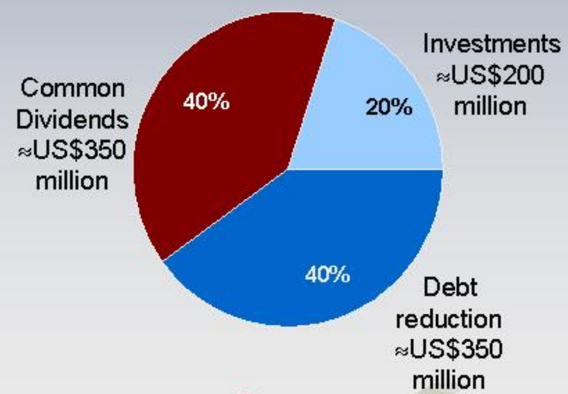
PLDT Group: Managing Cash Flow Utilization

- Free cash flow remained strong at P17.4 billion in 1H06 despite working capital requirements reverting back to normalized levels and higher capex
- Interim common dividends to be paid in September 2006 will reach about P9.1 billion representing the P50 dividend per share declared based on a 60% payout of core EPS
- PLDT Group's healthy cash balance and cash flows allows the Group to finance its capex requirements, pay down debts and pay higher dividends to shareholders while still being able to make selective investments in future growth areas

Free Cash Flow
(billion pesos)



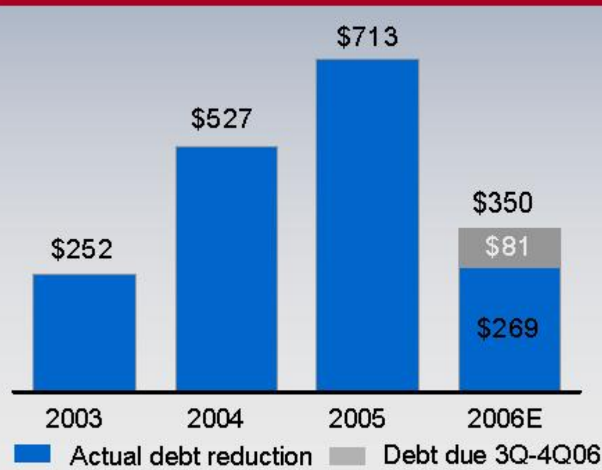
Estimated Cash Flow Utilization



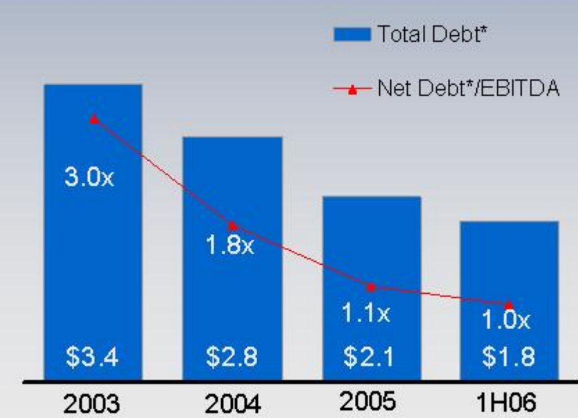
PLDT Group: Strengthening Balance Sheet

- PLDT Group reduced debts by almost US$270 million in 1H06, including the prepayment of US$56 million of Piltel debt owed to third-parties
- Consolidated debt levels stood at US$1.8 billion with net debt balance at less than US$1.4 billion
- Net debt to EBITDA and net debt to free cash flow are now below 1.0 times and 1.7 times, respectively
- The combination of lower debt levels, hedges and US dollar cash balances that cover 64% of consolidated debt significantly reduces FX risk exposure of PLDT Group
- Voluntary conversions of about 190,000 and 1.8 million Series V and VI preferred shares in 1H06, will result in accretion savings of approximately P150 million in 2H06 and P370 million in 2007

Consolidated Debt Reduction (million US$)



Consolidated Debt Balance and Leverage Ratios (billion US$)

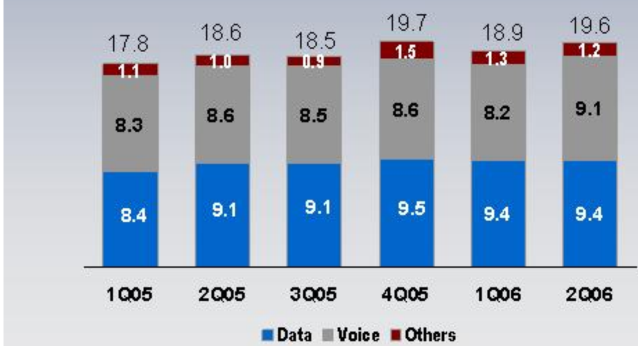


Nominal value of total debt

SMART: Upholding Market Leadership

- Smart and TNT added approximately 850,000 and 700,000 cellular subscribers in 2Q06 resulting in a total combined subscriber base of about 22.5 million as of end-June 06
- Service revenues grew 6% y-o-y to P38.6 billion in 1H06 mainly driven by the continued growth in data revenues, propelled by the success of Smart 258 Unlimited
- EBITDA increased by 8% to P25.8 billion in 1H06 while margins improved to 67%
- Service revenues increased by 4% q-o-q to P19.6 billion and EBITDA improved 8% q-o-q to P13.4 billion on the back of lower cash operating expenses

Wireless Service Revenues (billion pesos)



Subscribers (in millions) 20.3 20.8 20.8 20.4 20.9 22.5

EBITDA* (billion pesos) **and EBITDA Margin**

PLDT SMART

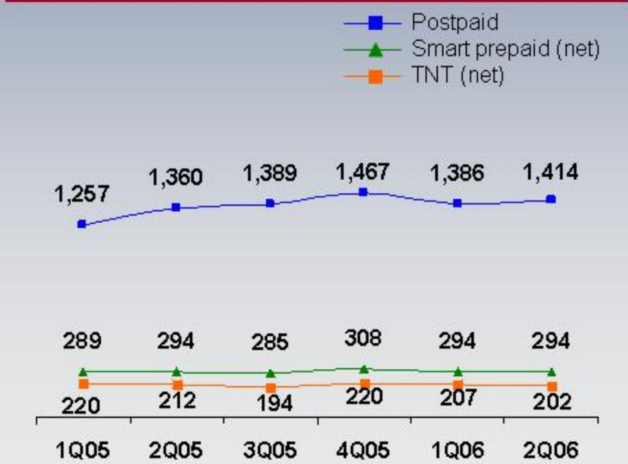
SMART : Dahil Smart Tayo

- Strong activations in 1H06 fueled by on-the-ground selling activities, pro-active churn management and lower SIM prices
- Stable data usage benefited from various unlimited/bucket pricing promotions
  - Unli 30 and Unli 40
  - Smart 25[8]
  - All Text
- Voice usage encouraged by combo packages and IDD promotions
  - Flat Rate
  - Smart 25[8] Combo
- VAS augmented by relevant services
  - Voice Text
  - Premyo sa Resibo
- Smart Bro growth propelled by higher activation rates and shared access programs

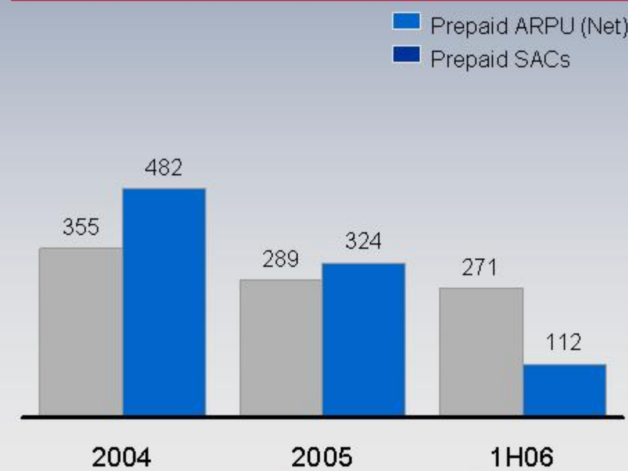
SMART: Balancing ARPUs and SACs

- Smart's prepaid net ARPUs held steady at about P294 in 2Q06 due to the combined effects of higher SMS revenue offset in part by lower outbound voice usage per subscriber and higher on-net traffic
- Prepaid SAC has been reduced to about P112 in 1H06, or a third of net prepaid ARPU

Prepaid and Postpaid ARPU (Pesos)



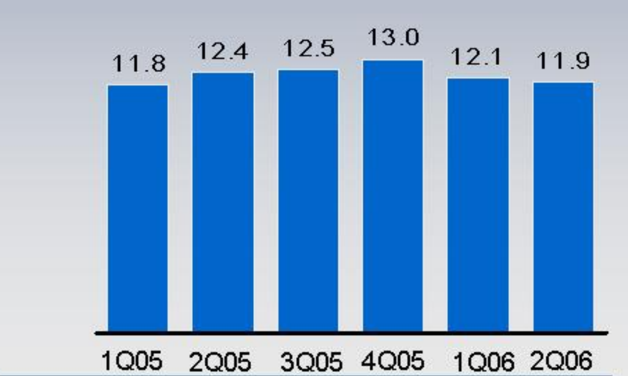
Blended ARPU (Net) and SACs (Pesos)



PLDT Fixed Line: Transitioning for Growth

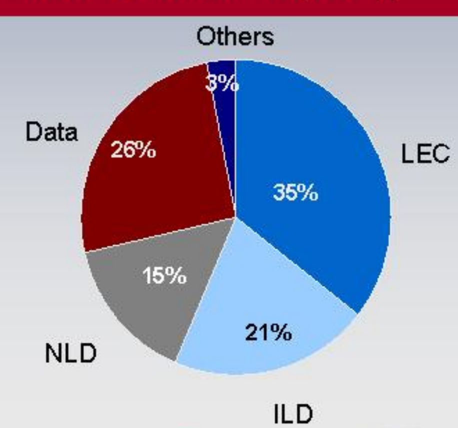
- Fixed Line revenues decreased 1% y-o-y to P24.1 billion due to the combined impact of:
  - increase in corporate data service and DSL service revenues
  - decrease in LEC revenues as a result of downward adjustments in basic monthly fees due to the appreciation of the peso
  - decline in ILD revenues due to lower inbound volumes and stronger peso
- Fixed Line revenues would have improved y-o-y by 3% if FX rates remained stable
- EBITDA grew by 4% to P14.2 billion in 1H06 and margins improved to 59% mainly due to lower provisions for doubtful accounts

Fixed Line Service Revenues
(billion pesos)



EBITDA Margin	58%	55%	54%	66%	62%	56%

Fixed Line Revenue Mix (1H06)



PLDT: Moving into Next Generation Communications

The ongoing upgrade to NGN is expected to result in a simpler network architecture with less network elements but with greater capability to provide data services at lower cost.

Case Study: NGN upgrade of Pasay Exchange

Current Network Features:

- Services 21,000 lines with capacity of up to 30,000 lines
- Services 2,000 DSL subscribers with capacity of up to 2,200 ports
- Houses PSTN equipment (EWSD, DLC and DSL switches) occupying 150 m^2

NGN Network Features:

- NGN will allow all existing working lines to become DSL capable
- Existing PSTN equipment to be shut down
- Access gateways will only occupy 20 m^2

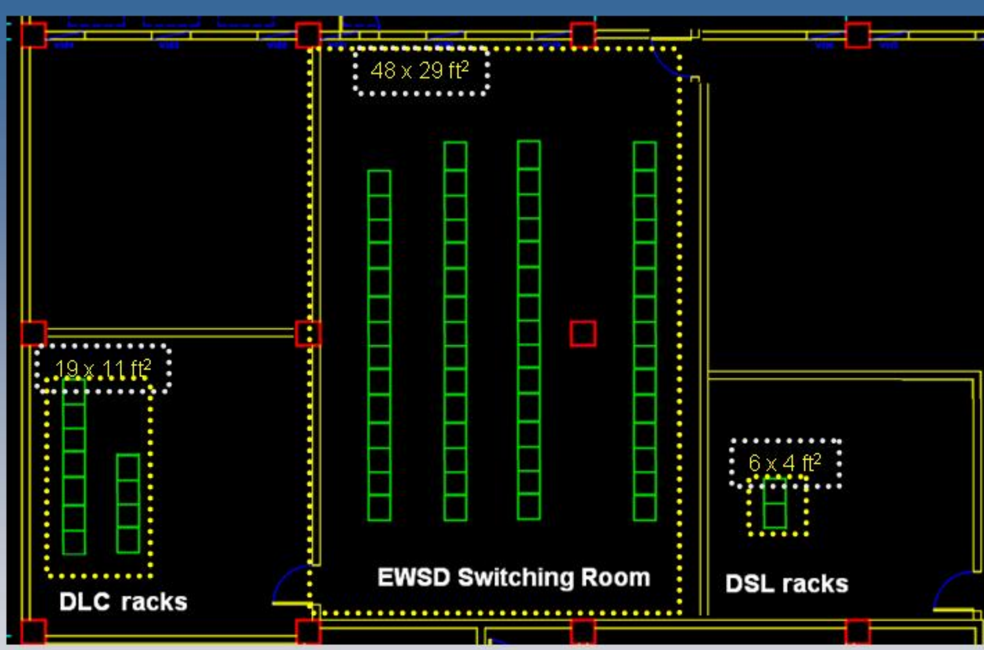
Case Study: NGN upgrade of Calauan Exchange

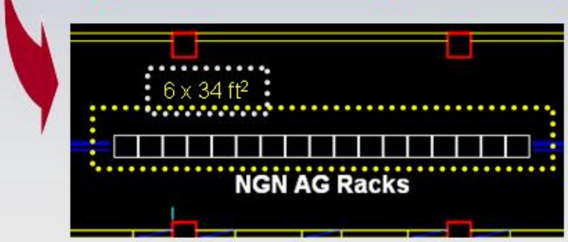
Current Network Features:

- Services 850 lines and 35 DSL subscribers
- PSTN equipment housed in 3 vans and a building located on a 1,226 m^2 property

NGN Network Features:

- Existing PSTN equipment in 2 vans were shut down in March 2006
- Three (3) NGN access gateways installed in 1 equipment van
- Excess property measuring 836m^2 is earmarked for disposal



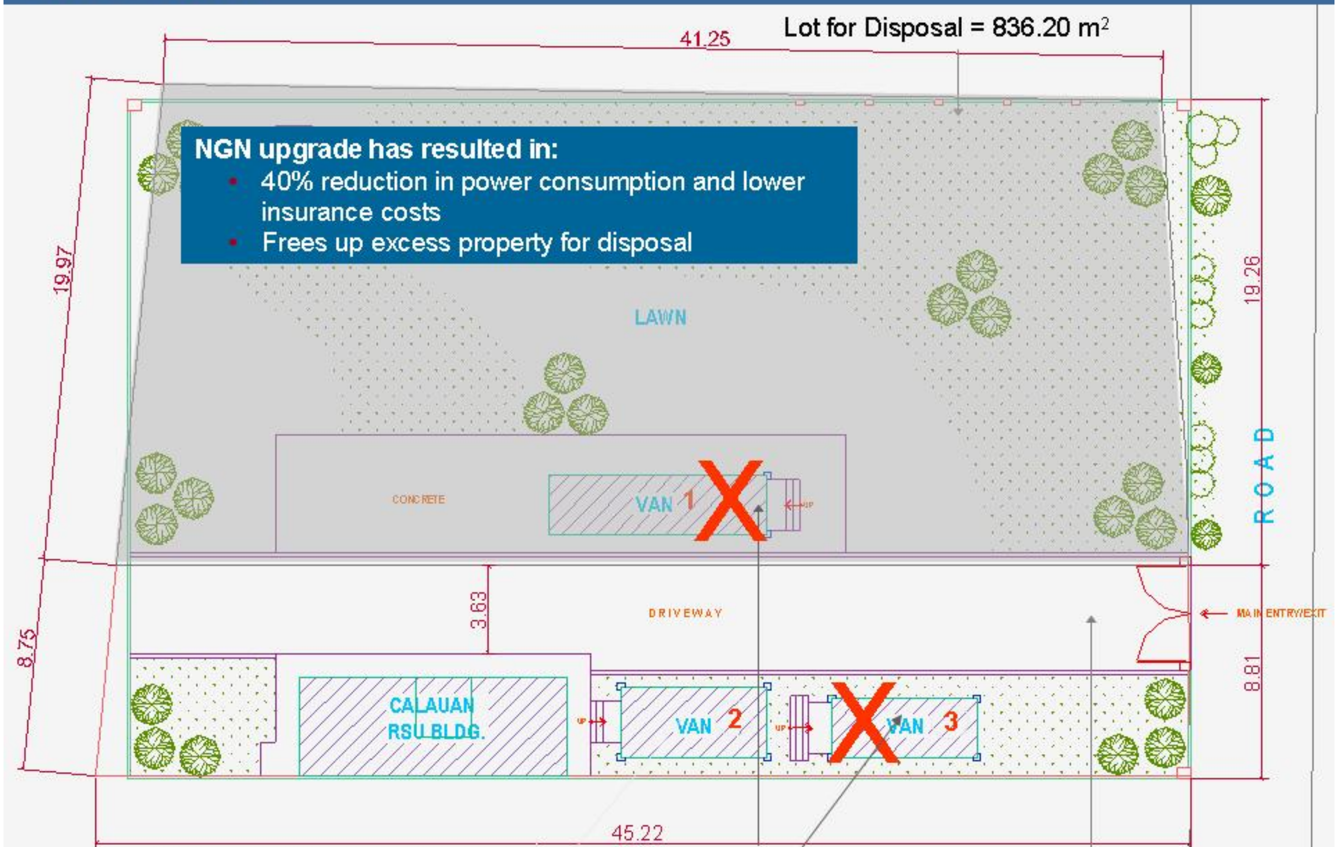


Completion of NGN upgrade will result in:

- Increase DSL capacity and allow faster activation of DSL on voice line
- Immediate reduction in power consumption and insurance costs
- Bring about opportunities to do space rationalization, including the integration of business offices in future periods

Calauan RSU

NGN upgrade has resulted in:
- 40% reduction in power consumption and lower insurance costs
- Frees up excess property for disposal



Van 2 housed the NGN Equipment, it was cut-over from PSTN (Alcatel S12) March 3, 2006

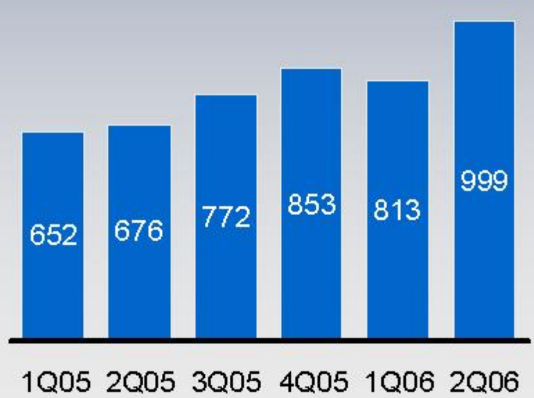
Equipment Vans scheduled for pull-out. Van 1 was decommissioned in March 2006

Area for retention = 389.81 m^2

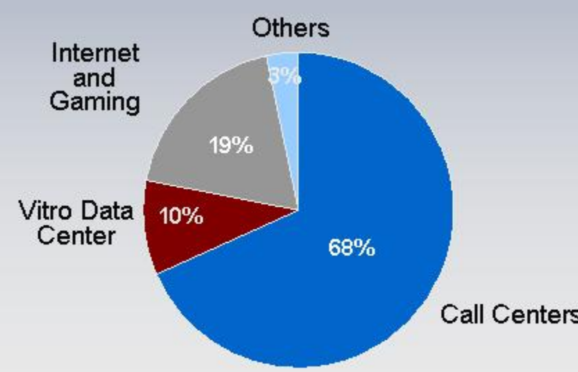
ePLDT: Moving to the Forefront

- Service revenues grew by 36% to P1.8 billion mainly driven by the continued growth in call center revenues
- Acquisition of SPi in July 2006 will allow ePLDT's consolidated call center/BPO revenues to increase to approximately US$100 million per annum
- Merger of Level Up! Philippines and netGames, together with the investment in PhilWeb, is expected to boost ePLDT's capability to develop gaming content for fixed line broadband and wireless devices

ePLDT Service Revenues (million pesos)



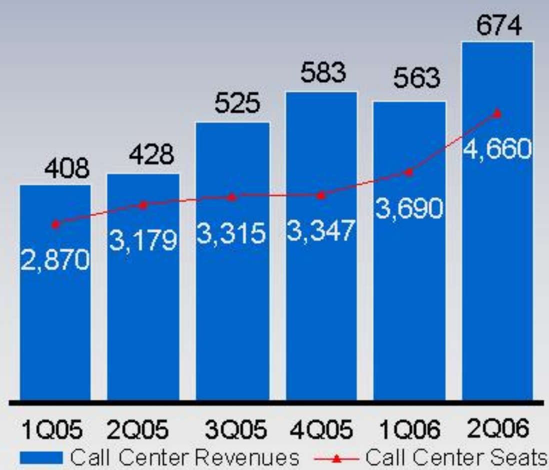
ePLDT Revenues Mix (1H06)



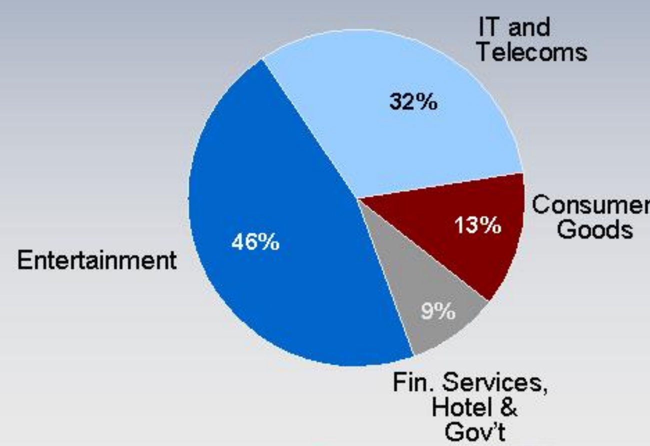
ePLDT Ventus: Expanding in New Directions

- Call center revenues and EBITDA both grew by 48% y-o-y to P1.2 billion and P332 million in 1H06 driven by an increase in billable hours from new and existing clients
- ePLDT Ventus opened 2 new sites and now operates 7 sites with about 4,660 seats
- ePLDT Ventus has pre-sold its additional capacity on contracts that are expected to go live by 4Q06
- ePLDT Ventus is expected to benefit from the acquisition of SPI by utilizing SPI's well established sales presence in the US and by cross-selling the voice service to new and existing clients of SPI

ePLDT Ventus Revenues (million pesos) **and Call Center Seats**



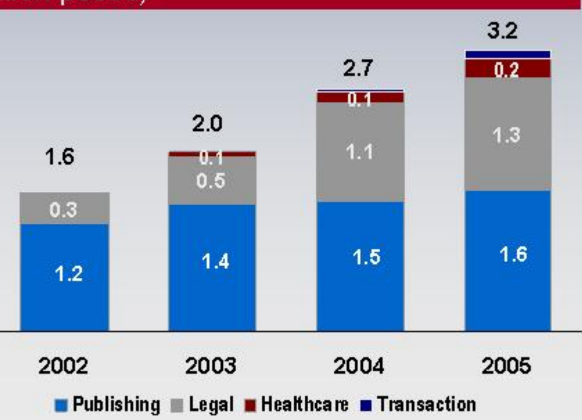
ePLDT Ventus: Revenue Mix by Industry



ePLDT: Breaking Ground into BPO

- SPI's core capabilities include content editorial and production, litigation support coding and electronic discovery, medical transcription and database structuring and management
- SPI's main source of recurring revenues were derived from the publishing unit while the growth in revenues emanated from the legal business unit which tends to be seasonal and project driven
- Significant growth is expected to come from the healthcare unit mainly as a result of increasing demand for outsourced medical transcription services
  - ePLDT is expected to acquire a medical transcription company based in the US with a revenue base of approximately US$20 million

SPi: Consolidated Revenues (billion pesos)



SPi: Number of Seats

2006 Outlook

- **Growth in core earnings is being achieved through:**
  - Increased take up of both wireless and fixed line data services
  - Continued focus on containing cash costs
  - Significant decline in interest costs
- **Robust cash flows are more than adequate to support key initiatives:**
  - Further strengthen the balance sheet and improve risk exposures by reducing debts by US$350 million
  - Enhance shareholder returns through dividend payments representing 60% of 2006 core earnings
  - Diversify revenue streams by investing in new growth areas
- **2006 is a year to lay the foundation for earnings growth in 2007 onwards:**
  - Expand coverage and enhance broadband and data capabilities through NGN upgrade and rollout of multi-purpose cellular network elements
  - Acquisition of SPI broadens PLDT Group's participation in the growing BPO sector

PLDT SMART COMMUNICATIONS, INC.

1H06: Consolidated Financial Highlights

Profit and Loss *(in million pesos)*	1H 2006				1H 2005	
	Wireless	Fixed Line	ICT	Consolidated	Consolidated	% Change
Service Revenues	38,591	24,053	1,812	60,640	59,543	2%
Cash operating expenses	11,396	9,546	1,685	18,741	18,021	4%
Provisions	284	485	1	770	1,987	-61%
EBITDA(1)	25,850	14,209	329	40,389	37,859	7%
EBITDA Margin	*67%*	*59%*	*18%*	*67%*	*64%*	5%
Depreciation	5,195	10,038	252	15,485	10,861	43%
Financing costs	2,264	3,876	(5)	6,135	4,824	27%
Provision for income tax	2,953	45	(12)	2,986	5,483	-46%
Core net income (2)	12,312	2,764	130	15,207	13,691	11%
Reported net income	14,928	250	128	15,306	16,520	-7%

(1) EBITDA calculation provided in the appendix
(2) Net income before certain adjusting items and excluding gains/losses on foreign exchange/derivatives (after tax)

PLDT SMART COMMUNICATIONS, INC.

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

Revenues

(in million pesos)	1H 2006 Wireless	1H 2006 Fixed Line	1H 2006 ICT	1H 2006 Consolidated	1H 2005 Consolidated	% Change
Service Revenues						
Wireless						
Cellular	37,076			37,076	35,233	5%
Others	1,515			1,515	1,250	21%
Fixed line						
Local exchange		8,587		8,587	9,247	-7%
International long distance		5,051		5,051	6,253	-19%
National long distance		3,504		3,504	3,519	0%
Data and other network		6,242		6,242	4,589	36%
Miscellaneous		669		669	627	7%
ICT			1,812	1,812	1,328	36%
Inter-segment transaction				(3,816)	(2,503)	52%
Total Service Revenues	38,591	24,053	1,812	60,640	59,543	2%
Non-Service Revenues	1,188	36	172	1,396	1,506	-7%
Inter-segment transaction				(13)	(84)	-84%
	1,188	36	172	1,383	1,422	-3%
Other Income	133	229	27	389	202	92%
Inter-segment transaction				(51)	(29)	76%
	133	229	27	338	173	96%
Total Revenues and Other Income	39,912	24,318	2,011	62,361	61,138	2%

Operating Expenses

(in million pesos)	1H 2006 Wireless	1H 2006 Fixed Line	1H 2006 ICT	1H 2006 Consolidated	1H 2005 Consolidated	% Change
Operating expenses						
Compensation	2,202	4,560	855	7,616	6,492	17%
Maintenance	1,795	1,611	139	3,286	3,320	-1%
Selling and promotions	1,329	975	234	2,524	2,770	-9%
Rent	3,427	827	228	1,146	954	20%
Taxes and licenses	552	343	19	914	1,015	-10%
Professional and other contracted services	864	469	50	1,239	1,120	11%
Insurance and security services	422	265	10	659	825	-20%
Communication, training and travel	446	239	75	673	744	-10%
Other operating expenses	358	257	75	685	781	-12%
Cash operating expenses	11,395	9,546	1,685	18,741	18,021	4%
Depreciation	5,195	10,038	252	15,485	10,861	43%
Provisions	284	485	1	775	1,987	-61%
Amortization of intangible assets	137	-	3	140	139	0%
Non-cash operating expenses	5,616	10,523	256	16,400	12,987	26%
Total operating expenses	17,011	20,069	1,941	35,142	31,009	13%
Cost of sales	2,383	77	-	2,460	3,271	-25%
Financing costs	2,264	3,876	(5)	6,135	4,824	27%
Total Expenses	21,658	24,022	1,936	43,736	39,103	12%

EBITDA

(in million pesos)	1H 2006 Wireless	1H 2006 Fixed Line	1H 2006 Consolidated	1H 2005 Consolidated	% Change
Income before tax	18,254	295	18,625	22,035	-15%
Add back:					
Financing costs	2,264	3,876	6,135	4,824	27%
Depreciation	5,195	10,038	15,485	10,861	43%
Amortization of intangible assets	137	-	140	139	1%
Asset impairment	-	-	4	-	
EBITDA	25,850	14,209	40,389	37,859	7%
EBITDA Margin	67%	59%	67%	64%	

Financing Costs

(in million pesos)	1H 2006 Wireless	1H 2006 Fixed Line	1H 2006 Consolidated	1H 2005 Consolidated	% Change
Interest on loans and related items	899	3,449	4,355	5,656	-23%
Accretion on financial liabilities	1,735	88	1,823	1,509	21%
Hedge cost	-	746	746	557	34%
Foreign exchange losses (gains)	205	(7)	195	(1,382)	-114%
Dividends on CPS	93	-	93	132	-29%
Financing charges	31	8	39	74	-48%
Loss (gain) on derivative transactions, net	29	(6)	23	(778)	-103%
Capitalized interest	(143)	(159)	(302)	(203)	49%
Interest income	(585)	(243)	(837)	(741)	13%
Total	2,264	3,876	6,135	4,824	27%

Cash Flows

(in million pesos)	1H 2006 Wireless	1H 2006 Fixed Line	1H 2006 Consolidated	1H 2005 Consolidated	% Change
Net cash from operations	17,227	14,698	33,601	35,151	-4%
Add(Deduct):					
Capital expenditures	(6,017)	(5,849)	(12,385)	(7,012)	77%
Other investing activities	(322)	34	(112)	4,083	-103%
Interest, net	(155)	(3,022)	(3,167)	(4,795)	-34%
Dividends from Smart	-	14,000	-	-	-
Preferred share dividends	-	(235)	(235)	(591)	-60%
Others	11	(21)	(345)	801	-143%
Free cash flow	10,745	19,605	17,357	27,637	-37%
Common share dividends	(14,040)	(5,059)	(5,099)	(2,372)	115%
Investments	(1,201)	(3)	(1,977)	(238)	731%
Principal repayments, net	(2,852)	(11,395)	(14,379)	(16,719)	-14%
Change in cash	(7,348)	3,148	(4,098)	8,308	-149%
Cash balance, beginning	19,589	9,848	30,064	27,321	10%
Cash balance, end	12,241	12,996	25,966	35,629	-27%

Balance Sheet

(in million pesos)	Consolidated June 30 2006	Consolidated December 31 2005
Total Assets	**244,771**	**249,713**
Nominal Value of Total Debt	**98,367**	**112,373**
in US$	***$1,848***	***$2,117***
Less: Unamortized Debt Discount	**7,676**	**8,829**
Total Debt	**90,691**	**103,544**
Cash and short-term investments	**29,138**	**32,810**
Net Debt	**61,553**	**70,734**
Equity	**85,870**	**74,369**
Total Debt(1)/Equity	**1.15x**	**1.51x**
Net Debt(2)/Equity	**0.81x**	**1.07x**
Total Debt(1)/EBITDA	**1.21x**	**1.42x**
Net Debt (2)/EBITDA	**0.85x**	**1.01x**

Earnings Per Share

	Basic	Diluted	Basic	Diluted
Net Income	15,306	15,306	16,520	16,520
Dividends on preferred shares	(228)	(228)	(756)	(24)
Adjustments for preferred shares deemed dilutive				
Dividends on preferred stock subject to mandatory redemption charged to expense for the period	-	-	-	54
Accretion of preferred stock subject to mandatory redemption	-	-	-	235
Foreign exchange gain on preferred stock subject to mandatory redemption	-	-	-	(478)
Net Income applicable to common shares	15,078	15,078	15,764	16,307
Outstanding common shares, beginning	180,789	180,789	170,468	170,468
Effect of issuance of common shares during the period	823	823	64	64
Weighted average number of shares under ESOP during the period	-	40	-	66
Common shares equivalent of preferred shares deemed dilutive:				
Preferred stock series A to FF	-		-	3,219
Global depositary Stock Series III	-	-	-	7,908
Preferred stock series VII	-	-	-	3,842
Weighted average number of shares, end	181,612	181,652	170,532	185,567
EPS (based on reported net income)	**83.02**	**83.00**	**92.44**	**87.88**
Core Net Income	15,207	15,207	13,691	13,212
Adjustments for preferred shares deemed dilutive	(228)	(228)	(756)	264
Net Income applicable to common shares	14,979	14,979	12,935	13,476
Weighted average number of shares, end	181,612	181,652	170,532	185,567
EPS (based on core net income)	**82.48**	**82.46**	**75.85**	**72.62**

Interest-bearing Liabilities

	June 30, 2006			December 31, 2005	
(in millions)	Carrying Value	Unamortized Debt Discount	Face Value	Face Value	Change
Debt					
PLDT	**$1,171**	**$12**	**$1,183**	**$1,396**	**($214)**
Smart	**$430**	**$113**	**$543**	**$532**	**$11**
2014 Debt	$167	$113	$280	280	-
Others	$263	-	$263	252	$11
Piltel	**$56**	**$16**	**$72**	**$128**	**(56)**
Others	**$51**	-	**$51**	**$61**	**($10)**
Total Debt	**$1,707**	**$141**	**$1,848**	**$2,117**	**($269)**
Preferred Stocks Subject to Mandatory Redemption					
Series V, VI & VII	**$192**	**$41**	**$233**	**$299**	**($66)**

Quarterly Consolidated Financial Highlights

(in million pesos)	2006 1Q	2006 2Q	2005 2Q	% Change 2Q06 vs. 2Q05
Service Revenues	29,977	30,662	30,268	1%
Non-service Revenues	709	674	607	11%
Less: Cost of sales	1,234	1,225	1,267	-3%
Operating Expenses				
Cash operating expenses	9,339	9,403	9,109	3%
Non-cash operating expenses	7,974	8,427	6,751	25%
	17,312	17,830	15,860	12%
Operating Income	12,140	12,281	13,747	-11%
EBITDA	20,007	20,382	19,239	6%
EBITDA Margin	*67%*	*66%*	*64%*	
Other Income	133	206	119	72%
Other Expenses:				
Interest on loans and related items	2,080	2,275	2,722	-16%
FX and derivatives (gain)/loss	(1,556)	1,774	1,162	53%
Others	476	1,085	661	64%
	1,000	5,134	4,545	13%
Income before income tax	11,272	7,353	9,322	-21%
Provision for income tax	2,510	477	2,008	-76%
Net income, as reported	**8,581**	**6,725**	**7,303**	**-8%**
Core net income (1)	**7,566**	**7,641**	**7,193**	**6%**

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