



PILTEL

August 3, 2009

THE PHILIPPINE STOCK EXCHANGE
Listing and Disclosure Group
4th Floor Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

In compliance with Section 17.1(b) and Section 17.3 of the Securities Regulation Code, we submit herewith a press release entitled "1H09 Core Net Income at ₱6.3 Billion".

This shall serve as our disclosure for the purpose of complying with Section 6 of the Revised Disclosure Rules of the Philippine Stock Exchange.

Thank you.

Very truly yours,

DEBORAH ANNE N. TAN
Corporate Information/Investor Relations Officer



PILTEL

August 3, 2009

**SECURITIES & EXCHANGE COMMISSION
Corporation Finance Department
SEC Building, EDSA
Mandaluyong City**

Attention : **Ms. Justina F. Callangan
Director, Corporation Finance Department**

Gentlemen:

Re : **Pilipino Telephone Corporation
SEC Registration No. 35815**

In accordance with Section 17.1(b) of the Securities Regulation Code and SRC Rule 17.1, we submit herewith five (5) copies of SEC Form 17-C with a press release entitled "1H09 Core Net Income at ₱6.3 Billion", together with Consolidated Statements of Financial Position as at June 30, 2009 and December 31, 2008, Consolidated Statements of Income for the six months ended June 30, 2009 and 2008, Consolidated Statements of Changes in Equity for the six months ended June 30, 2009 and 2008, Consolidated Statements of Cash Flows for the six months ended June 30, 2009 and 2008.

Thank you.

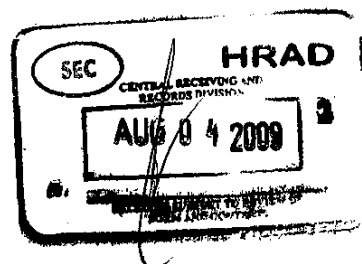
Very truly yours,

**DEBORAH ANNE N. TAN
Corporate Information/Investor Relations Officer**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.1



1. August 3, 2009
Date of Report
2. SEC Identification Number 35815
3. BIR Tax Identification No. 000-489-462
4. PILIPINO TELEPHONE CORPORATION
Exact name of Issuer as specified in its charter
5. PHILIPPINES
Province, country or other jurisdiction
of Incorporation
6. _____ (SEC Use Only)
Industry Classification Code
7. 25th Floor Smart Tower
6799 Ayala Avenue
Makati City
Address of principal office
- 1200
Postal Code
8. (632) 511-6121/511-6241
Issuer's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the Revised Securities Act/Sections 8 and 12 of the Securities Regulation Code
11. Title of Each Class Number of Outstanding Shares of Common Stock
Licensed and Amount of Outstanding Debt

Common Shares 11,686,741,390 shares ¹

¹ Represents the total outstanding common shares (net of 60,007,041 treasury shares) of which 976,978,990 shares are registered and 10,734,762,400 shares were issued in transactions exempt from the registration requirement under the Section 6 of the Revised Securities Act/Section 10 of the Securities Regulation Code.

11. Item 9 – Other Events

We submit herewith with a press release entitled “1H09 Core Net Income at ₱6.3 Billion”, together with Consolidated Statements of Financial Position as at June 30, 2009 and December 31, 2008, Consolidated Statements of Income for the six months ended June 30, 2009 and 2008, Consolidated Statements of Changes in Equity for the six months ended June 30, 2009 and 2008, Consolidated Statements of Cash Flows for the six months ended June 30, 2009 and 2008.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PILIPINO TELEPHONE CORPORATION



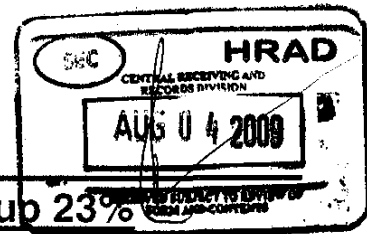
DEBORAH ANNE N. TAN

Corporate Information/Investor Relations Officer

Date : August 3, 2009



Press release



1H09 Core Net Income at ₱6.3 Billion, up 23%
Reported Net Income Up to ₱7.0 billion, up 34%
Subscriber Base at 16.6 million, Net Additions of 2.3 million

- Core Net Income up 23% to ₱6.3 billion versus ₱5.1 billion last year
- Reported Net Income increases to ₱7.0 billion, 34% higher than ₱5.2 billion in 2008
- EBITDA higher by 3% at ₱7.7 billion from ₱7.5 billion in 2008
- Service revenues increase 5% to ₱8.6 billion compared with ₱8.2 billion last year
- Talk 'N Text subscriber base at 16.6 million; net additions of over 2.28 million in the first half of 2009

Manila, Philippines, 3rd August 2009 - Pilipino Telephone Corporation ("Piltel") (PSE: PLTL) today announced that Core Net Income, before exceptional items, rose by 23% to ₱6.3 billion in the first half of 2009 from ₱5.1 billion recorded in 2008. Reported Net Income improved by 34% to ₱7.0 billion compared with a Reported Net Income of ₱5.2 billion in 2008.

On 14th July 2009, after having secured the necessary shareholder approval at its annual general meeting on 30th June 2009, Piltel completed its acquisition of 223 million shares in Manila Electric Company ("Meralco"), equivalent to 20% of Meralco's outstanding shares of common stock. As a result of this investment, Meralco's financial results will be reflected in Piltel's financial reports, under the equity accounting method, beginning the third quarter of 2009.

Also approved at the annual general meeting of 30th June 2009 was the sale and transfer of Piltel's cellular assets, subscribers and Talk 'N Text trademark to Smart Communications, Inc. These transactions are expected to be completed in the third quarter of 2009 after which Piltel will no longer have a cellular business, with the 20% holding of Meralco as its primary asset and source of income. In the meantime, Piltel's financial results for the first six months of 2009 still include the cellular business.

Operating Results

With a subscriber base of 16.6 million at the end of the first half of 2009, Talk 'N Text remains the second largest cellular brand in the country. Talk 'N Text added approximately 2.28 million subscribers in the first six months of 2009.

Service revenues grew 5% to ₱8.6 billion in the first half of 2009 from ₱8.2 billion for the same period in 2008 while EBITDA increased by 3% to ₱7.7 billion for the first six months of 2009.

Piltel's total expenses increased by 14%, from ₱1.04 billion last year to ₱1.2 billion this year. Cash operating expenses rose by 33%, from ₱583 million in 2008 to ₱778 million in 2009 while non-cash operating expenses decreased by 42%, from ₱226 million in 2008 to ₱184 million in 2009 due to a reduction in depreciation expense.

Income before tax for the period increased by 11% to ₱8.7 billion compared with ₱7.8 billion last year.

Provision for income tax declined by ₱981 million mainly due to the reduction in the statutory tax rate from 35% in 2008 to 30% in 2009 and the application of the optional standard deduction method in computing Piltel's net taxable income. As a result, Reported Net Income improved by 34% to ₱7.0 billion compared with a Reported Net Income of ₱5.2 billion in 2008.

<i>(In million pesos except EPS)</i>	Pilipino Telephone Corporation			
	Financial Highlights for the Year Ended June 30,			
	2009	2008	Increase / (Decrease)	% Change
Service revenues	8,599	8,171	428	5
Sale of SIM packs and cellular handsets	137	162	(25)	(15)
Total Revenues	8,736	8,333	403	5
Expenses	1,190	1,043	147	14
Operating income	7,546	7,290	256	4
Other income – net	1,155	541	614	113
Income before income tax	8,701	7,831	870	11
Provision for income tax	1,707	2,688	(981)	(36)
Net Income from Continuing Operations ^(a)	6,994	5,143	1,851	36
Net Income from Discontinued Operations	-	62	(62)	(100)
Reported Net Income	6,994	5,205	1,789	34
EBITDA ^(a)	7,730	7,501	229	3
Core Net Income ^(a)	6,328	5,144	1,184	23
Core Earnings Per Share	0.5409	0.4370	0.1039	24

(a) Pertains to the cellular business.

For further information, please contact:
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Investor Relations/Corporate Information Officer
 Tel No: (632) 511-6121
 Fax No: (632) 817-3345
dntan@smart.com.ph

www.piltel.com.ph

PILIPINO TELEPHONE CORPORATION AND SUBSIDIARIES*(A Subsidiary of Smart Communications, Inc.)***CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT JUNE 30, 2009 AND DECEMBER 31, 2008***(In Million Pesos, Except Par Value Per Share Amounts and Number of Shares)*

	June 30, 2009	December 31, 2008
	(Unaudited)	(Audited)
ASSETS		
Noncurrent Assets		
Property and equipment - net	1,909.3	2,071.5
Investment properties	416.7	416.7
Deferred income tax assets - net	81.0	85.5
Prepayments - net of current portion	85.2	83.4
Investments and other noncurrent assets	13.0	13.2
Total Noncurrent Assets	2,505.2	2,670.3
Current Assets		
Cash and cash equivalents	9,258.8	5,240.8
Short-term investments	800.0	5,668.1
Investment in debt securities	2,321.9	1,655.7
Trade and other receivables - net	9,373.8	8,642.3
Inventories - at net realizable value	62.4	77.3
Current portion of prepayments	82.7	89.8
Total Current Assets	21,899.6	21,374.0
	24,404.8	24,044.3
EQUITY AND LIABILITIES		
Equity		
Preferred stock, Class I, ₱2 par value, authorized - 120,000,000 shares; issued and outstanding - 7,218,270 shares	-	14.4
Common stock, ₱1 par value, authorized - 12,060,000,000 shares; issued - 11,771,748,431 shares; issued and outstanding - 11,686,741,390 shares in 2009 and 11,725,155,390 shares in 2008	11,771.7	11,771.7
Additional paid-in capital	2,800.6	2,800.6
Retained earnings	7,647.7	6,730.8
Treasury stock - 85,007,041 shares in 2009 and 46,593,041 shares in 2008	(626.3)	(344.1)
Cumulative translation adjustments	(0.5)	(0.3)
Total Equity	21,593.2	20,973.1
Noncurrent Liabilities		
Asset retirement obligations	1.6	1.4
Current Liabilities		
Trade and other payables	1,616.7	1,183.2
Unearned revenue on sale of prepaid cards	188.6	201.0
Income tax payable	962.2	1,643.1
Finance lease obligation	42.5	42.5
Total Current Liabilities	2,810.0	3,069.8
	24,404.8	24,044.3

PILIPINO TELEPHONE CORPORATION AND SUBSIDIARIES

(A Subsidiary of Smart Communications, Inc.)

CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(In Million Pesos, Except Earnings Per Common Share Amounts)

	Six months ended June 30,		Three months ended June 30,	
	2009	2008	2009	2008
	(Unaudited)			
CONTINUING OPERATIONS				
Revenues				
Service revenues	8,598.6	8,171.0	4,355.8	4,302.3
Sale of SIM packs and cellular handsets	137.4	162.0	65.2	90.6
	8,736.0	8,333.0	4,421.0	4,392.9
Expenses				
Selling and promotions	370.8	346.1	183.8	112.6
Cost of SIM packs and cellular handsets sold	227.7	234.0	107.2	124.7
Professional and other service fees	206.6	38.9	113.2	24.7
Depreciation and amortization	184.2	211.4	91.3	111.1
Taxes and licenses	91.5	83.9	45.5	40.0
Rent	60.5	62.6	30.1	60.3
Maintenance	33.1	26.3	14.0	15.4
Write-down of inventories to net realizable value	-	14.9	-	14.9
Other expenses	15.1	24.8	8.7	11.7
	1,189.5	1,042.9	593.8	515.4
	7,546.5	7,290.1	3,827.2	3,877.5
Other Income - Net				
Interest income	473.4	343.0	206.8	188.9
Rent income	18.0	200.6	9.0	99.5
Foreign exchange loss - net	(0.9)	(2.2)	(1.0)	(1.2)
Financing costs	(5.6)	(2.7)	(1.3)	(1.6)
Others - net	669.5	2.2	664.7	1.1
	1,154.4	540.9	878.2	286.7
INCOME BEFORE INCOME TAX	8,700.9	7,831.0	4,705.4	4,164.2
PROVISION FOR INCOME TAX	1,706.6	2,688.5	959.9	1,412.2
NET INCOME FROM CONTINUING OPERATIONS	6,994.3	5,142.5	3,745.5	2,752.0
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	62.0	-	(5.1)
NET INCOME FOR THE PERIOD	6,994.3	5,204.5	3,745.5	2,746.9
Earnings Per Common Share				
Basic	0.5980	0.4421	0.3203	0.2334
Diluted	0.5971	0.4410	0.3197	0.2328
Earnings Per Common Share From Continuing Operations				
Basic	0.5980	0.4368	0.3203	0.2338
Diluted	0.5971	0.4358	0.3197	0.2332
Earnings Per Common Share From Discontinued Operations				
Basic	-	0.0053	-	(0.0004)
Diluted	-	0.0052	-	(0.0004)

PILIPINO TELEPHONE CORPORATION AND SUBSIDIARIES
(A Subsidiary of Smart Communications, Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Million Pesos)

	Preferred Stock Class 1	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock	Cumulative Translation Adjustments	Total
Balances at December 31, 2007 (Audited)	14.4	11,771.7	2,800.6	447.0	(36.0)	0.3	14,998.0
Net income for the period	-	-	-	5,204.5	-	-	5,204.5
Balances at June 30, 2008 (Unaudited)	14.4	11,771.7	2,800.6	5,651.5	(36.0)	0.3	20,202.5
Balances at December 31, 2008 (Audited)	14.4	11,771.7	2,800.6	6,730.8	(344.1)	(0.3)	20,973.1
Net income for the period	-	-	-	6,994.3	-	-	6,994.3
Allowance for decline in fair market value of available- for-sale investments	-	-	-	-	-	(0.2)	(0.2)
Total net income for the period	-	-	-	6,994.3	-	(0.2)	6,994.1
Dividends paid – Common	-	-	-	(6,077.1)	-	-	(6,077.1)
Dividends paid – Preferred	-	-	-	(0.3)	-	-	(0.3)
Redemption of preferred shares	(14.4)	-	-	-	-	-	(14.4)
Shares buyback	-	-	-	-	(282.2)	-	(282.2)
Balances at June 30, 2009 (Unaudited)	-	11,771.7	2,800.6	7,647.7	(626.3)	(0.5)	21,593.2

PILIPINO TELEPHONE CORPORATION AND SUBSIDIARIES

(A Subsidiary of Smart Communications, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(In Million Pesos)

	Six months ended June 30,	
	2009	2008
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	8,700.9	7,893.0
Adjustments:		
Depreciation and amortization	184.2	230.7
Interest expense	5.6	2.8
Foreign exchange losses	0.9	2.2
Charge to cost of sales	(0.1)	(9.9)
Gain on sale of property and equipment	(0.8)	(0.6)
Interest income	(473.4)	(343.0)
Write-down of inventories to net realizable values	-	14.9
Provision for doubtful accounts	-	2.8
Operating income before changes in assets and liabilities	8,417.3	7,792.9
Decrease (increase) in:		
Trade and other receivables	(584.9)	(489.2)
Inventories	14.9	(70.5)
Prepayments	8.4	(101.7)
Increase (decrease) in:		
Trade and other payables	427.4	148.2
Unearned revenue on co-location	-	(200.1)
Unearned revenue on sale of prepaid cards	(12.4)	(31.6)
Net cash generated from operations	8,270.7	7,048.0
Income taxes paid	(2,386.1)	(233.8)
Net cash provided by operating activities	5,884.6	6,814.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short-term investments	5,968.7	5,555.3
Proceeds from disposal of investment in debt securities	1,952.8	-
Interest received	310.5	137.0
Proceeds from sale of property and equipment	1.2	4.1
Dividend received	0.1	-
Additions to property and equipment	(22.4)	(793.1)
Payments for short-term investments	(1,100.6)	(6,585.3)
Payments for investment in debt securities	(2,605.5)	(538.3)
Proceeds from sale of fixed line assets classified as held-for-sale	-	791.6
Net cash provided by (used in) investing activities	4,504.8	(1,428.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(6,074.8)	(1.1)
Shares buyback	(282.2)	-
Redemption of preferred shares	(14.4)	-
Cash used in financing activities	(6,371.4)	(1.1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,018.0	5,384.4
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF YEAR	5,240.8	605.9
CASH AND CASH EQUIVALENTS		
AT END OF YEAR	9,258.8	5,990.3