



Yellow Pages (Singapore) Limited

Company Registration Number: 200304719G

Press Release

The initial public offering of the shares of S\$0.05 each in the capital of Yellow Pages (Singapore) Limited was sponsored by UBS, AG acting through its business group, UBS Investment Bank, and DBS Bank Ltd.

Yellow Pages (Singapore) Group's unaudited results for the financial year ended 31 March 2005

- ***Strong dividend yield***
- ***Singapore Phone Directories advertisers grew for the first time since 1997***
- ***Strong growth prospects for Internet Yellow Pages***

Singapore, 25 May 2005 – Yellow Pages (Singapore) Limited (YPS) today announced its unaudited results for the financial year ended 31 March 2005.

Summary

During the financial year ended 31 March 2005, the Group registered an increase in operating revenue as compared to last year. However, the Group's results in the current year were not directly comparable with last year's. As the Company acquired the business, certain assets and liabilities of SingTel Yellow Pages Pte Ltd (presently known as SingTel Interactive Pte Ltd) on 30 June 2003, the Group's results for the financial period from 23 May 2003 (date of incorporation of the Company) to 31 March 2004 did not reflect what the results might have been had the currently existing Group been in place since 1 April 2003.

To enable an illustrative comparison of the Group's performance, a summarised illustrative income statement of the Group for the year ended 31 March 2004 has been prepared. The objective of the illustrative income statement is to show what the Group's results might have been had the present Group structure and ownership been in place since 1 April 2003. The illustrative income statement has been prepared on a basis consistent with that of the proforma financial statements found within the "Basis of Presentation and Compilation of the Proforma Financial Statements of the Group" section in the Prospectus dated 22 November 2004. It is, however, not necessarily indicative of the results that would have been attained if the Group had been in existence since 1 April 2003 and should not be relied upon for comparison purposes.

The illustrative income statement is shown in the table below. Whilst accounting policies used for the illustrative income statement are consistent with those adopted for the Group's actual income statements for the year ended 31 March 2005, it is not compiled in a format to

provide all disclosures required to comply with all applicable Singapore generally accepted accounting principles. It is compiled to provide the summary financial information for illustration purposes only. The financial information in the illustrative income statement has not been subject to audit or review.

	<u>Actual</u> FY2004/05 1.4.2004 to 31.3.2005 S\$M	<u>Illustrative</u> <u>Income</u> <u>Statement</u> FY2003/04 1.4.2003 to 31.3.2004 S\$M	Change %
Operating revenue	61.3	71.8	-14.6
Other operating income	0.9	0.9	-4.2
Operating expenses	(33.5)	(40.8)	-17.9
Profit from operations	28.7	31.9	-10.1
Finance income	1.2	0.2	N.M.
Finance expense	(16.2)	(11.3)	43.8
Share of results of associated companies before tax	(0.9)	1.1	N.M.
Profit before tax	12.8	21.9	-41.6
Profit after tax	10.3	17.1	-39.8

FY2004/05 results within expectations

The Group's operating revenue for the year ended 31 March 2005 was S\$61.3M, 14.6% lower as compared to the illustrative year ended 31 March 2004. The lower operating revenue, mainly attributed to 2004/05 Singapore Phone Directories (SPD), was due to the aftermath of SARS during the canvass period and the cost reduction initiatives adopted by many of our advertisers. There were 11,154 unique advertisers in 2004/05 SPD as compared to 11,766 in 2003/04 SPD. Average revenue per unique advertiser for 2004/05 and 2003/04 were S\$5,144 and S\$5,379 respectively.

The resulting profit from operations of S\$28.7M was 10.1% lower than last year. The operating profit margin improved by 2.3 percentage points to 46.8% from the corresponding year's 44.5% due to the efficiency achieved from the continuing cost containment measures.

The Group's profit after tax of S\$10.3M was lower than last year by 39.8%. This is mainly because of lower profit from operations, higher net finance cost and the negative share of results of associated companies due to the timing difference in the recognition of advertising revenue and direct costs for the purpose of aligning with the Group's revenue recognition policy. The impact of this timing difference was a deferment in the recognition of positive share of results before tax of S\$1.8M to FY2005/06. These were partially offset by a lower tax expense due to lower taxable profits and the recognition of deferred tax assets by two of the Malaysian subsidiaries.

High dividend payout policy to remain

In view of the profitability and strong cash flows generated during the year, the Board of Directors has proposed a final dividend of 6.5 cents per ordinary share. Together with a special dividend of 5.3 cents per ordinary share being recommended, the total dividend proposed to be paid to our shareholders would be 11.8 cents per ordinary share. This proposed dividend as a percentage of our IPO issue price of S\$1.66 represents a 7.1% dividend yield. The Board remains committed to the objective of maximising shareholder value, including the desire to maintain the current dividend payout ratio of approximately 100% of our net profit.

Outlook

In 2004, we identified five major initiatives to improve the performance of our Singapore Phone Directories (SPD) as follows:

1. Door-to-door delivery
2. Vertical guides
3. New advertising packages
4. Improved sales strategy
5. New internet strategy

All of these five initiatives have been implemented, with the latest, the door-to-door delivery of the Yellow Pages Buying Guide and the Commercial/Industrial Guide becoming effective in August 2005, when we publish the 2005/06 editions of the two directories.

Mr. Goh Sik Ngee, Chairman and CEO of YPS said: “Our focus is to expand the number of advertisers in our directories, with the aim of building a larger base of advertisers in order to produce higher advertising revenue. To date, the initiatives have produced encouraging results, and we expect further positive results after the door-to-door delivery has been implemented for the first time.”

“For the 2005/06 sales canvass, we have registered a growth in the number of unique advertisers for the SPD from 10,723¹ in the last canvass to over 10,900¹. This is the first time in seven years that our number of advertisers has increased, effectively reversing the downward trend since the 1997/98 edition of the SPD. At the same time, the advertiser retention rate also rose from 75.6% in the last canvass to more than 78%, and the number of new advertisers acquired was up from 2,124 in the last canvass to over 2,500. These are both at their highest levels since the 1997/98 SPD.”

Although the number of advertisers has improved, the overall Average Revenue Per Advertiser (ARPA) was lower than that of last canvass as a result of a number of high-spending advertisers cutting back on their budget. The magnitude of the drop in ARPA was higher than the increase in the number of advertisers registered, and consequently,

¹ These figures exclude Malaysian advertisers in the SPD. The total number of SPD advertisers including Malaysian advertisers are 11,154 for the 2004/05 edition and over 11,400 for the 2005/06 edition

the overall value of sales contracts for the 2005/06 SPD is expected to be lower than last year's by around 10%.

With the door-to-door delivery of the 2005/06 edition of Yellow Pages Buying Guide and Commercial/Industrial Guide to homes and businesses commencing in August 2005, we are optimistic that it will result in a positive impact on the results of the next sales canvass for the 2006/07 SPD.

We will commence the canvass launch of the 2006 editions of the Singapore Infocomm Directory (SID) and Visitors' Guide to Singapore (VGS) on 1 June 2005. We are improving the products by providing more value-added features that will benefit the users. For example, we are planning to introduce a map which will benefit overseas visitors to Singapore. We are also planning to introduce a new Business Sourcing section in SID. In addition, we intend to adopt some of the marketing programmes designed for the SPD and apply them to SID and VGS to improve the retention and acquisition of new advertisers.

The Internet Yellow Pages (IYP) continues to make good progress, with the number of advertisers increasing by 122% and usage of the portal growing 15% over the last financial year. With more focus and resources being devoted to this area, we expect IYP to continue to show strong progress in the coming year.

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About Yellow Pages (Singapore) Limited

Yellow Pages (Singapore) is the leading publisher of telephone directories as well as the largest provider of classified directory advertising and associated products and services in Singapore.

Its principal activity is the sale of advertising in, and the publication of, classified directories including the Singapore Phone Directories. Yellow Pages (Singapore) also offers related products and services, including the Internet Yellow Pages (www.yellowpages.com.sg), an operator-assisted telephone search service – CitySearch 1900 7-777-777, and database marketing services.

For further information, please visit www.yellowpages.com.sg/ypinfo

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