



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 first quarter ended 30 June 2005**

- *Q1 FY2005/06 results improved from Q1 FY2004/05*
- *Prospect for Internet Yellow Pages remains promising*

Singapore, 12 August 2005 – Yellow Pages (Singapore) Limited (YPS) today announced its unaudited results for the first quarter ended 30 June 2005.

Due to the nature of the Group’s business and its policy of recognising advertising revenue only when the respective directories are distributed, our revenue in Q1 will typically be relatively small as contribution comes from small niche publications. The bulk of our revenue, which is derived from the sale of advertising space in the Singapore Phone Directories (SPD), will typically be recognised in Q2 and Q3 of the financial year. Hence, our results will differ quite substantially from quarter to quarter.

Financial Highlights

A summary of the financial performance of the Group for the first quarter ended 30 June 2005 is as follows:

	<u>FY2005/06</u> 1 st Qtr S\$’000	<u>FY2004/05</u> 1 st Qtr S\$’000	<u>Change</u> %
Operating revenue	1,796	357	N.M.
Other operating income	274	229	19.5
Operating expenses	(4,273)	(3,326)	28.5
Loss from operations	<u>(2,203)</u>	<u>(2,740)</u>	<u>(19.6)</u>
Finance income	171	-	N.M.
Finance expense	(1,408)	(3,656)	(61.5)
Share of results of associated companies	<u>977</u>	<u>30</u>	N.M.
Loss before tax	<u>(2,462)</u>	<u>(6,366)</u>	<u>(61.3)</u>

Income tax credit	<u>772</u>	<u>1,243</u>	<u>(37.9)</u>
Loss after tax	<u>(1,690)</u>	<u>(5,122)</u>	<u>(67.0)</u>

Q1 FY2005/06 operating revenue mainly came from niche publications

The Group's operating revenue for Q1 FY2005/06 was S\$1.8 million as compared to S\$0.4 million for the corresponding period. This consisted mainly of sale of advertising space in the 2005 edition of the Singapore Infocomm Directory (SID) and two Malaysian publications, namely Visitors' Guide to Malaysia (VGM) and SMI Business Directory (SMI).

In line with the Group's revenue recognition policy, only a portion of the revenue from SID, VGM and SMI (all of which were published in Q4 FY2004/05) was recognised by 31 March 2005, based on the number of directories distributed by that date. The remaining revenue was mainly recognised in Q1 FY2005/06 and is expected to be fully recognised by Q2 FY2005/06.

Operating expenses of S\$4.3M were 28.5% higher than the comparative quarter due largely to higher staff costs, printing and material costs and other operating expenses. Staff costs and printing and material costs, being the major direct costs of advertising, together with other operating expenses, were recognised proportionately to the revenue recognised in Q1 FY2005/06 and were hence higher.

Certain advertising revenue and the related direct costs of an associated company were not recognised in the previous financial year due solely to a time lag in revenue recognition in order to align with the Group's revenue recognition policy (which is to recognise revenue according to the rate of distribution of that directory). They were fully recognised in the quarter under review as the distribution of the publications was substantially completed. This timing difference in revenue recognition resulted in a positive share of results of associated companies after tax of S\$1.0 million in Q1 FY2005/06.

Consequently, for the period ended 30 June 2005, the Group's loss after tax decreased by 67.0% to S\$1.7 million from S\$5.1 million for the comparative quarter last year. It should be noted that as contribution typically comes from the small niche publications, Q1 is seasonally a low intra-year earnings cycle for the Group.

Cash flow remains healthy

The Group's cash flow generation continued to be healthy although the net cash inflow from operating activities of S\$6.0 million was lower than the comparative quarter's S\$7.2 million. This was mainly due to the lower collections resulted from lower revenue from the 2004/05 edition of the Singapore Phone Directories (SPD), compared to the 2003/04 edition of SPD.

Good progress in Internet Yellow Pages

For the period under review, our Internet Yellow Pages (IYP) continued to show encouraging results. The number of IYP advertisers has increased by approximately 870% to over 600 while secured sales contracts rose by approximately 840% to more than S\$436,000 over the corresponding period last year. It should be noted that the strong year-on-year growth in number of advertisers and secured sales contracts was mainly the result of the new initiatives that were put in place only in September 2004.

Outlook

We continue to spearhead our five major initiatives below, fine-tuning our implementation as we focus on driving revenue growth:

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

“The door-to-door delivery (D2D) of SPD, which we view as the most impactful initiative of the above, will begin in August 2005 and this massive undertaking is expected to be completed by October 2005. We will deliver the 2005/2006 edition of the Buying Guide to the doorsteps of over a million households in Singapore and the SPD to about 120,000 businesses at no extra charge. Residents who are not fixed line subscribers and hence not given complimentary copies of the Buying Guide in the past, can now expect to receive the Buying Guide for the first time.

The new 2005/2006 edition Buying Guide will contain four additional vertical guides dedicated to specific themes or industries such as food and healthcare. To complement our D2D exercise, we will also roll out timely advertising and promotion campaigns to increase awareness and raise the profile of our products,” said Mr Goh Sik Ngee, Chairman and CEO of Yellow Pages (Singapore) Limited.

We will embark on our sales canvass for our 2006/2007 SPD commencing in September 2005. We are optimistic that our growth initiatives, especially the D2D exercise, and our advertising and promotion campaigns will gradually bear fruit and translate into improved operating performance.

For the current financial year, we are positive about our sales canvass for the SID. As at end-July 2005, our SID canvass has been heartening with the number of accounts growing by more than 25% to over 1,500 compared to 1,227 in the corresponding period last year. Sales contracts secured for SID grew a marginal 1.5% to approximately S\$1.52 million while the retention rate of advertisers increased to more than 51% from approximately 35% during the same period last year. We expect the SID revenue to show a slight improvement from last year, assuming the cancellation rate for advertising purchases by advertisers could be contained at the current level.

In view of the promising sales and the focus and resources devoted to it, we expect our IYP to achieve encouraging results although we do not expect the same high growth rate of Q1 FY2005/06 to be maintained for the rest of the year. The Group will recognise revenue contribution from the SPD in Q2 and Q3 of FY2005/06 when these directories are distributed.

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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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