



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 REPORTS POSITIVE RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2005

- *Interim dividend of 4.0 cents per share declared*
- *Prospects for SPD & IYP look promising*

Singapore, 11 November 2005 – Yellow Pages (Singapore) Limited (YPS) today announced its unaudited results for the second quarter and half year ended 30 September 2005.

Interim dividend of 4.0 cents per share declared

In keeping with market practice in Singapore, the Board is pleased to declare an interim dividend of 4.0 cents per ordinary share. The Board also wishes to reiterate its commitment to distribute approximately 100% of the Company’s profit as dividend this year.

Financial Highlights

The Group’s business, which is mainly the sale of advertising space in the Singapore Phone Directories (SPDs), is such that advertising revenue is recognised only when the respective directories are distributed. As the 2005/06 SPDs have been largely distributed to end-users, the bulk of our revenue is being recognised in Q2 and Q3 of the financial year.

A summary of the financial performance of the Group for the second quarter and half year ended 30 September 2005 is as follows:

	<u>FY2005/06</u>	<u>FY2004/05</u>		<u>FY2005/06</u>	<u>FY2004/05</u>	
	2 nd Qtr	2 nd Qtr	<u>Change</u>	Half Year	Half Year	<u>Change</u>
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Operating revenue	40,895	45,231	(9.6)	42,691	45,589	(6.4)
Other operating income	314	223	40.8	589	453	30.0
Operating expenses	(17,273)	(17,416)	(0.8)	(21,547)	(20,742)	3.9
Profit from operations	<u>23,936</u>	<u>28,039</u>	(14.6)	<u>21,733</u>	<u>25,300</u>	(14.1)
Finance income	158	1,100	(85.7)	329	1,100	(70.1)

	<u>FY2005/06</u>	<u>FY2004/05</u>		<u>FY2005/06</u>	<u>FY2004/05</u>	
	<u>2nd Qtr</u>	<u>2nd Qtr</u>	<u>Change</u>	<u>Half Year</u>	<u>Half Year</u>	<u>Change</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Finance expense	(1,419)	(8,350)	(83.0)	(2,827)	(12,006)	(76.5)
Share of results of associated companies	(178)	37	N.M.	799	67	N.M.
Profit before tax	<u>22,496</u>	<u>20,826</u>	8.0	<u>20,034</u>	<u>14,461</u>	38.5
Income tax expense	(4,554)	(4,823)	(5.6)	(3,782)	(3,580)	5.7
Profit after tax	<u>17,942</u>	<u>16,003</u>	12.1	<u>16,252</u>	<u>10,881</u>	49.4

Q2 FY2005/06 operating revenue lower due to lower 2005/06 SPD revenue

The Group's operating revenue was 9.6% lower than S\$45.2M for the same quarter last year due largely to lower 2005/06 SPD revenue. Despite the lower revenue, the Group's profit after tax increased by 12.1% to S\$17.9M, mainly as a result of lower finance expense.

Half year's lower operating results within expectation

The Group's operating revenue for the half year ended 30 September 2005 of S\$42.7M was 6.4% lower than S\$45.6M for the corresponding period last year. The lower operating revenue was attributable mainly to the lower 2005/06 SPD revenue. This was partially offset by the recognition of the remaining revenue from the 2005 Singapore Infocomm Directory (SID) and two Malaysian publications, as the distribution of these publications which started in Q4 FY2004/05 continued into FY2005/06.

Operating expenses of S\$21.5M were 3.9% higher than the comparative period primarily because of the door-to-door delivery of 2005/06 SPD as well as the direct costs associated with the revenue from SID and two Malaysian publications. With the door-to-door delivery initiative, our Buying Guide is now the only publication that reaches out to virtually all of the 1.2 million homes and businesses in Singapore. Despite this significant increase in reach, the number of directories printed did not increase proportionately as an exercise was carried out to rationalise the number of directories delivered to each business and household. We are optimistic that with our advertising and promotional campaigns, the higher costs of the door-to-door delivery exercise will translate into improved operating performance.

Finance expense of S\$2.8M consisted mainly of interest on S\$130M Bonds. The reasons for the significant reduction of 76.5% were the S\$4.8M one-time, non-cash amortisation charge of deferred financing cost and interest on shareholder's loan incurred during the comparative period.

The positive share of results of associated companies during the period under review was primarily due to the recognition of certain advertising revenue and the related direct costs of an associated company in Q1 FY2005/06.

The profit after tax of S\$16.3M was higher than the corresponding period by 49.4%.

The Group's cash flow generation remained healthy, registering a net cash inflow from operating activities of S\$14.2M. However, this was lower than the S\$15.7M generated during the comparative period due to lower revenue.

Outlook

Our Internet Yellow Pages (IYP) continued its strong growth momentum in the first half of this year. For the period under review, sales contracts secured grew by 11 times to \$0.94M as compared to the same period last year. The number of advertisers contracted rose by 11 times year-on-year to 1,378 from a small base of 122. In terms of usage, the average monthly unique visitors rose by 59.4% to 0.53M while the average monthly searches increased by 13.8% to 4.31M.

The prominence of our IYP will continue to grow on the back of our key initiatives to raise its revenue and bottom-line contributions. Nevertheless, despite the strong growth in the first half of this year, we expect growth momentum to ease off in the second half due to the absence of the small base effect as our focus on IYP growth had kickstarted in September 2004.

As at 28 October 2005, the SID canvass registered a growth of 19.2% in the number of advertisers to 2,351, in which new advertisers increased by 87.4% to 1,070 as compared to the last SID canvass. However, sales contracts declined by \$63,000 to \$2.07M (-3%). This will not have a significant impact on our overall results as SID is not a major contributor to the Group earnings.

On the basis that most of the revenue from our SPD had been recognised in Q2, with some revenue spilling over into Q3 of the financial year, revenue in Q4 will be relatively small.

We have kicked off our sales canvass for the 2006/2007 SPD in the latter part of September 2005. Thus far, the results have been very encouraging as compared to the corresponding period of last year. As at 28 October 2005 after 6 weeks of sales, our SPD canvass recorded a 52.6% year-on-year growth in sales contracts to \$2.86M, of which sales contracts from new advertisers grew by 32.8% to \$1.08M. Compared to the same period last year, the total number of advertisers saw an increase of 59.1% to 692, of which new advertisers grew by 13.5% to 453. This improvement in the results is also partly due to an enhancement of our sales strategy to commence the renewal of some existing advertisers slightly earlier than last year. However, we caution that it is too early to draw any meaningful conclusions from these early results as sales performance can fluctuate over the canvass period.

We have recently completed our door-to-door delivery of the 2005/2006 SPD. The response from both end-users and our advertisers has been heartening. To sustain the momentum, we will be embarking on the next phase of advertising and promotional campaigns to spread the message about our improved products to encourage end-users to increase usage of our SPD.

In view of the resources devoted to our advertising campaigns and a sustainable growth engine in our IYP, coupled with a recovering domestic economy, we remain hopeful about our sales results going forward.

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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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