

Yellow Pages (Singapore) Limited

Company Registration Number: 200304719G

NEWS RELEASE

YELLOW PAGES (SINGAPORE) REPORTS 1QFY07 NET LOSS OF S\$2.8 MILLION

- **Seasonality in revenue recognition accounts for loss**
- **Sales contracted from Internet Yellow Pages nearly doubles**
- **Further investments in print and online business planned**

Singapore, August 14, 2006 – In view of seasonality in revenue recognition, Yellow Pages (Singapore) Limited (“YPS” or the “Group”), Singapore’s largest publisher of telephone directories and provider of classified directory advertising and associated products and services, reported a net loss of S\$2.8 million for the first quarter ended June 30, 2006 (“1QFY07”), compared to a loss of S\$1.7 million for the same quarter last year.

Mr Goh Sik Ngee, CEO of Yellow Pages (Singapore), said, “Due to the nature of our business and our policy of recognising revenue only when the directories are distributed, the bulk of the revenue is recognised in the second quarter of the financial year when the Singapore Phone Directories (“SPD”) are distributed. Hence, our Group typically registers a lower level of revenue and a loss for the first quarter of the financial year, with revenue contribution mainly from niche publications.”

For 1QFY07, the Group reported a revenue decline of 36.5% to S\$1.1 million. This was mainly due to the fewer copies of niche publications distributed in the quarter under review, compared to the same period last year. In 4QFY06, the Group distributed more copies of its niche publications, including the Singapore Infocomm Directory (SID), Visitors’ Guide to Malaysia (VGM) and SMI Business Directory (SMI), in line with the Group’s initiative to ensure timely delivery of its directories. The contribution of S\$0.8 million from associated companies was 22.5% lower than the same quarter in the

previous year for a similar reason, because of a higher rate of distribution for a major publication in 4QFY06.

During the quarter under review, total expenses rose 4.7% to S\$5.9 million, compared to the previous corresponding period. Although there was a decrease in direct costs associated with lower revenue from niche publications, the Group continued to incur higher administrative expenses to strengthen its sales and marketing units.

Outlook

YPS recently announced the results of its FY2007 Singapore Phone Directory (“SPD”) canvass, which took place from September 2005 to May 2006. The Group effectively reversed its declining revenue trend since FY1998, by achieving a sales contract value of S\$51.04 million for its FY2007 SPD canvass, up 0.7% from S\$50.67 million generated during its FY2006 sales canvass.

Contribution from the SPD historically accounts for approximately 90% of the Group’s total revenue for the financial year. The Group will recognise revenue contribution from the SPD mainly in the second quarter of FY2007 when these directories are distributed.

Mr Goh said, “This improved performance is the result of YPS’ operational improvement initiatives, which involved increasing the effective reach of print directories through door-to-door delivery to all businesses and households in Singapore and enriching the content of print directories, thereby increasing the value proposition to advertisers.”

As a result, advertiser retention rate and number of advertisers have moved to new historical highs, from FY2006. For FY2007, YPS’ number of advertising accounts for the SPD increased 4.2% to 11,613, from 11,140 in the last canvass. Advertiser retention rate improved from 79.8% in FY2006 to 81.1% in FY2007. The Group will embark on its FY2008 SPD canvass in September this year.

For the current financial year, sales contracts from IYP almost doubled in 1QFY07 to S\$0.84 million, an increase of 96.2% from S\$0.43 million in 1QFY06.

The Group has also embarked on its sales canvass for the 2007 SID. As at week 9 (August 11, 2006) of the canvass, overall sales contracts saw a small decrease to S\$1.59 million from S\$1.64 million in the corresponding period last year.

Mr Goh continued, “The growth in IYP sales contracts has more than offset the decline in sales contracts for SID. We are confident that this is an indication of IYP’s positive future outlook. With the more immediate benefits of our major initiatives realised, we plan to make further investments, especially in our Sales and Marketing functions and our online business – in both capital and operating expenditure - to accelerate the growth of our IYP. In addition, we also intend to deepen market penetration of our print directories business in Singapore and explore opportunities to further expand within the region.”

The Group maintains a healthy cash position. The Group will maintain its dividend policy as disclosed previously, and will continue to pay semi-annual dividends. The Group expects to declare and pay an interim dividend after 2QFY07.

The Group’s planned initial capital expenditure in FY2007 is expected to increase to between S\$2.5 million and S\$3.0 million, from S\$1.1 million in FY2006. Operational investments, mainly in specialised IT and sales personnel would be on-going, varying in line with the progress of the upgrading of its IYP search engine and market conditions.

About Yellow Pages (Singapore) Limited

Established in 1967, Yellow Pages (Singapore) Limited is the largest publisher of telephone directories and provider of classified directory advertising and associated products and services in Singapore. The Company maintains, develops and updates extensive classified databases of information on businesses, the core of which are small and medium-sized enterprises in Singapore.

The Company's principal activities are in the sale of advertising in, and the preparation and publication of classified directories that connect businesses to businesses (B2B) and businesses to consumers (B2C). The Company also offers related products and services, including on-line products and services, an operator-assisted telephone search service and database marketing services. In addition, the Company publishes and distributes specialized or niche directories and guides.

The Company was listed on the SGX-ST on 9 Dec 2004.

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

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