

Yellow Pages (Singapore) Limited

Company Registration Number: 200304719G

NEWS RELEASE

YELLOW PAGES (SINGAPORE) POSTS NET PROFIT OF S\$14.5M

- **Planned investment programme for next phase of growth**
- **Maintains target dividend payout of 100% of net profit**

FY2006 Financial Highlights

- **Revenue declined 5.3% to S\$58.1 million**
- **Profit before tax up 36.6% to S\$17.8 million**
- **Net Profit rose 42.1% to S\$14.5 million**
- **Earnings per share gained 6.0% to 9.18 cents**
- **Proposed total dividend of 8.5 cents per ordinary share**

“We are pleased to have achieved a strong bottomline performance despite a lower topline and increased costs for the door-to-door delivery of the 2005/06 edition of the Singapore Phone Directories. This is mainly due to lower finance expenses during the year under review.

For FY2007, we intend to continue to invest in our print business, to enhance and improve our Internet Yellow Pages product, to grow our international operations, and explore expansion through acquisitions,” said Mr. Goh Sik Ngee, CEO of Yellow Pages (Singapore).

Singapore, May 29, 2006 – 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, today reported a net profit of S\$14.5 million on the back of revenues of S\$58.1 million for the financial year ended March 31, 2006 (“FY2006”).

Financial Review

For FY2006, the Group slowed the rate of decline for its topline, which has been trending down since FY2001. Revenue declined 5.3% to S\$58.1 million, as compared to the 14.6% dip to \$61.3 million in the previous year.

The Group's lower revenue was mainly attributed to the 10% revenue decline from the 2005/06 edition of the Singapore Phone Directories (SPD). This was partially offset by higher revenue from Internet Yellow Pages (IYP) and the recognition of the remaining revenue from the 2005 edition of the Singapore Infocomm Directory and two Malaysian publications.

"Our operational improvements are beginning to yield results. The usage of print directories was up 20% in FY2006. We also saw an increase in the number of unique advertisers for the FY2006 SPD to 11,583, compared to the previous edition's 11,154. Our advertiser retention rate and the new advertiser acquisition rate are also both at their highest levels since the 1997/98 edition," said Mr Goh Sik Ngee, CEO of Yellow Pages (Singapore) Limited.

The Group also made good headway with IYP, which doubled year-on-year to S\$1.5 million, contributing 2.7% of the Group's revenue in FY2006.

During the year under review, the Group implemented its first-ever door-to-door delivery exercise for the 2005/06 SPD, resulting in higher printing, material and delivery costs. The Group also incurred higher costs to strengthen its sales and marketing efforts. This was, however, more than offset by lower finance expenses of S\$5.6 million, compared to S\$16.2 million incurred in the previous financial year. The reduction in finance expenses was mainly attributed to the S\$4.8 million one-time, non-cash amortisation charge of deferred financing cost upon the repayment of the bank term loan and the S\$5.5 million interest in shareholders' loan incurred last year.

As a result, net profit rose 42.1% from S\$10.2 million to S\$14.5 million in FY2006. Earnings per share was 9.18 cents and net asset value per share was at 68.55 cents as at March 31, 2006.

The Board of Directors has proposed a final dividend of 4.5 cents per ordinary share. Together with an interim dividend of 4.0 cents per ordinary share, which was paid out in December 2005, the proposed total dividend to shareholders would be 8.5 cents per ordinary share. This represents a total dividend payout of approximately 100% of the Company's net profit.

Progress Report of the FY2007 SPD Canvass

For the FY2007 sales canvass, the Group recorded a sales contract value of S\$50.6 million as at May 26, 2006 after 36 weeks of sales, comparable to the S\$50.7 million achieved during the same period last year.

For the same period, the Group's number of accounts for the SPD increased from 10,651 in the last canvass to over 10,800. The wider spread of advertisers resulted in a lower average contract value. Advertiser retention rate improved marginally from 79.1% in the last canvass to 79.3% , the highest level since the 1997/98 SPD.

The Group's efforts to acquire new advertisers have also started to pay off. While the number of new advertisers decreased marginally from 2,167 in the last canvass to 2,046. sales contract value registered a 10.9% increase from S\$4.5 million in the last canvass to over S\$4.9 million in the FY2007 sales canvass.

Mr. Goh said: "The results for our recent FY2007 SPD canvass clearly indicates that the major initiatives to improve the operational performance of our SPD have produced results and the more immediate benefits have been realised.

For FY2007 and beyond, we will continue to invest to improve our fundamentals and expand revenue streams to drive our next phase of growth."

FY2007 Outlook - Investing for Future Growth

To deepen market penetration of its print directories, the Group is planning further operational investments to leverage on increased usage to realize the revenue potential in Singapore.

To accelerate the growth of its online services, the Group is also planning significant investments in IYP in FY2007. Both capital and operational Investments would be made in hardware, software and specialized IT resources. The Group's planned initial capital expenditure in FY2007 is expected to increase to S\$2.5 million to S\$3.0 million, from S\$1.1 million in FY2006. Operational investments, mainly in specialized IT and sales personnel would be moderated, varying in line with the progress of its new IYP search engine and market conditions.

Mr. Goh said: "While we are ever mindful of growing competition in the online business, we are confident that our first-mover advantage in this market, strong domain knowledge and commitment to enhance our capabilities will enable us to maintain our edge.

With more focus and resources being devoted to this area, we expect IYP to continue to show good progress in the coming years.

We plan to acquire a new search engine, enhance our database system and re-design our web pages in preparation for a re-launch of IYP in the next six to 12 months. With our enhanced capabilities, the re-launched IYP will enjoy a significant increase in capacity, speed and search capability. We aim to leverage on our improved capabilities to generate an increase in unique visitors and searches, capture the highest mindshare among internet users on products and services directory search, and ultimately provide opportunities to establish a scalable business model beyond Singapore."

Notwithstanding its small market presence in the region, the Group is confident that its IYP business can be replicated in overseas markets, in particular for its associated company in India. The Group is also exploring M&A opportunities to further expand into the region.

”To take YPS into our next phase of growth, we have a heavy investment programme ahead – in people, software and new market development. Our cash reserves are currently sufficient to do this without calling upon shareholders for additional funding, and we will maintain our policy of returning excess funds to shareholders, including a 100% dividend payout. However, our investments for the future may affect bottomline returns in the short term, before we can reap the fruits of these investments,“ concluded Mr. Goh.

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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