



## Yellow Pages (Singapore) Limited

Company Registration Number: 200304719G

### Press Release

#### YELLOW PAGES (SINGAPORE) GROUP REPORTS POSITIVE RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2005

- *Nine months net profit up 48.5%*
- *IYP continues with strong showing*

Singapore, 10 February 2006 – Yellow Pages (Singapore) Limited (YPS) today announced its unaudited results for the third quarter ended 31 December 2005.

#### 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 has been recognised in Q2 and Q3 of the financial year.

A summary of the financial performance of the Group for the third quarter and nine months ended 31 December 2005 is as follows:

	<u>FY2005/06</u>	<u>FY2004/05</u>		<u>FY2005/06</u>	<u>FY2004/05</u>	
	3 <sup>rd</sup> Qtr	3 <sup>rd</sup> Qtr	<u>Change</u>	9 Months	9 Months	<u>Change</u>
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Operating revenue	8,733	8,903	(1.9)	51,423	54,492	(5.6)
Other operating income	318	235	35.4	906	673	34.7
Operating expenses	(6,752)	(5,940)	13.7	(28,299)	(26,667)	6.1
Profit from operations	<u>2,298</u>	<u>3,198</u>	(28.1)	<u>24,031</u>	<u>28,497</u>	(15.7)
Finance income	171	17	N.M.	500	1,118	(55.2)
Finance expense	(1,419)	(2,856)	(50.3)	(4,246)	(14,862)	(71.4)
Share of results of associated companies	<u>(126)</u>	<u>141</u>	N.M.	<u>673</u>	<u>207</u>	224.6
Profit before tax	<u>924</u>	<u>500</u>	84.7	<u>20,958</u>	<u>14,961</u>	40.1
Income tax expense	<u>(96)</u>	<u>103</u>	N.M.	<u>(3,878)</u>	<u>(3,477)</u>	11.5
Profit after tax	<u>828</u>	<u>603</u>	37.3	<u>17,080</u>	<u>11,484</u>	48.7

N.M. – Not Meaningful

### **Q3 FY2005/06**

For the third quarter ended 31 December 2005, operating revenue of the Group was S\$8.7M, comprising mainly revenue from the 2005/06 edition of the Singapore Phone Directories (2005/06 SPD), recognised based on the number of distributed directories in the quarter. Finance expense of S\$1.4M (consisting mainly of interest on S\$130M Bonds) was 50.3% lower than the comparative quarter due primarily to the interest on shareholder's loan incurred in Q3 FY2004/05. As a result, for the quarter ended 31 December 2005, the Group's profit after tax increased by 37.3% to S\$0.8M.

### **Nine months ended 31 December 2005**

The Group's operating revenue for the nine months ended 31 December 2005 of S\$51.4M was 5.6% lower than S\$54.5M 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 higher Internet Yellow Pages (IYP) revenue and the recognition of the remaining revenue from the 2005 edition of the Singapore Infocomm Directory (SID) and remaining revenue from two Malaysian publications, namely Visitors' Guide to Malaysia (VGM) and SMI Business Directory (SMI), as the distribution of these publications which started in Q4 FY2004/05 continued into FY2005/06.

For the nine months under review, IYP revenue, which made up about 2% of the Group's operating revenue, almost doubled year-on-year.

Operating expenses of S\$28.3M were 6.1% 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, VGM and SMI.

The higher number of directories printed and delivered as part of the door-to-door delivery exercise and the printing costs recognised in proportion to the revenue from SID, VGM and SMI resulted in the higher printing and material costs. Other operating expenses increased mainly because of higher delivery cost of the door-to-door delivery exercise and higher advertising expenses, partially offset by lower provision for impairment of trade receivables in compliance with the requirements of new Financial Reporting Standard, FRS 39, where impairment is assessed based on objective evidence.

As a result, profit from operations was S\$24.0M, which was 15.7% lower than S\$28.5M recorded for the same period last year.

Finance income of S\$0.5M comprised interest earned from short-term time deposits. The higher amount of S\$1.1M recorded last year consisted of the one-time, cash gain on termination of interest rate swap relating to the bank term loan which was repaid in advance in September 2004.

Finance expense of S\$4.2M consisted mainly of interest on S\$130M Bonds. The reasons for the significant reduction of 71.4% as compared to the same period last year were the S\$4.8M one-time, non-cash amortisation charge of deferred financing cost upon the early repayment of the bank term loan and interest of \$5.5M on shareholder's loan incurred during the comparative period.

The higher positive share of results of associated companies during the period under review was primarily due to the profit recognised from certain distributed directories in Q1 FY2005/06, partially offset by operating costs incurred during the financial period.

The profit after tax of S\$17.1M was higher than the corresponding period by 48.7%.

The Group's cash flow generation remained healthy, registering a net cash inflow from operating activities of S\$19.6M. However, this was lower than the S\$24.9M generated during the comparative period primarily due to lower revenue.

### Outlook

Our strategy has been to improve our advertising revenue through higher retention rate for existing advertisers, increasing revenue through upgrading advertising spend of existing advertisers and actively acquiring new advertisers. In addition, we will continue to step up efforts to raise our brand awareness in both the print and online businesses.

The healthy growth momentum of our IYP remained unabated in the third quarter of this year. Compared to the corresponding period last year, sales contracts secured in Q3 FY2005/06 for IYP grew by 172.0% to \$0.68M, while the number of advertisers contracted grew by 33.1% to 861. For the year to-date, the number of advertisers contracted rose by 189.2% to 2,224, while sales contracts secured were higher by 383.5% at \$1.61M. In terms of usage, the average monthly unique visitors for the year-to-date rose by 17.2% to 0.57M while the average monthly searches increased by 7.6% to 4.25M.

As at 16 December 2005, we have closed our canvass for the SID. The number of advertisers grew by 22.5% to 2,426, with new advertisers increasing by 92.0% to 1,102 as compared to the last SID canvass. The advertiser retention rate also improved from 52% last year to 66%, the highest level in the last 10 years. However, sales contracts declined by \$50,060 or 2.2% to \$2.09M. The impact will not be significant on our overall results as SID is not a major contributor to the Group earnings.

As our SPD revenue is recognised only when the directories are distributed to end-users, and most of the directories had been distributed in Q2 and Q3 of the financial year, we expect a relatively small revenue contribution in Q4, primarily from our IYP and niche publications.

As at 27 January 2006 after 19 weeks of sales, our SPD canvass recorded a 78.9% increase in sales contracts to \$19.0M, due to the renewal of current advertisers' programmes earlier in the canvass with 63% more accounts completed compared to last year. Mr. Goh Sik Ngee, CEO of YPS said: "This does not imply that the overall revenue at the end of the canvass will see a similar increase. The increase is the result of our strategy to serve current advertisers earlier." Sales contracts from new advertisers decreased by 5.0% to \$2.5M with a fall of 18.0% in the number of new advertisers to 1,017. However, average spending by new advertisers has improved by 15.9% to \$2,502 compared to last year. Our ability to step up the acquisition of new

advertisers and to achieve a higher rate of retention at the end of the canvass will be critical.

As part of our effort to raise brand awareness, we have started our advertising and promotional campaigns to spread the message about our improved products through the broadcasting and print media. Going forward, we will continue to roll out more campaigns through strategic channels to further enhance awareness and encourage usage of our products and services.

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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](http://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](http://www.yellowpages.com.sg/ypinfo)

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