24 July 2007

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Yell Group plc financial results for the three months ended 30 June 2007

On track to meet year end expectations

- Revenue up 18.6% to £441.1 million; up 22.6% at constant exchange rate
- Adjusted EBITDA up 21.1% to £143.9 million; up 24.6% at constant exchange rate
- Adjusted profit after tax and minority interests down 10.2% to £46.8 million
- Adjusted diluted earnings per share down 11.8% to 6.0 pence; underlying up 12.5% at constant exchange rate
- Operating cash conversion 83.3% (2006 – 70.2%)

Statutory results (unaudited)	Three months ended 30 June 2006	2007	Change
	£m	£m	%
Revenue	371.9	**441.1**	*18.6*
EBITDA *	118.8	**155.7**	*31.1*
Profit after tax and minority interests	21.3	**34.3**	*61.0*
Cash generated from operations	90.6	**131.0**	44.6
Diluted earnings per share (pence)	2.7	**4.4**	*63.0*

* EBITDA is reconciled to operating profit in note 3 to the financial information on page 16

John Condron, Chief Executive Officer, said:

"We have made a vigorous start to the year and integration is progressing well in Spain. Our online businesses are delivering very good growth in both the UK and US.

"While trading in the first quarter has been demanding, particularly in the US, we are confident looking forward that our actions to address competition in the US market are beginning to take effect for directories publishing in the second half of the year. In the UK, we are putting plans in place to take full advantage of the more even-handed regulatory environment in the next financial year. In Spain integration is continuing apace with our investment to generate usage and drive revenue growth."

John Davis, Chief Financial Officer, said:

"Yell's first quarter performance gives us confidence that we are on track to meet full year guidance. As we guided, the first quarter's lower earnings reflect the consolidation for the first time of Yell Publicidad's seasonally low first quarter revenue, the planned rescheduling of directories in the US from the first quarter to later quarters and the weaker US dollar. Without these factors, underlying earnings per share growth was 12.5%. Cash flow remains strong with conversion in line with guidance."

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This news release contains forward-looking statements. These statements appear in a number of places in this news release and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, revenue, financial condition, liquidity, prospects, growth, strategies, new products, the level of new directory launches and the markets in which we operate. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. You should read the section entitled "Risk Management" in Yell Group plc's 31 March 2007 annual report for a discussion of some of these factors. We undertake no obligation publicly to update or revise any forward-looking statements, except as may be required by law.

A copy of this release can be accessed at:
www.yellgroup.com/announcements

YELL GROUP PLC SUMMARY FINANCIAL RESULTS

Unaudited	Three months ended 30 June 2006	Three months ended 30 June 2007	Change	Change at constant exchange rate [(a)]
	£m	£m	%	%
Revenue [(b)]	371.9	**441.1**	*18.6*	*22.6*
Adjusted EBITDA [(b) (c)]	118.8	**143.9**	*21.1*	*24.6*
Operating cash flow [(b) (d)]	83.4	**119.9**	*43.8*	*50.4*
Cash conversion [(b) (e)]	70.2%	**83.3%**		
Adjusted profit after tax and minority interests[(f)]	52.1	**46.8**	*(10.2)*	
Adjusted diluted earnings per share (pence) [(f)]	6.8	**6.0**	*(11.8)*	

(a) Change at constant exchange rate states the change in current period compared with the previous period as if the current period results were translated at the same exchange rate as that used to translate the results for the previous period.
(b) Revenue, adjusted EBITDA, operating cash flow and cash conversion are the key financial measures that we use to assess the growth in the business and operational efficiencies.
(c) Adjusted EBITDA in the three months ended 30 June 2007 is stated before exceptional credits of £11.8 million arising from the release of some of the class action accrual in the US. EBITDA was not adjusted in the three months ended 30 June 2006.
(d) Cash generated from operations before payments of exceptional costs, less capital expenditure.
(e) Operating cash flow as a percentage of adjusted EBITDA.
(f) Adjusted profit after tax and adjusted diluted earnings per share are stated before exceptional items and amortisation of acquired intangibles, all net of related tax. A reconciliation to the related statutory figures is presented in note 5 to the financial information.

REVIEW OF OPERATING PERFORMANCE

Group

Group revenue increased 18.6% to £441.1 million, or 22.6% at a constant exchange rate, from £371.9 million last year. Group organic growth, which excludes the revenue from acquired directories publishing for the first time and the effects of rescheduling directories into later periods, was 3.9% at a constant exchange rate.

Group adjusted EBITDA increased by 21.1% to £143.9 million, or 24.6% at a constant exchange rate. The Group adjusted EBITDA margin of 32.6% is up from 31.9% in the same period last year. Adjusted EBITDA in the three months ended 30 June 2007 excludes an exceptional credit from releasing £11.8 million ($23.6 million) of the £23.8 million ($45.0 million) costs we prudently accrued in March 2005 for a class action settlement in the US.

Operating cash flow increased 43.8% to £119.9 million, or 50.4% at a constant exchange rate, resulting in conversion of 83.3% of adjusted EBITDA to cash. Free cash flow was low at £37.3 million due, as expected, to the lower EBITDA in the first quarter.

Yell UK operations

UK revenue increased 4.1% to £175.1 million driven entirely by a 53.5% increase in revenue by Yell.com, which more than offset a 3.4% decline in print.

Revenue from UK printed directories was 3.4% lower at £137.7 million, as the total number of unique print advertisers declined by 4.6% to 125,000, largely as a result of competition, with retention stable at 74%. Average revenue per unique advertiser was 1.3% higher than the same period in the prior year at £1,102. The effect of our regulatory undertaking of RPI-6% was to reduce Yellow Pages rate card prices by an average of 3.3% during the three months.

Yell.com's revenue grew 53.5% to £31.0 million, driven by a 36.0% increase in recognised revenue per average searchable advertiser achieved mainly through up-sell to higher value products. Searchable advertisers at 30 June grew 13.4% to 203,000. Unique users grew 8.3% to 6.5 million in the month of June compared with the same period last year.

Adjusted EBITDA grew 2.0% to £61.3 million, reflecting a margin of 35.0%, broadly in line with 35.7% in the same period last year.

We reiterate full year guidance in the UK of 3% revenue growth and a stable EBITDA margin of around 35%.

Yellow Book USA operations

US revenue fell 8.6% to £186.2 million, or 1.4% at a constant exchange rate in line with expectations. Growth was 4.1% before the 5.5% reduction in revenue from rescheduling directories from the first quarter into later quarters as part of integration of acquired directories. The average exchange rate was approximately $1.99: £1.00 against $1.83: £1.00 in the same period last year.

As expected, net organic revenue growth contributed 3.7% to the 4.1% revenue growth before rescheduling. Organic revenue growth comprised 1.8% from directory launches, 2.6% from internet revenue and 2.2% from print same market growth, reduced by 2.9% from discontinued, acquired directories that previously overlapped existing Yellow Book directories.

Revenue from directories publishing for the first time since acquisition contributed $1.6 million or 0.4% to revenue growth.

Yellow Book unique advertisers in printed directories decreased by 7.8% to 165,000, reflecting directories that have been rescheduled to publish later in the year and competition. Average revenue per unique advertiser was slightly up at $2,098 and retention was slightly down at 72%.

Yellowbook.com revenue grew 70.0% to $23.8 million driven by an 80.0% increase in revenue per average searchable advertiser from $35 to $63 as prices were increased to reflect greater usage. Unique visitor numbers grew from 2.9 million to 6.2 million in June 2007. The 8.2% decline in searchable advertisers reflected ongoing improvements in the ways in which we capture customer information and the effect of higher prices.

Looking forward, we believe that, as previously indicated, the second quarter directories are those most significantly affected by the increased competition in the US. Growth in the first half will reflect this and a diluted effect from the discontinued directories discussed above. We expect that the range of steps we have taken to become more competitive will begin to take effect during the second half of the financial year. These steps include improving our products, value offerings, sales training, sales incentivisation and focus on customers.

We reiterate full year guidance of 3% organic growth. In addition, we expect around $30 million revenue from the publication of directories acquired.

Adjusted EBITDA fell 2.7% to £57.1 million, but grew 4.3% at a constant exchange rate. The adjusted EBITDA margin in the three months increased from 28.8% to 30.7% as directories developed. The increased costs of the investment to address the competition will be reflected when the revenue is recognised later in the year, which will result in an adjusted EBITDA margin of around 29% in line with our guidance.

Yell Publicidad operations

As expected, revenue for the three months was £79.8 million, representing around 1/6th of guided full year revenue due to the seasonally low publication schedule. The average exchange rate was approximately €1.47: £1.00 during the period.

Printed directory revenue in Spain grew 3.5% on a like-for-like basis. Overall organic growth was 5%, reflecting the faster growth rate that is typical of first quarter directories. This revenue reflects sales made before the full benefits of the integration of Yell Publicidad into Yell Group took effect.

Adjusted EBITDA was £25.5 million and the margin was 32.0%, lower than full year guidance as expected due to seasonally low first quarter revenue.

We reiterate full year guidance of 5% revenue growth and 37% EBITDA margins for Yell Publicidad with both revenue and EBITDA weighted to the second half.

CASH FLOW AND NET DEBT

Operating cash flow increased 43.8% to £119.9 million, or 50.4% at a constant exchange rate. The Group converted 83.3% of adjusted EBITDA to cash, as compared with 70.2% last year.

	Three months ended 30 June	
	2006	**2007**
Unaudited	***£m***	***£m***
Adjusted EBITDA	118.8	**143.9**
Exceptional items in administrative expenses	-	**11.8**
Working capital movements and non-cash charges	(28.2)	**(24.7)**
Cash generated from operations (see page 13)	90.6	**131.0**
Cash payments of exceptional items	-	**1.4**
Purchase of property, plant and equipment	(7.2)	**(12.5)**
Operating cash flow	83.4	**119.9**
Adjusted EBITDA	118.8	**143.9**
Cash conversion	70.2%	**83.3%**

Net debt at 30 June 2007 of £3,649.6 million was 5.1 times adjusted EBITDA on a pro forma basis over the last twelve months, compared with 5.2 times at 31 March 2007. The movement in net debt for the three months ended 30 June 2007 arose as follows:

	Net debt
Unaudited	***£m***
At 31 March 2007	**3,662.6**
Operating cash flow	(119.9)
Cash payments of exceptional items	1.4
Interest and tax payments	81.2
Purchase of subsidiary undertakings, net of cash acquired	57.5
Net cash inflow on disposal of subsidiary	(1.1)
Purchase of own shares	1.5
Proceeds of shares issued	(0.2)
Finance costs increasing debt	3.9
Currency movements	(37.3)
At 30 June 2007	**3,649.6**

TAXATION

Adjusted taxation of £20.9 million represents an effective rate of 30.8% on adjusted profit before tax of £67.9 million, in line with guidance. This compared with 33.4% in the same period last year.

NET RESULTS AND EXCEPTIONAL ITEMS

Adjusted profit after tax of £46.8 million was down 10.2% (after £0.2 million attributable to minority interests in Yell Publicidad earnings).

Adjusted diluted earnings per share were down 11.8% to 6.0 pence (see note 5 to the financial information on page 18 for a reconciliation between statutory and adjusted figures). As expected, the lower first quarter earnings reflected the consolidation for the first time of Yell Publicidad's seasonally low first quarter revenue; the planned rescheduling of directories in the US from the first quarter to later quarters; and the weaker US dollar. Underlying adjusted diluted earnings per share excluding the affect of these factors grew 12.5% at a constant exchange rate.

Adjusted results exclude a non-recurring exceptional credit of £11.8 million before tax, or £7.4 million after tax, that arose from releasing £11.8 million ($23.6 million) of the £23.8 million ($45.0 million) costs we prudently accrued in March 2005 for a class action settlement in the US. An additional exceptional tax charge of £0.3 million relates to the change in UK tax rates.

KEY PERFORMANCE INDICATORS

Unaudited	Three months ended 30 June		
	2006	2007	Change
Yell UK			%
Printed directories			
Revenue (£million)	142.5	**137.7**	*(3.4)*
Unique advertisers (thousands) [(a)]	131	**125**	*(4.6)*
Directory editions published	29	**29**	
Unique advertiser retention rate (%) [(b)]	74	**74**	
Revenue per unique advertiser (£)	1,088	**1,102**	*1.3*
Internet			
Revenue (£million)	20.2	**31.0**	*53.5*
Searchable advertisers at 30 June (thousands) [(c)]	179	**203**	*13.4*
Searches for June (millions)	29	**29**	-
Unique users for June (millions) [(d)]	6.0	**6.5**	*8.3*
Revenue per average searchable advertiser (£) [(e)]	114	**155**	*36.0*
Yellow Book USA			
Printed directories			
Revenue ($million)	361.0	**346.1**	*(4.1)*
Unique advertisers (thousands) [(a)] [(f)]	179	**165**	*(7.8)*
Directory editions published	181	**169**	
Unique advertiser retention rate (%) [(b)] [(g)]	73	**72**	
Revenue per unique advertiser ($)	2,017	**2,098**	*4.0*
Internet			
Revenue ($million)	14.0	**23.8**	*70.0*
Searchable advertisers at 30 June (thousands)[(c)(f)]	404	**371**	*(8.2)*
Unique visitors for June (millions) [(h)]	2.9	**6.2**	*113.8*
Revenue per average searchable advertiser ($) [(e)]	35	**63**	*80.0*
Yell Publicidad (Spain) [(i)]			
Paginas Amarillas classified directories			
Revenue (€million)		**53.0**	
Unique advertisers (thousands) [(a)]		**80**	
Directory editions published		**27**	
Unique advertiser retention rate (%) [(b)]		**86**	
Revenue per unique advertiser (€)		**663**	

Explanations of significant period to period changes are given in the analysis of operations on pages 1 through 5.

See notes to the table on the following page.

(a) Number of unique advertisers in printed directories that were recognised for revenue purposes and have been billed. Unique advertisers are counted once only, regardless of the number of advertisements they purchase or the number of directories in which they advertise.

(b) The proportion of unique advertisers that have renewed their advertising from the preceding publication.

(c) Unique customers with a live contract at month end. These figures refer only to those advertisers for whom users can search. They exclude advertisers who purchase only products such as banners and domain names.

(d) The number of unique users who have visited Yell.com once or more often in the indicated month. Unique users are measured according to independently established industry standard measures.

(e) Yell.com revenue per average searchable advertiser is calculated by dividing the recognised revenue in the three month period by the average number of searchable advertisers in that period. (Yell.com three months ended 30 June 2007 – 199,000; three months ended 30 June 2006 – 177,000). Yellowbook.com revenue per average searchable advertiser is calculated by dividing the recognised revenue in the three month period by the average number of searchable advertisers in that period. (Yellowbook.com three months ended 30 June 2007 – 376,000; three months ended 30 June 2006 - 398,000).

(f) As a result of the progress in the United States towards integrating our customer databases, we have been able to make improvements in the ways in which we capture, record and analyse customer information. This has led to an overall elimination of duplicate records of unique advertisers. We have not adjusted the previously reported figure for the three months ended 30 June 2006 for any duplicated records in that period. There remains some overlap in reporting unique advertisers between Yellow Book and acquired businesses that we expect to be removed. These improvements to our systems have not affected the reporting of our financial results.

(g) Retention in the US is based on unique directory advertisers.

(h) The number of individuals who have visited Yellowbook.com at least once in the month shown. In the year ended 31 March 2007 we changed our data provider; we have not adjusted the previously reported figure for the three months ended 30 June 2006.

(i) Figures given for Yell Publicidad in Spain refer only to the period since acquisition. They are not comparable to figures previously reported by Telefónica Publicidad e Información S.A.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 June 2006	Three months ended 30 June 2007
		£m	£m
Revenue	2	371.9	**441.1**
Cost of sales		(167.3)	**(179.5)**
Gross profit		204.6	**261.6**
Distribution costs		(11.1)	**(16.3)**
Administrative expenses		(91.0)	**(130.6)**
Operating profit	3	102.5	**114.7**
Finance costs		(73.7)	**(65.9)**
Finance income		3.6	**0.8**
Net finance costs		(70.1)	**(65.1)**
Profit before taxation		32.4	**49.6**
Taxation	4	(11.1)	**(15.3)**
Profit for the financial period		21.3	**34.3**
Attributable to:			
Minority interests		-	**-**
Equity shareholders of the group		21.3	**34.3**
		21.3	**34.3**
		(in pence)	*(in pence)*
Basic earnings per share	5	2.8	**4.4**
Diluted earnings per share	5	2.7	**4.4**

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Notes	Three months ended 30 June 2006	Three months ended 30 June 2007
		£m	*£m*
Profit for the financial period		21.3	**34.3**
Exchange loss on translation of foreign operations		(38.2)	**(4.2)**
Actuarial gains on defined benefit pension schemes	10	13.3	**31.8**
Gain in fair value of financial instruments used as hedges		6.2	**42.8**
Tax effect of net gains not recognised in the income statement		(5.8)	**(22.6)**
Net decrease in tax benefit on share based payments		(2.2)	**(7.6)**
Net (expense) income not recognised in the income statement		(26.7)	**40.2**
Total recognised (expense) income for the period		(5.4)	**74.5**
Attributable to:			
Minority interests		-	**(0.1)**
Equity shareholders of the group		(5.4)	**74.6**
		(5.4)	**74.5**

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEET

	Notes	Audited At 31 March 2007	Unaudited At 30 June 2007
		£m	*£m*
Non-current assets			
Goodwill		3,645.3	**3,648.8**
Other intangible assets		1,229.5	**1,208.8**
Property, plant and equipment		94.5	**89.9**
Deferred tax assets	6	143.2	**112.3**
Retirement benefit surplus	10	-	**4.9**
Investment and other assets		8.2	**8.1**
Total non-current assets		5,120.7	**5,072.8**
Current assets			
Inventories		12.0	**19.9**
Directories in development		257.2	**278.8**
Trade and other receivables	7	947.4	**917.1**
Cash and cash equivalents		66.7	**53.3**
Total current assets		1,283.3	**1,269.1**
Current liabilities			
Loans and other borrowings	8	(224.3)	**(156.8)**
UK corporation and foreign income tax		(54.4)	**(28.8)**
Trade and other payables	9	(633.8)	**(563.9)**
Total current liabilities		(912.5)	**(749.5)**
Net current assets		370.8	**519.6**
Non-current liabilities			
Loans and other borrowings	8	(3,505.0)	**(3,546.1)**
Deferred tax liabilities	6	(497.7)	**(507.8)**
Retirement benefit obligations	10	(27.2)	**-**
Trade and other payables	9	(13.0)	**(13.1)**
Total non-current liabilities		(4,042.9)	**(4,067.0)**
Net assets		1,448.6	**1,525.4**
Capital and reserves attributable to equity shareholders			
Share capital	11	1,201.7	**1,200.4**
Other reserves	11	(218.0)	**(214.4)**
Retained earnings	11	454.8	**529.4**
		1,438.5	**1,515.4**
Minority interests	11	10.1	**10.0**
Total equity		1,448.6	**1,525.4**

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Three months ended 30 June 2006	Three months ended 30 June 2007
		£m	£m
Net cash inflow from operating activities			
Cash generated from operations		90.6	**131.0**
Interest paid		(85.6)	**(63.0)**
Interest received		3.6	**0.8**
Redemption premium paid		(22.5)	**-**
Net income tax paid		(10.7)	**(19.0)**
Net cash (outflow) inflow from operating activities		(24.6)	**49.8**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(7.2)	**(12.5)**
Purchase of subsidiary undertakings, net of cash acquired	13	(9.6)	**(57.5)**
Net cash inflow on disposal of subsidiary		-	**1.1**
Net cash outflow from investing activities		(16.8)	**(68.9)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		344.8	**0.2**
Purchase of own shares		(0.3)	**(1.5)**
Net payments on revolving credit facility		(241.1)	**(88.2)**
Acquisition of new loans		2,025.2	**96.4**
Repayment of borrowings		(1,656.3)	**(0.2)**
Financing fees paid		(29.5)	**(0.4)**
Net cash inflow from financing activities		442.8	**6.3**
Net increase (decrease) in cash and cash equivalents		401.4	**(12.8)**
Cash and cash equivalents at beginning of the period		28.5	**66.7**
Exchange losses on cash and cash equivalents		(1.0)	**(0.6)**
Cash and cash equivalents at end of the period		428.9	**53.3**
Profit for the period		21.3	**34.3**
Adjustments for:			
Tax		11.1	**15.3**
Finance income		(3.6)	**(0.8)**
Finance costs		73.7	**65.9**
Depreciation of property, plant and equipment and amortisation of software costs		6.8	**10.9**
Amortisation of other acquired intangible assets		9.5	**30.1**
Changes in working capital:			
Inventories and directories in development		(28.3)	**(32.1)**
Trade and other receivables		44.1	**65.8**
Trade and other payables		(47.3)	**(62.0)**
Share based payments and other		3.3	**3.6**
Cash generated from operations		90.6	**131.0**

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation and consolidation

The principal activity of Yell Group plc and its subsidiaries is publishing classified advertising directories in the United Kingdom, the United States, Spain, and certain countries in Latin America.

This unaudited financial information for the three months ended 30 June 2007 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") as set out in our annual report for the year ended 31 March 2007, and in accordance with the Listing Rules of the Financial Services Authority.

The unaudited information contained herein does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The audit opinion on the statutory accounts for the year ended 31 March 2007 was unqualified.

In the opinion of management, the financial information included herein includes all adjustments necessary for a fair presentation of the consolidated results, financial position and cash flows for each period presented.

This financial information should be read in conjunction with Yell's 2007 annual report published in June 2007, which included the audited consolidated financial statements of Yell Group plc and its subsidiaries for the year ended 31 March 2007.

The preparation of the consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenditure during the period. Actual results could differ from those estimates. Estimates are used principally when accounting for doubtful debts, depreciation, retirement benefit obligations and the related employee pension costs, acquisition accounting and taxes.

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

2. Revenue

	Three months ended 30 June		Change
	2006	2007	%
	£m	£m	
Yell UK printed directories	142.5	**137.7**	(3.4)
Other products and services	25.7	**37.4**	45.5
Total Yell UK revenue	168.2	**175.1**	4.1
Yellow Book USA revenue at constant exchange rate [a]	203.7	**200.9**	(1.4)
Exchange impact [a]	-	**(14.7)**	
Total Yellow Book USA revenue	203.7	**186.2**	(8.6)
Yell Publicidad revenue	-	**79.8**	
Group revenue	371.9	**441.1**	18.6

(a) Constant exchange rate states current period results at the same exchange rate as that used to translate the results for the previous period. Exchange impact is the difference between the results reported at a constant exchange rate and the results using current period exchange rates.

3. Operating profit and EBITDA information

Adjusted EBITDA by management segment

	Three months ended 30 June		Change
	2006	2007	%
	£m	£m	
Yell UK printed directories	49.8	**47.1**	(5.4)
Other products and services	10.3	**14.2**	37.9
Total Yell UK	60.1	**61.3**	2.0
Yellow Book USA at constant exchange rate [a]	58.7	**61.2**	4.3
Exchange impact [a]	-	**(4.1)**	
Total Yellow Book USA	58.7	**57.1**	(2.7)
Yell Publicidad	-	**25.5**	
Group adjusted EBITDA	118.8	**143.9**	21.1

(a) Constant exchange rate states current period results at the same exchange rate as that used to translate the results for the previous period. Exchange impact is the difference between the results reported at a constant exchange rate and the results using current period exchange rates.

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

3. Operating profit and EBITDA information (continued)

Reconciliation of group operating profit to EBITDA [(a)]

	Three months ended 30 June		
	2006	**2007**	**Change**
Yell UK operations	***£m***	***£m***	*%*
Operating profit	57.0	**57.1**	
Depreciation and amortisation in admin expenses	3.1	**4.2**	
Yell UK operations EBITDA	60.1	**61.3**	*2.0*
Yell UK operations EBITDA margin	35.7%	**35.0%**	
Yellow Book USA			
Operating profit	45.5	**56.4**	
Depreciation and amortisation in admin expenses	13.2	**12.5**	
Yellow Book USA EBITDA	58.7	**68.9**	*17.4*
Exceptional items	-	**(11.8)**	
Exchange impact [(b)]	-	**4.1**	
Yellow Book USA adjusted EBITDA at constant exchange rate [(b)]	58.7	**61.2**	*4.3*
Exchange impact [(b)]	-	**(4.1)**	
Yellow Book USA adjusted EBITDA	58.7	**57.1**	*(2.7)*
Yellow Book USA adjusted EBITDA margin	28.8%	**30.7%**	
Yell Publicidad			
Operating profit		**1.2**	
Depreciation and amortisation in admin expenses		**24.3**	
Yell Publicidad adjusted EBITDA		**25.5**	
Yell Publicidad adjusted EBITDA margin		**32.0%**	
Group			
Operating profit	102.5	**114.7**	
Depreciation and amortisation in admin expenses	16.3	**41.0**	
Group EBITDA	118.8	**155.7**	*31.1*
Exceptional items	-	**(11.8)**	
Exchange impact [(b)]	-	**4.1**	
Group adjusted EBITDA at constant exchange rate [(b)]	118.8	**148.0**	*24.6*
Exchange impact [(b)]	-	**(4.1)**	
Group adjusted EBITDA	118.8	**143.9**	*21.1*
Group adjusted EBITDA margin	31.9%	**32.6%**	

(a) EBITDA is one of the key financial measures that we use to assess growth and operational efficiencies in the business.

(b) Constant exchange rate states current period results at the same exchange rate as that used to translate the results for the previous period. Exchange impact is the difference between the results reported at a constant exchange rate and the results reported using current period exchange rates.

We do not allocate interest or taxation charges by product or geographic segment.

4. Taxation

The effective tax rate for the period is different from the standard rate of corporation tax in the United Kingdom (30%) as explained below:

	Three months ended 30 June	
	2006	2007
	£m	£m
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom (30%)	9.7	**14.9**
Effects of:		
Differing tax rates on overseas earnings	1.2	**1.9**
Other	0.2	**(1.5)**
Tax charge on profit before tax	11.1	**15.3**
Current tax	3.6	**5.6**
Deferred tax	7.5	**9.7**
Tax charge on profit before tax	11.1	**15.3**

5. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the relevant financial period and on the weighted average share capital during the period.

	Actual	Exceptional items	Amortisation of acquired intangibles	Adjusted
Three months ended 30 June 2007				
EBITDA (£m)	**155.7**	**(11.8)**	**-**	**143.9**
Depreciation and amortisation (£m)	**(41.0)**	**-**	**30.1**	**(10.9)**
Net finance costs (£m)	**(65.1)**	**-**	**-**	**(65.1)**
Group profit before tax (£m)	**49.6**	**(11.8)**	**30.1**	**67.9**
Taxation (£m)	**(15.3)**	**4.7**	**(10.3)**	**(20.9)**
Group profit after tax (£m)	**34.3**	**(7.1)**	**19.8**	**47.0**
Minority interests (£m)	**-**	**-**	**(0.2)**	**(0.2)**
Group profit after tax and minority interests (£m)	**34.3**	**(7.1)**	**19.6**	**46.8**
Weighted average number of issued ordinary shares (millions)	**779.3**			**779.3**
Basic earnings per share (pence)	**4.4**			**6.0**
Effect of share options (pence)	**-**			**-**
Diluted earnings per share (pence)	**4.4**			**6.0**
Three months ended 30 June 2006				
EBITDA (£m)	118.8	-	-	118.8
Depreciation and amortisation (£m)	(16.3)	-	9.5	(6.8)
Net finance costs (£m)	(70.1)	36.3	-	(33.8)
Group profit before tax (£m)	32.4	36.3	9.5	78.2
Taxation (£m)	(11.1)	(11.4)	(3.6)	(26.1)
Group profit after tax (£m)	21.3	24.9	5.9	52.1
Weighted average number of issued ordinary shares (millions)	751.4			751.4
Basic earnings per share (pence)	2.8			6.9
Effect of share options (pence)	(0.1)			(0.1)
Diluted earnings per share (pence)	2.7			6.8

Exceptional administrative credits of £11.8 million in the three months ended 30 June 2007 relate to the release of a portion of the legal costs accrued in 2005, but no longer required, for the class action suit in the US. Exceptional tax of £4.7 million represents the tax effect on the £11.8 million exceptional credit and an additional charge of £0.3 million related to changes in UK tax rates. The exceptional interest costs for the three months ended 30 June 2006 comprised £13.8 million for accelerated amortisation of deferred financing fees and £22.5 million premium on the redemption of our Notes, which were refinanced prior to the Yell Publicidad acquisition.

6. Deferred tax assets and liabilities

The elements of deferred tax assets recognised in the accounts were as follows:

	At 31 March 2007	At 30 June 2007
	£m	***£m***
Tax effect of timing differences due to:		
Bad debt provisions	44.8	**43.0**
Defined benefit pension scheme	17.9	**6.2**
Other allowances and accrued expenses	20.1	**17.7**
Recognised tax net operating losses	18.7	**17.3**
Share options	16.4	**10.0**
Depreciation	7.3	**4.4**
Financial instruments	4.9	**0.6**
Post-acquisition alignment of accounting policies	4.1	**3.5**
Other	9.0	**9.6**
Recognised deferred tax assets	143.2	**112.3**

The elements of deferred tax liabilities recognised in the accounts were as follows:

	At 31 March 2007	At 30 June 2007
	£m	***£m***
Tax effect of timing differences due to:		
Intangible assets	415.8	**413.4**
Directories in development	31.5	**32.3**
Deferred selling costs	14.0	**13.7**
Post-acquisition alignment of accounting policies	11.4	**11.9**
Financial instruments	9.1	**18.3**
Other	15.9	**18.2**
Recognised deferred tax liabilities	497.7	**507.8**

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

7. Trade and other receivables

	At 31 March 2007	At 30 June 2007
	£m	£m
Net trade receivables [(a)]	830.7	**783.0**
Other receivables	62.0	**86.2**
Accrued income [(a)]	42.0	**32.6**
Prepayments	12.7	**15.3**
Total trade and other receivables	947.4	**917.1**

(a) The Group's trade receivables and accrued income are stated after deducting a provision of £199.7 million at 30 June 2007 (31 March 2007 - £208.6 million).

8. Loans and other borrowings and net debt

	At 31 March 2007 [(a)]	At 30 June 2007 [(a)]
	£m	£m
Amounts falling due within one year		
Term loans under senior credit facilities	121.7	**121.7**
Revolving loan under credit facilities	97.2	**9.0**
Net obligations under finance leases and other short term borrowings	5.4	**26.1**
Total amounts falling due within one year	224.3	**156.8**
Amounts falling due after more than one year		
Term loans under senior credit facilities	3,505.0	**3,546.1**
Total amounts falling due after more than one year	3,505.0	**3,546.1**
Net loans and other borrowings	3,729.3	**3,702.9**
Cash and cash equivalents	(66.7)	**(53.3)**
Net debt at end of year	3,662.6	**3,649.6**

(a) Balances are shown net of deferred financing fees of £43.3 million at 30 June 2007 (31 March 2007 - £46.8 million).

9. Trade and other payables

	At 31 March 2007	At 30 June 2007
Due within one year	*£m*	*£m*
Trade payables	88.4	**63.3**
Other taxation and social security	18.2	**20.2**
Accruals and other payables	237.5	**167.6**
Deferred income	289.7	**312.8**
Trade and other payables falling due within one year	633.8	**563.9**
Amounts falling due after more than one year		
Trade payables	11.1	**12.7**
Accruals and other payables	1.1	**-**
Deferred income	0.8	**0.4**
Trade and other payables falling due after more than one year	13.0	**13.1**
Total trade and other payables	646.8	**577.0**

10. Retirement benefit obligations / surplus

	Three months ended 30 June 2006	Three months ended 30 June 2007
	£m	*£m*
Obligations at 31 March 2006 and 2007, respectively	(39.9)	**(27.2)**
Net actuarial gain on defined benefit pension schemes	13.3	**31.8**
Charges in excess of contributions	(0.8)	**-**
Contributions in excess of charges	-	**0.3**
Net decrease in retirement benefit obligations	12.5	**32.1**
Retirement benefit (obligation) surplus at period end	(27.4)	**4.9**

[a] The gains in the periods ended 30 June 2006 and 2007 were largely the result of changes in real interest rates which are determined by reference to corporate and government bond rates at the balance sheet date.

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

11. Statement of changes in equity

	Attributable to equity shareholders				
	Share capital	Other reserves	Retained earnings	Minority interest	Total
	£m	*£m*	*£m*	*£m*	*£m*
Balance at 31 March 2007	**1,201.7**	**(218.0)**	**454.8**	**10.1**	**1,448.6**
Profit on ordinary activities after taxation	**-**	**-**	**34.3**	**-**	**34.3**
Net expense recognised directly in equity	**-**	**-**	**40.3**	**(0.1)**	**40.2**
Total recognised income (expense) for the period	**-**	**-**	**74.6**	**(0.1)**	**74.5**
Value of services provided in return for share based payments	**-**	**3.6**	**-**	**-**	**3.6**
Ordinary share capital issued to employees	**0.2**	**-**	**-**	**-**	**0.2**
Own shares purchased by ESOP trust [(a)]	**(1.5)**	**-**	**-**	**-**	**(1.5)**
	(1.3)	**3.6**	**74.6**	**(0.1)**	**76.8**
Balance at 30 June 2007	**1,200.4**	**(214.4)**	**529.4**	**10.0**	**1,525.4**

(a) Purchase of shares held in an ESOP trust for employees.

Cumulative foreign currency losses attributable to equity shareholders at 30 June 2007 are £143.5 million (31 March 2007 - £139.4 million).

12. Capital Expenditure

Capital expenditure on property, plant and equipment in the three months ended 30 June 2006 and 2007 was £7.2 million and £12.5 million, respectively. Proceeds on the sale of property, plant and equipment were £nil in the same periods.

Capital expenditure committed at 30 June 2006 and 2007 was £7.6 million and £6.1 million, respectively.

13. Acquisitions

Three months ended 30 June 2007

In the three months to 30 June 2007, the Yell Group paid £57.5 million for acquisitions, the most significant of which were Publicom in Argentina and McGregor in the US. The purchase price was allocated to the acquired assets and liabilities as follows:

	Acquiree's carrying amount	Provisional fair value adjustments	Provisional fair value
	£m	*£m*	*£m*
Non current assets			
Other intangible assets	2.0	16.1	18.1
Property, plant and equipment	0.1	0.1	0.2
Deferred tax assets	1.2	-	1.2
Total non current assets	3.3	16.2	19.5
Current assets			
Directories in development	1.6	1.2	2.8
Trade and other receivables	3.7	0.6	4.3
Cash and cash equivalents	0.2	-	0.2
Total current assets	5.5	1.8	7.3
Current liabilities			
Corporation tax	(0.6)	-	(0.6)
Trade and other payables	(5.1)	0.1	(5.0)
Total current liabilities	(5.7)	0.1	(5.6)
Total assets less current liabilities	3.1	18.1	21.2
Non-current liabilities			
Deferred tax liabilities	-	(4.4)	(4.4)
Identifiable net assets	3.1	13.7	16.8
Goodwill			40.3
Total cost			57.1

Goodwill of £40.3 million is attributable to the expected future synergies, the workforce acquired and expected future growth of the business.

13. Acquisitions (continued)

A reconciliation of cash paid on acquisitions, including a deferred payment of $1.2 million (£0.6 million) for the acquisition of TransWestern Publishing (TWP), to the cash flow on page 13 is as follows:

	Three months ended 30 June 2007
	£m
Costs of acquisitions in the period	**57.1**
Less cash acquired	**(0.2)**
Deferred payment for TWP	**0.6**
Net cash outflow in period	**57.5**

Three months ended 30 June 2006

In the three months to 30 June 2006, the Yell Group paid £9.6 million for acquisitions, which comprised a number of directories businesses in the US.

14. Litigation

A lawsuit filed by Verizon was settled in October 2004. Yellow Book USA was later served with complaints filed as class actions in five US states and the District of Columbia. In these actions, the plaintiffs alleged violations of consumer protection legislation and placed reliance on findings of the court in the settled Verizon suit. These class actions were consolidated into a single class action before a New Jersey state court. In the year ended 31 March 2005, Yell Group accrued $45 million as a prudent estimate of the likely costs arising from the class action. On 26 August 2005, the New Jersey court approved a comprehensive national settlement, with no admission of liability. However, several appeals were subsequently lodged against the approved settlement, the most significant of which were resolved as of 30 June 2007. With resolution of these appeals, Yellow Book USA was able to reassess the likely costs of the settlement, and Yell Group reversed $23.6 million (£11.8 million) of the originally accrued settlement obligation as an exceptional credit through the income statement in the first quarter of the 2008 financial year. At 30 June 2007, we have remaining $20.1 million of accrued settlement obligation representing our best estimate of the amounts to be settled after resolution of all appeals.

NOTES TO EDITORS

Yell Group

Yell is an international directories business operating in the classified advertising market through printed, online and telephone-based media.

In the year ended 31 March 2007, Yell published 113 directories in the United Kingdom, 969 in the United States, and 92 Paginas Amarillas directories in Spain. In the United Kingdom, where it is a leading player in the classified advertising market, it served 450,000 unique advertisers. In the United States, where it is the leading independent directories business, it served 692,000 unique advertisers. In Spain, the Paginas Amarillas directories served 191,000 unique advertisers.

Yell's principal brands include: in the United Kingdom, Yellow Pages, Business Pages, Yell.com and Yellow Pages 118 24 7; in the United States, Yellow Book and Yellowbook.com; and in Spain, Paginas Amarillas and PaginasAmarillas.es. All these brands are trade marks.