



10 November 2009

Yell Group plc financial report for the six months ended 30 September 2009

**Results slightly ahead of guidance. Declines stabilising. Strong cashflow.
Internet growth continues.**

Refinancing agreed. £660 million equity raise.

- Revenue down 3.9% to £982.8 million; down 13.2% at constant exchange rates
- Online revenue up 17% at constant exchange rates to 20% of total revenue
- Adjusted EBITDA down 13.8% to £296.9 million; down 21.0% at constant exchange rates
- Operating cash flow up 18.0% to £399.8 million; up 6.3% at constant exchange rates. Cash conversion 134.7% (2008 – 98.4%)
- Free cash flow before payments of exceptionals was £243.9 million (2008 – £181.8 million)
- Adjusted diluted earnings per share down 48.2% to 8.8 pence

Statutory results (unaudited)

Six months ended 30 September

£ millions, unless noted otherwise	2009	2008	Change
			%
Revenue	982.8	1,023.2	(3.9)
EBITDA *	296.9	333.7	(11.0)
Cash generated from operations	405.7	349.0	16.2
Free cash flow	225.0	168.3	33.7
Profit after tax**	25.8	85.2	(69.7)
Diluted earnings per share (pence)**	3.3	10.9	(69.7)

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

** Statutory earnings are reconciled to adjusted earnings in note 5 to the financial information on page 18. Differences arise from exceptional items and amortisation of acquired intangibles.

John Condon, Chief Executive Officer, said:

“Last week, over 95% by value of our lenders approved our refinancing proposals and, today, our shareholders are demonstrating their support for the second and inter-dependent part of these proposals, the raising of £660 million of new equity – significantly above the “at least £500 million” to which we committed ourselves. We very much appreciate the support that our investors are demonstrating and the confidence they are placing in Yell. The equity raise is fully underwritten. The placing and open offer period starts tomorrow. We will hold an Extraordinary General Meeting on 26 November to approve the proposals, and completion is scheduled for the end of this month. A parallel Stock Exchange announcement gives fuller details.

“While today’s results continue to reflect the effects of the economic recession and reduction in confidence among businesses across all sectors, they also show the comparative strength of Yell’s trading position. We are seeing the rate of decline stabilising. We have continued to invest in our growing internet operations, and the actions we have taken to reshape our business to take advantage of the opportunities of changing consumer behaviour are standing us in good stead. We are progressively strengthening our position as a leading provider of business leads to SMEs regardless of channel and we are well placed to benefit from the economic recovery when it arrives.”

John Davis, Chief Financial Officer, said:

“Our six months results have again delivered slightly above the revenue and EBITDA guidance with margins benefiting from the cost restructuring actions we undertook last year. The results also demonstrate Yell’s continued very strong cash generation.

"Our comprehensive refinancing will strengthen our capital structure, immediately reducing debt and supporting our strategic and operational focus. The extension of maturities out to 2014, coupled with a new covenant package giving greater headroom, provides a meaningful window for economic recovery while we also pursue our goal of deleveraging."

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No communication or information relating to the offer of Securities (the "Offering") may be disseminated to the public in jurisdictions other than the United Kingdom or the Republic of Ireland where prior registration or approval is required for that purpose. No action has been taken that would permit an offer of the Securities in any jurisdiction where action for that purpose is required, other than in the United Kingdom or the Republic of Ireland.

Certain statements made in this announcement constitute forward-looking statements. Forward-looking statements can be identified by the use of words such as "believes", "estimates", "anticipates", "expects", "intends", "plans", "annualised", "goal", "target", "aim", "may", "will", "would", "could" or "should" or similar expressions (in each case, their negative or other variations or comparable terminology). Statements in this announcement that are not historical facts are hereby identified as "forward-looking statements". Such forward-looking statements, including, without limitation, those relating to future business prospects, revenue, liquidity, capital needs, interest costs and income, in each case relating to the Yell Group, wherever they occur in this announcement, are not necessarily based on assumptions reflecting the views of the Group and involve a number of known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements. Such forward looking statements should, therefore, be considered in the light of various important factors. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: economic and business cycles, the terms and conditions of the Group's financing arrangements, including fluctuations in interest rates, foreign currency rate fluctuations, competition in the Group's principal markets, acquisitions or disposals of businesses or assets and trends in the Group's principal industries and markets. As such, forward-looking statements are no guarantee of future performance. You should read pages 20 through 24 in Yell Group plc's annual report for the financial year ended 31 March 2009 for a discussion of some of the risks and uncertainties. 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)

Six months ended 30 September			Change	
£ millions, unless noted otherwise	2009	2008	Reporting currency %	Constant currency ^(a) %
Revenue ^(b)	982.8	1,023.2	(3.9)	(13.2)
Adjusted EBITDA ^{(b) (c)}	296.9	344.3	(13.8)	(21.0)
Margin	30.2%	33.6%		
Operating cash flow ^{(b) (d)}	399.8	338.7	18.0	6.3
Cash conversion ^{(b) (e)}	134.7%	98.4%		
Free cash flow, before exceptionals ^(f)	243.9	181.8	34.2	
Adjusted profit after tax ^(g)	68.1	133.1	(48.8)	
Adjusted diluted earnings per share (pence) ^(g)	8.8p	17.0p	(48.2)	
Effective average exchange rates:				
US Dollars: £1.00	1.60	1.92		
Euros: £1.00	1.14	1.26		

See end notes on page 8. End notes c through g provide an explanation of non-statutory figures along with references to where they are reconciled to statutory figures.

Group results

Overview

We delivered slightly ahead of guidance with revenue ^(b) at constant exchange rates down 15.6% and adjusted EBITDA ^{(b) (c)} at constant exchange rates down 24.0% for the three months ended 30 September 2009. The nervousness and caution displayed by our customers as a reaction to the recession continues to have a negative effect on our business.

For the half year, revenue at constant exchange rates was down 13.2% and adjusted EBITDA at constant exchange rates was down 21.0%. The cost savings are evident in the results and limited the EBITDA margin decrease to 3.4 percentage points, despite the declining revenue and continued investment in the business for future recovery. Reported results reflect the benefit of the weakening of the pound compared to the first six months of last year.

Our internet businesses continued to grow, up 17% at constant exchange rates for the six months. Internet revenue accounted for 20% of our total revenues compared with 15% in the same period last year.

The release of working capital from the reduction in revenue coupled with strong cash management has resulted in a 6.3% increase in operating cash flow ^{(b) (d)} at constant exchange rates, despite 21.0% lower adjusted EBITDA on the same basis. Cash conversion ^{(b) (e)} was up 36.3 percentage points to 134.7%.

Our free cash flow^(f), after all interest and tax payments and before payments of previously accrued exceptional items, increased 34.2% to £243.9 million, maintaining our net debt multiple at just under 5.0 times adjusted EBITDA when calculated at consistent exchange rates.

The Group has continued to meet its scheduled interest and debt repayments and covenant headroom at 30 September 2009 was 10%, which was ahead of our 7% guidance.

Group financial outlook

As stated in the press release of 23 September, trading conditions continue to be challenging and we believe it is too early to declare that confidence has definitively returned to our core target customer base. As a consequence, we are not assuming any significant improvement in the rate of year on year revenue decline for the remainder of the fiscal year, although we are seeing the rate of decline stabilising. Revenue in the second quarter was 15.6% lower than the same period last year at constant exchange rates and we expect a similar third quarter decline of around 16% on the same basis.

As announced on 2 November 2009, we reached conditional agreement with more than 95% of lenders (by value) to effectively extend their debt to 2014. The remaining lenders will be repaid in accordance with the terms of the existing debt facilities. The agreement is conditional upon, among other things, a gross equity raising of at least £500 million. Net proceeds are required to be used to prepay lenders who have agreed to the debt extension. Today we are announcing a fully underwritten firm placing and placing and open offer for £660 million. This will, subject to shareholder approval at the Extraordinary General Meeting on 26 November 2009, complete the refinancing.

Yell UK operating performance

Six months ended 30 September (unaudited)

	2009	2008	Change %
Revenue (£million) ^(b)	305.3	350.0	(12.8)
Adjusted EBITDA (£million) ^{(b) (c)}	121.2	139.5	(13.1)
<i>Margin (%)</i>	39.7	39.9	
Total live advertisers at period end (thousands) ^(h)	431	472	(8.7)
<i>Printed directories</i>			
Revenue (£million)	206.6	257.2	(19.7)
Unique advertisers (thousands) ⁽ⁱ⁾	174	204	(14.7)
Directory editions published	55	57	
Unique advertiser retention rate (%) ⁽ⁱ⁾	70	72	
Revenue per unique advertiser (£)	1,187	1,261	(5.9)
<i>Internet</i>			
Revenue (£million)	87.3	80.3	8.7
Searchable advertisers at period end (thousands) ^(k)	211	213	(0.9)
Unique users for the month of period end (millions) ^(l)	10.1	9.9	2.0
Annualised (LTM) revenue per average searchable advertiser (£) ^(m)	798	737	8.3

See end notes on page 8.

Overall UK revenues were down by 12.8% in the six months and EBITDA was down 13.1%. The adjusted EBITDA margin was relatively flat as the benefits of cost cutting measures nearly offset the effect of declining revenue.

Yell.com revenue grew by 8.7% and unique users were up 2.0%. Internet revenues are now 29% of total UK revenues, up from 23% a year ago.

Printed directories revenue declined 19.7%, primarily reflecting the 14.7% reduction in unique advertisers. The acquisition of new print advertisers was not enough to offset those that were not retained. Overall printed directories' revenue per unique advertiser was down reflecting cautious advertiser behaviour.

Yellowbook operating performance

Six months ended 30 September (unaudited)

	2009	2008	Change %
Revenue (\$million) ^(b)	798.8	921.2	(13.3)
Adjusted EBITDA (\$million) ^{(b) (c)}	208.0	261.0	(20.3)
Margin (%)	26.0	28.3	
Printed directories			
Revenue (\$million)	668.6	819.6	(18.4)
Unique advertisers (thousands) ⁽ⁱ⁾	291	346	(15.9)
Directory editions published	445	449	
Unique advertiser retention rate (%) ⁽ⁱ⁾	67	71	
Revenue per unique advertiser (\$)	2,298	2,369	(3.0)
Internet			
Revenue (\$million)	130.2	101.6	28.1
Searchable advertisers at period end (thousands) ^(k)	361	394	(8.4)
Unique visitors for month of period end (millions) ⁽ⁿ⁾	14.1	13.7	2.9
Annualised (LTM) revenue per average searchable advertiser (\$) ^(m)	679	443	53.3

See end notes on page 8.

The 13.3% revenue decline comprised:

- - 13.0% organic; and
- - 0.4% net rescheduling of publications.
- + 0.1% acquisitions

The net organic decline of 13.0% comprised:

- + 3.1% internet revenue;
- + 1.5% directory launches;
- - 0.3% discontinued products; and
- - 17.3% decline in same market print revenues.

Internet revenues grew by 28.1%, while unique visitors were up 2.9%. Internet revenues are 16% of total US revenues, up from 11% a year ago.

Printed directories revenue declined 18.4%, primarily reflecting the 15.9% reduction in unique advertisers. Print unique advertiser retention has come under pressure and the acquisition of new advertisers was not enough to offset those that were not retained. Average revenue per unique advertiser was down 3.0% with cautious advertiser behaviour partially offsetting the retention of higher value advertisers.

The adjusted EBITDA margin was down 2.3 percentage points compared with last year reflecting the decline in revenues, partially offset by cost cutting measures.

Yell Publicidad operating performance

Six months ended 30 September (unaudited)

	2009	2008	Change %
Revenue (€million) ^(b)	206.0	242.4	(15.0)
Adjusted EBITDA (€million) ^{(b) (c)}	52.4	86.7	(39.6)
Margin (%)	25.4	35.8	

Paginas Amarillas classified directories (Spain)

Revenue (€million)	81.1	111.8	(27.5)
Unique advertisers (thousands) ⁽ⁱ⁾	127	143	(11.2)
Directory editions published	39	39	
Unique advertiser retention rate (%) ⁽ⁱ⁾	77	80	
Revenue per unique advertiser (€)	639	782	(18.3)

Internet (Spain)

Revenue (€million)	27.7	23.6	17.4
Searchable advertisers at period end (thousands) ^(k)	137	137	-
Unique users for the month of period end (millions) ^(l)	6.4	5.6	14.3
Annualised (LTM) revenue per average searchable advertiser (€) ^(m)	433	210	106.2

See end notes to the above table on page 8.

Paginas Amarillas (our Spanish Yellow Pages directories) revenue declined 27.5% due to the economic pressures that led to a reduction in both retention and yield. This was partially offset by Spanish internet revenue, which grew 17.4% as we more fully monetised our strong usage. The unbundling programme (whereby we are charging separately for our print and internet products) has resulted in a significant increase in the annualised revenue per average searchable advertiser.

Revenue from Latin America at €32.7 million increased 13.1%, or increased 22.1% at constant exchange rates.

The adjusted EBITDA margin was down 10.4 percentage points on last year, reflecting the revenue decline, and the increased investment in the six months offset by the savings from cost cutting initiatives.

Statutory disclosures

The principal risks and uncertainties that could affect our business activities or financial results include strategic risks faced by our industry, operational risks faced by our businesses and the financial and market related risks we face in funding our operations. They have not changed from those detailed on pages 20-24 of Yell Group plc's annual report for the financial year ended 31 March 2009, except for the risk of refinancing the group as set out in note 19 on page 28. There are no related party transactions in the six months ended 30 September 2009 except compensation for key management. Key management compensation for the financial year ended 31 March 2009 is detailed in note 29 to Yell Group plc's Annual Report. A copy of Yell Group plc's Annual Report is available on our website www.yellgroup.com.

End notes for pages 3 through 7.

- (a) Change at constant currency states the change in the current period compared with the previous period if the current period results were translated at the same exchange rates as those 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 growth in the business and operational efficiencies.
 - (c) A reconciliation from operating profit to adjusted EBITDA is presented in note 3 to the financial information on page 16. Adjustments to EBITDA and profit after tax are explained in notes 5 and 6 to the financial information on pages 18 and 19. Adjustments to earnings per share are explained in note 5 to the financial information on page 18.
 - (d) Cash generated from operations before payments of exceptional costs, less capital expenditure. A reconciliation to cash generated from operations as presented in the cash flow statement is presented in note 9 on page 22.
 - (e) Operating cash flow as a percentage of adjusted EBITDA. A reconciliation to cash generated from operations as presented in the cash flow statement is presented in note 9 on page 22.
 - (f) Free cash flow is defined as operating cash flow less interest and tax payments.
 - (g) 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 on page 18.
 - (h) The number of total live advertisers is a count of all unique advertisers at the date of the period end with a live advertisement, regardless of product. Total live advertisers cannot be used to calculate average revenue per advertiser, as the basis of measurement differs for each product and should not be aligned with revenue recognised in the current period.
 - (i) The 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.
 - (j) Retention in the UK and Spain is based on the proportion of prior year unique advertisers who have renewed their advertising. In the US it is based on unique directory advertisers.
 - (k) 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.
 - (l) The number of unique users who have visited Yell.com or PaginasAmarillas.es once or more often in the indicated month. Unique users are measured according to independently established industry standard measures.
 - (m) UK, US and Spain internet LTM revenue per average searchable advertiser is calculated by dividing the recognised revenue in the last twelve months by the average number of searchable advertisers in that period. The twelve month average numbers of searchable advertisers are as follows:
 - Yell.com 30 September 2009 – 215,000; 30 September 2008 – 209,000.
 - Yellowbook.com 30 September 2009 – 377,000; 30 September 2008 – 377,000.
 - PaginasAmarillas.es 30 September 2009 – 125,000; 30 September 2008 – 221,000.In the UK the revenue includes our netReach product, in the US our WebReach product, and in Spain our Europages product.
 - (n) The number of individuals who have visited the Yellowbook.com network at least once in the month shown. Our data provider, Comscore, counts individuals visiting all Yellowbook affiliated websites that display Yellowbook.com data.
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YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INCOME STATEMENT

Six months ended 30 September

£ millions, unless noted otherwise	Notes	2009	2008
Revenue	2	982.8	1,023.2
Cost of sales		(427.8)	(435.9)
Gross profit		555.0	587.3
Distribution costs		(37.0)	(37.8)
Administrative expenses		(314.4)	(298.6)
Operating profit	3	203.6	250.9
Finance costs		(165.4)	(134.0)
Finance income		0.5	1.4
Net finance costs		(164.9)	(132.6)
Profit before taxation		38.7	118.3
Taxation	4	(12.9)	(33.1)
Profit for the financial period		25.8	85.2
Basic earnings per share (pence)	5	3.3	10.9
Diluted earnings per share (pence)	5	3.3	10.9

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September

£ millions	Notes	2009	2008
Profit for the financial period		25.8	85.2
Exchange (loss) gain on translation of foreign operations		(83.9)	19.6
Actuarial loss on defined benefit pension schemes	17	(53.7)	(3.8)
Gain in fair value of financial instruments used as hedges		38.1	42.6
Tax effect of net losses (gains) not recognised in the income statement	4	6.2	(16.8)
Net decrease in tax benefit on share based payments		-	(0.1)
Comprehensive (loss) income not recognised in the income statement		(93.3)	41.5
Total comprehensive (loss) income for the period		(67.5)	126.7

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September

£ millions	Notes	2009	2008
Net cash inflow from operating activities			
Cash generated from operations		405.7	349.0
Interest paid		(149.5)	(127.4)
Interest received		0.5	1.4
Net income tax paid		(6.9)	(30.9)
Net cash inflow from operating activities		<u>249.8</u>	<u>192.1</u>
Cash flows from investing activities			
Purchase of software, property, plant and equipment	7	(24.8)	(23.8)
Purchase of subsidiary undertakings, net of cash acquired	8	(3.2)	(7.1)
Net cash outflow from investing activities		<u>(28.0)</u>	<u>(30.9)</u>
Cash flows from financing activities			
Purchase of own shares		-	(0.6)
Net (payments) borrowings on revolving and other short-term credit facilities		(42.1)	8.0
Repayment of borrowings		(153.6)	(111.9)
Dividends paid to company's shareholders		-	(44.3)
Net cash outflow from financing activities		<u>(195.7)</u>	<u>(148.8)</u>
Net increase in cash and cash equivalents		26.1	12.4
Cash and cash equivalents at beginning of the period		51.1	60.4
Exchange losses on cash and cash equivalents		(4.8)	(0.4)
Cash and cash equivalents at period end		<u><u>72.4</u></u>	<u><u>72.4</u></u>
CASH GENERATED FROM OPERATIONS			
Profit for the period		25.8	85.2
Adjustments for:			
Tax		12.9	33.1
Finance income		(0.5)	(1.4)
Finance costs		165.4	134.0
Depreciation of property, plant and equipment and amortisation of software		30.8	24.2
Amortisation of other acquired intangibles		62.5	58.6
Changes in working capital:			
Inventories and directories in development		(14.6)	(26.9)
Trade and other receivables		164.6	70.7
Trade and other payables		(48.6)	(37.1)
Share based payments and other		7.4	8.6
Cash generated from operations	9	<u><u>405.7</u></u>	<u><u>349.0</u></u>

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2009 and 31 March 2009		Unaudited	Audited
£ millions	Notes	September	March
Non-current assets			
Goodwill	10	3,120.8	3,329.2
Other intangible assets	11	1,324.4	1,423.5
Property, plant and equipment	12	105.6	119.8
Deferred tax assets	13	132.0	142.6
Investment and other assets		5.3	6.5
Total non-current assets		4,688.1	5,021.6
Current assets			
Inventories		19.5	14.9
Directories in development		280.1	291.9
Trade and other receivables	14	895.2	1,132.8
Financial assets – derivative financial instruments		0.5	0.6
Cash and cash equivalents		72.4	51.1
Total current assets		1,267.7	1,491.3
Current liabilities			
Financial liabilities - loans and other borrowings	15	(405.0)	(381.7)
Financial liabilities – derivative financial instruments		(104.7)	(64.9)
UK Corporation and foreign income tax		(89.2)	(100.6)
Trade and other payables	16	(546.1)	(590.8)
Total current liabilities		(1,145.0)	(1,138.0)
Net current assets		122.7	353.3
Non-current liabilities			
Financial liabilities – loans and other borrowings	15	(3,448.4)	(3,876.6)
Financial liabilities – derivative financial instruments		(61.0)	(141.4)
Deferred tax liabilities	13	(591.0)	(624.8)
Retirement benefit obligations	17	(63.7)	(21.9)
Trade and other payables	16	(15.8)	(19.2)
Total non-current liabilities		(4,179.9)	(4,683.9)
Net assets		630.9	691.0
Capital and reserves attributable to equity shareholders			
Share capital		1,227.4	1,226.5
Other reserves		42.1	128.9
Accumulated deficit		(638.6)	(664.4)
Total equity		630.9	691.0

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2009

£ millions	Attributable to equity shareholders			Total
	Share capital	Other reserves	Accumulated deficit ^(a)	
Balance at 31 March 2009	1,226.5	128.9	(664.4)	691.0
Profit on ordinary activities after taxation	-	-	25.8	25.8
Comprehensive loss not recognised in the income statement	-	(93.3)	-	(93.3)
Total recognised (loss) income for the six months	-	(93.3)	25.8	(67.5)
Value of services provided in return for share based payments	-	7.4	-	7.4
Shares sold by SIP trust at a loss	0.9	(0.9)	-	-
	0.9	(86.8)	25.8	(60.1)
Balance at 30 September 2009	1,227.4	42.1	(638.6)	630.9

Six months ended 30 September 2008

£ millions	Attributable to equity shareholders			Total
	Share capital	Other reserves	Retained earnings ^(a)	
Balance at 31 March 2008	1,204.3	(61.9)	524.2	1,666.6
Profit on ordinary activities after taxation	-	-	85.2	85.2
Comprehensive income not recognised in the income statement	-	41.5	-	41.5
Total recognised income for the period	-	41.5	85.2	126.7
Value of services provided in return for share based payments	-	8.6	-	8.6
Own shares purchased by ESOP trust	(0.6)	-	-	(0.6)
Dividends paid to equity shareholders	-	-	(44.3)	(44.3)
	(0.6)	50.1	40.9	90.4
Balance at 30 September 2008	1,203.7	(11.8)	565.1	1,757.0

^(a) Cumulative foreign currency gains attributable to equity shareholders at 30 September 2009 are £283.4 million (31 March 2009 – £367.3 million gain).

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 condensed set of financial statements for the six months ended 30 September 2009 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 2009, with IAS 34 – Interim Financial Reporting, as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Services Authority.

The financial information contained herein has been prepared on a going concern basis. The Group is currently in full compliance with the financial covenants contained in all of its borrowing agreements. However, as a consequence of the continuing uncertain trading conditions there is a risk that the Group would need to reset its financial covenants with its lenders. As described in note 19, we concluded negotiations with our lenders for a New Facilities Agreement that is subject to completion of certain conditions. Until those conditions are met we continue to be subject to the covenants under the facilities agreement in force at 30 September 2009, details of which are set out in our risk management disclosures in our 2009 annual report along with our management of the risks associated with meeting those covenants.

If the Group were required but not able to agree amendments to the covenants such that undertakings to the Group's lenders were breached, then the syndicate of lenders would have the right to demand immediate repayment of all amounts due to them, but only after a two-thirds majority vote for such action.

Whilst this eventuality would, if it arose, cast doubt on the future capital funding of the Group, the Group's cashflow forecasts show that in the remainder of this financial year interest payments will be fully met, with further cash generated to repay debt. For this reason the directors believe that adopting the going concern basis in preparing the consolidated financial statements is appropriate.

Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The financial information does not include the adjustments that would result if the Group were unable to continue as a going concern.

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.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation and consolidation (continued)

The unaudited financial information contained herein does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2009 were approved by the Board of Directors on 4 June 2009 and delivered to the Registrar of Companies. The audit opinion on the statutory accounts for the year ended 31 March 2009 was unqualified, and contained an emphasis of matter paragraph on going concern. It did not contain any statement under section 498 of the Companies Act 2006.

The financial information herein should be read in conjunction with Yell's 2009 annual report published in June 2009, which includes the audited consolidated financial statements of Yell Group plc and its subsidiaries for the year ended 31 March 2009.

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 benefits, acquisitions and taxation.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009:

IAS 1 (revised), Presentation of financial statements prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

2. Revenue

Six months ended 30 September

£ millions, unless noted otherwise	2009	2008	Change	
			Reporting currency	Constant currency ^(a)
			%	%
Yell UK ^(b)	305.3	350.0	(12.8)	(12.8)
Yellowbook ^(b)	496.6	480.8	3.3	(13.3)
Yell Publicidad ^(b)	180.9	192.4	(6.0)	(13.9)
Group revenue	982.8	1,023.2	(3.9)	(13.2)

^(a) Change at constant currency states the change in current period compared with the previous period as if the current period results were translated at the same exchange rates as those used to translate the results for the previous period.

^(b) Segments are determined by management reports used by the chief decision maker, which are based upon the location of responsible management.

3. Adjusted EBITDA and operating profit

Adjusted EBITDA^(a)

Six months ended 30 September

£ millions, unless noted otherwise	2009	2008	Change	
			Reporting currency	Constant currency ^(b)
			%	%
Yell UK ^(c)	121.2	139.5	(13.1)	(13.1)
Yellowbook ^(c)	129.4	136.1	(4.9)	(20.3)
Yell Publicidad ^(c)	46.3	68.7	(32.6)	(38.4)
Group adjusted EBITDA	296.9	344.3	(13.8)	(21.0)

^(a) Adjusted EBITDA is a key income statement measure used by the chief decision maker to assess growth and operational efficiencies in the business.

^(b) Change at constant currency states the change in current period compared with the previous period as if the current period results were translated at the same exchange rates as those used to translate the results for the previous period.

^(c) Segments are determined by management reports used by the chief decision maker, which are based upon the location of responsible management.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

3. Adjusted EBITDA and operating profit (continued)

Reconciliation of operating profit to adjusted EBITDA^(a)

Six months ended 30 September

£ millions, unless noted otherwise	2009	2008
Yell UK ^(b) operating profit	110.6	122.7
Depreciation and amortisation	<u>10.6</u>	<u>9.1</u>
Yell UK EBITDA	121.2	131.8
Exceptional items ^(b)	<u>-</u>	<u>7.7</u>
Yell UK adjusted EBITDA	121.2	139.5
<i>Yell UK adjusted EBITDA margin</i>	<i>39.7%</i>	<i>39.9%</i>
Yellowbook ^(b) operating profit	103.1	114.8
Depreciation and amortisation	<u>26.3</u>	<u>21.3</u>
Yellowbook EBITDA and adjusted EBITDA	129.4	136.1
<i>Yellowbook EBITDA margin</i>	<i>26.1%</i>	<i>28.3%</i>
Exchange impact ^(c)	<u>(20.9)</u>	-
Yellowbook EBITDA at constant exchange rate ^(c)	108.5	136.1
Yell Publicidad ^(b) operating (loss) profit	(10.1)	13.4
Depreciation and amortisation	<u>56.4</u>	<u>52.4</u>
Yell Publicidad EBITDA	46.3	65.8
Exceptional items ^(b)	<u>-</u>	<u>2.9</u>
Yell Publicidad adjusted EBITDA	46.3	68.7
<i>Yell Publicidad adjusted EBITDA margin</i>	<i>25.6%</i>	<i>35.7%</i>
Exchange impact ^(c)	<u>(4.0)</u>	-
Yell Publicidad adjusted EBITDA at constant exchange rate ^(c)	42.3	68.7
Group operating profit	203.6	250.9
Depreciation and amortisation	<u>93.3</u>	<u>82.8</u>
Group EBITDA	296.9	333.7
Exceptional items ^(b)	<u>-</u>	<u>10.6</u>
Group adjusted EBITDA	296.9	344.3
<i>Group adjusted EBITDA margin</i>	<i>30.2%</i>	<i>33.6%</i>
Exchange impact ^(c)	<u>(24.9)</u>	-
Group adjusted EBITDA at constant exchange rates ^(c)	272.0	344.3

^(a) Adjusted EBITDA is a key income statement measure used by the chief decision maker to assess growth and operational efficiencies in the business.

^(b) Segments are determined by management reports used by the chief decision maker, which are based upon the location of responsible management. Details of exceptional items are set out in note 6.

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

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

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

4. Taxation

The tax charge for the period is different from the standard rate of corporation tax in the United Kingdom of 28% (2008 – 28%). The differences are explained below:

Six months ended 30 September		
£ millions	2009	2008
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom	10.8	33.1
Effects of:		
Deferred tax assets not recognised	10.0	-
Differing tax rates on foreign earnings	(5.2)	(4.2)
Decrease in tax benefits on share based payments	-	0.7
Other	(2.7)	3.5
Tax charge on profit before tax	12.9	33.1
Effective tax rate on profit before tax	33.3%	28.0%

The tax on the Group's profit before tax is analysed as follows:

Six months ended 30 September		
£ millions	2009	2008
Current tax:		
Current year corporation tax	15.3	51.0
Adjustments in respect of prior years	(6.2)	(8.6)
	9.1	42.4
Deferred tax:		
Current year deferred tax	3.7	(12.5)
Adjustments in respect of prior years	0.1	3.2
Tax charge on profit before tax	12.9	33.1

Taxation credited (charged) directly to equity is as follows:

Six months ended 30 September		
£ millions	2009	2008
Deferred tax on actuarial losses	15.0	1.1
Deferred tax on fair valuations of financial instruments used as hedges	(8.8)	(17.9)
Net tax loss on share based payments	-	(0.1)
Total taxation recorded in equity	6.2	(16.9)

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

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.

£ millions unless noted otherwise	Statutory	Exceptional items^(a)	Amortisation of acquired intangibles	Adjusted
<i>Six months ended 30 September 2009</i>				
EBITDA	296.9	-	-	296.9
Depreciation and amortisation	(93.3)	-	62.5	(30.8)
Net finance costs	(164.9)	-	-	(164.9)
Group profit before tax	38.7	-	62.5	101.2
Taxation	(12.9)	-	(20.2)	(33.1)
Group profit after tax	25.8	-	42.3	68.1
Weighted average number of issued ordinary shares (millions)	773.5			773.5
Basic earnings per share (pence)	3.3			8.8
Effect of share options (pence)	-			-
Diluted earnings per share (pence)	3.3			8.8
<i>Six months ended 30 September 2008</i>				
EBITDA	333.7	10.6	-	344.3
Depreciation and amortisation	(82.8)	-	58.6	(24.2)
Net finance costs	(132.6)	-	-	(132.6)
Group profit before tax	118.3	10.6	58.6	187.5
Taxation	(33.1)	(2.3)	(19.0)	(54.4)
Group profit after tax	85.2	8.3	39.6	133.1
Weighted average number of issued ordinary shares (millions)	781.1			781.1
Basic earnings per share (pence)	10.9			17.0
Effect of share options (pence)	-			-
Diluted earnings per share (pence)	10.9			17.0

^(a) Details of exceptional items are set out in note 6.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

6. Exceptional items

Exceptional items are transactions that, by virtue of their incidence, size or a combination of both, are disclosed separately. Exceptional items comprise the following.

Six months ended 30 September

<u>£ millions</u>	<u>2009</u>	<u>2008</u>
Yell UK restructuring programme	-	7.7
Yell Publicidad restructuring programme	-	2.9
Net exceptional expenses in Group profit before tax	-	10.6
Net tax credit on items above	-	(3.0)
Decrease in tax benefits on share based payments	-	0.7
Net exceptional expenses in Group profit after tax	-	8.3

7. Capital expenditure

Six months ended 30 September

<u>£ millions</u>	<u>2009</u>	<u>2008</u>
Capital expenditure on software, property, plant and equipment	22.9	20.7
Decrease in accrued capital expenditure	1.9	3.1
Cash paid for capital expenditure	24.8	23.8

Proceeds on the sale of property, plant and equipment were £nil in the six months ended 30 September 2009 and 2008.

Capital expenditure committed at 30 September 2009 was £8.2 million (2008 - £15.9 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

8. Acquisitions and disposals

Six months ended 30 September 2009

In the six months ended 30 September 2009, the Yell Group acquired an in-fill acquisition in the US for £3.0 million. Total costs were allocated to the acquired assets and liabilities as follows:

£ millions	Acquiree's carrying amount	Provisional fair value adjustments	Provisional fair value
Non current assets			
Other intangible assets	-	2.0	2.0
Total non current assets	-	2.0	2.0
Current assets			
Directories in development	0.7	0.9	1.6
Trade and other receivables	0.6	(0.2)	0.4
Total current assets	1.3	0.7	2.0
Current liabilities			
Trade and other payables	(2.5)	-	(2.5)
Total current liabilities	(2.5)	-	(2.5)
Identifiable net (liabilities) assets	(1.2)	2.7	1.5
Goodwill			1.5
Total cost			3.0

Goodwill of £1.5 million was attributable to the expected future synergies, the workforce acquired and expected future growth of the business.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

8. Acquisitions and disposals (continued)

Six months ended 30 September 2008

In the six months ended 30 September 2008, the Yell Group acquired 100% of the Adworks businesses in the UK, US, Spain and India for £8.7 million, and an in-fill acquisition in the US for £0.2 million. Total costs were allocated to the acquired assets and liabilities as follows:

£ millions	Acquiree's carrying amount	Provisional fair value adjustments	Provisional fair value
Non current assets			
Other intangible assets	0.6	-	0.6
Property, plant and equipment	2.3	(0.1)	2.2
Total non current assets	2.9	(0.1)	2.8
Current assets			
Directories in development	0.1	-	0.1
Trade and other receivables	4.9	-	4.9
Cash and cash equivalents	1.7	-	1.7
Total current assets	6.7	-	6.7
Current liabilities			
Corporation tax	(0.2)	-	(0.2)
Trade and other payables	(5.3)	(0.4)	(5.7)
Total current liabilities	(5.5)	(0.4)	(5.9)
Identifiable net assets	4.1	(0.5)	3.6
Goodwill			5.3
Total cost			8.9

Goodwill of £5.3 million was attributable to the expected future synergies, the workforce acquired and expected future growth of the business.

Cash flow

A reconciliation of cash paid on acquisitions, including deferred payments for prior period acquisitions, to the cash flow on page 10 is as follows:

Six months ended 30 September

£ millions	2009	2008
Cost of acquisitions in the period	3.0	8.9
Less consideration deferred	-	(0.6)
Less cash acquired	-	(1.7)
Payments in period for amounts deferred on prior period acquisitions	0.2	0.5
Net cash outflow in period	3.2	7.1

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

9. Operating cash flow

The following table reconciles EBITDA, operating cash flow and cash conversion to cash generated from operations as presented on the cash flow statement on page 10.

Six months ended 30 September

£ millions, unless noted otherwise	2009	2008
Adjusted EBITDA	296.9	344.3
Net exceptional expenses in EBITDA	-	(10.6)
Working capital movements and non-cash charges	108.8	15.3
Cash generated from operations (see page 10)	405.7	349.0
Add back payments of exceptional costs included in cash generated from operations	18.9	13.5
Purchase of software, property, plant and equipment (see note 7)	(24.8)	(23.8)
Operating cash flow	399.8	338.7
Adjusted EBITDA	296.9	344.3
Cash conversion	134.7%	98.4%

Free cash flow before payment of exceptional items (defined as operating cash flow less interest and tax payments) was £243.9 million, up 34.2% compared with £181.8 million in the same period last year.

10. Goodwill

At 30 September 2009 and 31 March 2009

£ millions	September	March
Opening net book value at 1 April 2009 and 2008	3,329.2	3,898.2
Acquisitions	1.5	5.7
Impairment	-	(1,272.3)
Currency movements	(209.9)	697.6
Net book value at period end	3,120.8	3,329.2

Goodwill is not amortised but is tested for impairment at least annually. During the year ended 31 March 2009, impairment losses of £1,103.9 million, £120.1 million, £40.8 million and £7.5 million on goodwill in relation to its operations in Spain, Chile, Argentina and Peru, respectively, were recorded. The goodwill in the UK and the US was not written down, because estimated recoverable amounts continued to be in excess of carrying values.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

11. Other non-current intangible assets

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Opening net book value at 1 April 2009 and 2008	1,423.5	1,318.7
Acquisitions	2.0	1.9
Additions	14.7	32.9
Disposals and transfers	-	8.6
Amortisation	(77.6)	(152.0)
Currency movements	(38.2)	213.4
Net book value at period end	1,324.4	1,423.5

12. Property, plant and equipment

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Opening net book value at 1 April 2009 and 2008	119.8	99.2
Acquisitions	-	2.2
Additions	8.2	32.2
Disposals and transfers	(0.4)	(8.8)
Depreciation	(15.7)	(25.0)
Currency movements	(6.3)	20.0
Net book value at period end	105.6	119.8

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

13. Deferred tax assets and liabilities

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

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Tax effect of timing differences due to:		
Financial instruments	55.6	68.3
Bad debt provisions	25.3	30.0
Defined benefit pension scheme	17.9	6.2
Other allowances and accrued expenses	17.8	24.8
Depreciation	10.1	9.5
Share based payments	1.5	0.2
Other	3.8	3.6
Recognised deferred tax assets	132.0	142.6

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

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Tax effect of timing differences due to:		
Intangible assets	522.4	551.0
Deferred directory costs	46.3	54.7
Unremitted earnings	7.5	10.4
Financial instruments	0.3	-
Other	14.5	8.7
Recognised deferred tax liabilities	591.0	624.8

14. Trade and other receivables

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Net trade receivables ^(a)	826.6	1,017.2
Net accrued income ^(a)	21.0	53.2
Other receivables	27.1	28.2
Prepayments	20.5	21.2
Prepaid corporation tax	-	13.0
Total trade and other receivables	895.2	1,132.8

^(a) The Group's trade receivables and accrued income are stated after deducting a provision of £198.7 million (March - £205.4 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

15. Loans and other borrowings, net debt

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Amounts falling due within one year		
Term loans under senior credit facilities ^(a)	366.1	299.7
Revolving loan under credit facilities (committed until April 2011)	-	40.3
Net obligations under finance leases and other short term borrowings	38.9	41.7
Total amounts falling due within one year	405.0	381.7
Amounts falling due after more than one year		
Term loans under senior credit facilities ^(a)	3,448.4	3,876.6
Net loans and other borrowings	3,853.4	4,258.3
Cash and cash equivalents	(72.4)	(51.1)
Net debt at end of period	3,781.0	4,207.2

^(a) Balances are shown net of deferred financing fees of £35.4 million (March - £48.9 million).

The movement in net debt for the six months ended 30 September 2009 arose as follows:

Net debt

Six months ended 30 September

£ millions	2009
At 31 March 2009	4,207.2
Currency movements	(217.8)
Operating cash flow	(399.8)
Interest and tax payments	155.9
Cash payments of exceptional costs	18.9
Purchase of subsidiary undertakings and minority interests, net of cash acquired	3.2
Amortisation of financing fees	13.4
At 30 September 2009	3,781.0

Our bank facilities at 30 September 2009 ("Existing Debt Facilities") are committed until 2011 and 2012 and contain covenants over net cash interest cover and debt cover. The net cash interest cover covenant requires that the ratio of adjusted EBITDA for the latest 12 month period to net cash interest payable for the latest 12 month period does not fall below specific threshold ratios at specific test dates. The debt cover covenant requires that the ratio of net debt at the testing date to adjusted EBITDA for the latest 12 month period should not exceed specific threshold ratios at specific test dates.

We operated within our debt covenants for the six months ended 30 September 2009 with headroom of 11% and 10% on the net cash interest cover ratio and debt cover ratio, respectively. Drawings on our £400 million revolving credit facility and other short term lines totalled £36.0 million at 30 September 2009.

Under the Articles of Association, the directors are required to ensure that the total of all amounts borrowed by group companies do not exceed five times capital and reserves. This ratio is currently exceeded following the significant goodwill impairment during the previous year. Resolutions to authorise the exceeding of this restriction in the Articles were approved by shareholders at the Annual General Meeting on 24 July 2009.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

16. Trade and other payables

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Amounts falling due within one year		
Trade payables	70.5	77.6
Other taxation and social security	17.5	18.4
Accruals and other payables	182.8	224.0
Deferred income	275.3	270.8
Trade and other payables falling due within one year	546.1	590.8
Amounts falling due after more than one year		
Trade payables	11.0	13.0
Accruals and other payables	4.8	6.2
Trade and other payables falling due after more than one year	15.8	19.2
Total trade and other payables	561.9	610.0

17. Retirement benefits

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Net retirement benefits		
(obligation) surplus at 1 April 2009 and 2008	(21.9)	14.0
Net actuarial loss on defined benefit pension schemes ^(a)	(53.7)	(31.6)
Contributions in excess of (less than) charges	11.9	(4.3)
Net movement in retirement benefits obligation	(41.8)	(35.9)
Net retirement benefits obligation at period end	(63.7)	(21.9)

^(a) The loss in the six months ended 30 September 2009 was largely due to a decrease in real interest rates partially offset by an increase in asset values, and in the year ended 31 March 2009 was largely the result of the effect of increased mortality rates and decreased asset values net of the effect of increased real interest rates and decreased number of active members.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

18. Financial commitments, litigation and contingent liabilities

Future aggregate minimum operating lease payments for the Group at 30 September 2009 and 31 March 2009 are as follows:

At 30 September 2009 and 31 March 2009		
£ millions	September	March
Payable		
Not later than one year	28.2	32.0
Later than one year and not later than five years	52.8	62.0
Later than five years	24.2	29.1
Total future aggregate minimum operating lease payments	105.2	123.1

A lawsuit filed by Verizon against Yellowbook was settled in October 2004. Yellowbook 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, we accrued \$45 million as an 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 by 30 June 2007. With resolution of these appeals, Yellowbook was able to reassess the likely costs of the settlement, and we reversed \$23.6 million (£11.8 million) of the originally accrued settlement obligation as an exceptional credit through the income statement in the year ended 31 March 2008.

We reversed a further \$12.7 million (£8.9 million) of the obligation as an exceptional credit in the year ended 31 March 2009. At 30 September 2009, the remaining \$4.4 million of accrued settlement obligation represented our best estimate of the remaining amounts to be settled.

We also have £27 million of restructuring provisions expensed but not yet paid at 30 September 2009 as our best estimate of remaining amounts to be settled.

There are no contingent liabilities or guarantees other than those referred to above and those arising in the ordinary course of the Group's business.

No material losses are anticipated on liabilities arising in the ordinary course of business.

19. Subsequent event and changes to significant risks

The principal risks and uncertainties that could affect our business activities or financial results as detailed on pages 20-24 of Yell Group plc's annual report for the financial year ended 31 March 2009 highlighted the risks from a requirement to refinance a significant portion of our term loans under the Existing Facilities Agreement before April 2011, when they fall due, and from increasing difficulties in satisfying debt covenants in the face of the currently challenging trading conditions.

As announced on 2 November 2009, we reached conditional agreement with lenders to refinance more than 95% of our Existing Debt Facilities. The agreement becomes effective upon, among other things, a minimum gross equity raising of £500 million to prepay amounts outstanding under a New Facilities Agreement. We propose to raise £660 million of gross equity, which is fully underwritten and subject to shareholder approval at the Extraordinary General Meeting on 26 November 2009.

If the refinancing is completed, then the covenants under the Existing Facilities Agreement would cease on the debt that is not refinanced. The New Facilities Agreement includes, among others, the following provisions:

- extension of debt maturities to 2014;
- entry into a new covenant package providing greater headroom;
- new margins between 3.50% and 3.75% (compared to margins between 2.25% and 3.00% under the Existing Debt Facilities) over LIBOR or EURIBOR and a consent fee of 1.25% payable to consenting lenders; and
- our commitment to reduce senior term debt by an additional £250 million within 18 months of the first utilisation date of the new debt facilities or incur an additional fee of 0.50% payable to the consenting lenders on the total aggregate amount of debt under the New Facilities Agreement and a 0.50% increase in the interest rate margins under the New Facilities Agreement.

INDEPENDENT REVIEW REPORT TO YELL GROUP PLC

Introduction

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 September 2009, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of financial position, consolidated statement of changes in equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The financial information included in this financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the financial information in the financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Emphasis of matter – Going concern

In arriving at our Review Conclusion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial information concerning the ability of the Group to continue as a going concern. The New Facilities Agreement is subject to completion of certain conditions, including the raising of at least £500 million of additional equity and shareholder approval. Until these conditions are met the Group continues to be subject to the covenants under the facilities agreement in force at 30 September 2009. If the Group needed to but were unable to agree amendments to the covenants and those covenants were breached, the syndicate of lenders would have the right to demand, with a two-thirds majority vote, immediate repayment of all amounts due to them. This right creates doubt about the future capital funding of the Group. These conditions, along with the other matters explained in note 1 to the financial information, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial information does not include the adjustments that would result if the company was unable to continue as a going concern.

PricewaterhouseCoopers LLP

Chartered Accountants

10 November 2009

London

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that to the best of their knowledge the condensed set of financial statements in the half-yearly financial report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency Rules, namely:

- an indication of important events that have occurred during the first six months of the financial year and their effect on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last annual report.

By order of the Board

[Signature]
Howard Rubenstein

10 November 2009
Company Secretary

[Signature]
John Davis

10 November 2009
Chief Financial Officer

On behalf of the Board:
Bob Wigley, Chairman
John Condron, Chief Executive Officer
John Davis, Chief Financial Officer
Tim Bunting
John Coghlan
Toby Coppel
Joachim Eberhardt
Carlos Espinosa de los Monteros
Richard Hooper

FINANCIAL CALENDAR

Financial year ending **31 March 2010**

Third quarter results 4 February 2010

Full year results 18 May 2010

Shareholder Contact Details

Website for viewing information about your holding:
www.shareview.co.uk

Equiniti telephone line for shareholders:
0871 384 2049*

Equiniti telephone line for employee shareholders:
0871 384 2130*

Text phone for the hard of hearing:
0871 384 2255*

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Yell Group plc

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Queens Walk
Reading
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www.yellgroup.com

* Calls to these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

NOTES TO EDITORS

Yell Group

Yell is a leading international classified advertising publisher operating in the UK, US, Spain and certain countries in Latin America through printed, online and telephone-based media.

In the year ended 31 March 2009, Yell published 113 directories in the United Kingdom, 996 in the United States, and 89 Paginas Amarillas directories in Spain. In the United Kingdom, where it is a leading provider in the classified advertising market, it served 390,000 unique advertisers. In the United States, where it is the largest independent classified directory publisher, it served 634,000 unique advertisers. In Spain, the Paginas Amarillas directories served 285,000 unique advertisers.

Yell's principal brands include: in the United Kingdom - Yellow Pages, Yell.com and 118 24 7; in the United States - Yellowbook and Yellowbook.com; and in Spain - Paginas Amarillas and PaginasAmarillas.es.
