

28 July 2010

Yell Group plc financial report for the three months ended 30 June 2010

Revenue in line with guidance. Increasing customer retention. Strong internet growth and strong cash generation continue.

- Revenue down 7.5% to £439.6 million; down 10.6% on an organic basis at constant exchange rates
- Online revenue of £111.6 million; up 9.7% at constant exchange rates to 25.4% of total revenue (2009 – 20.9%)
- EBITDA down 8.9% to £134.9 million; down 10.9% at constant exchange rates
- Operating cash flow down 14.9% to £174.5 million; down 16.4% at constant exchange rates. Cash conversion 129.4% (2009 – 138.6%)
- Free cash flow before payments of exceptionals was £98.6 million (2009 – £129.6 million)
- Adjusted diluted earnings per share down 67.5% to 1.3 pence

Statutory results

Three months ended 30 June

£ millions, unless noted otherwise	2010	2009	Change %
Revenue	439.6	475.3	(7.5)
EBITDA *	134.9	148.0	(8.9)
Cash generated from operations	183.5	207.6	(11.6)
Free cash flow	92.0	118.6	(22.4)
Profit after tax**	11.1	14.9	(25.5)
Diluted earnings per share (pence)**	0.5	1.6	(68.8)

* 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, amortisation of acquired intangibles and fair valuation charges on interest rate caps.

John Condron, Chief Executive Officer, said:

"We met our revenue guidance for the quarter and reiterate our second quarter expectations. The benefits of the actions we have taken to protect against the economic downturn are clearly visible in our customer retention rates and the continued strong internet revenue growth, with 25% of our Group revenue now generated online.

"We remain confident that the value we deliver and prove to our customers positions us to grow when there is greater confidence in the sustainability of economic recovery. The economic outlook for small and medium sized businesses and their level of confidence remain challenging, but our customers recognise the cost-effectiveness of our services and increasingly see us as their answer to online trading and marketing."

John Davis, Chief Financial Officer, said:

"Our continued focus on cost management has protected our margins while we continue to invest heavily in the business. Our strong cash conversion and free cash flow of £92.0 million after all exceptionals allow us to continue to reduce our net debt, which is below £3 billion."

Enquiries

Yell – Investors

Rob Hall

Tel +44 (0)118 950 6838

Mobile +44 (0)7793 957848

Yell - Media

Jon Salmon

Tel +44 (0)118 950 6656

Mobile +44 (0)7801 977340

Citigate Dewe Rogerson

Anthony Carlisle

Tel +44 (0)20 7638 9571

Mobile +44 (0)7973 611888

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. Readers are advised to read pages 18 through 29 in Yell Group plc's annual report for the financial year ended 31 March 2010. 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			Change	
£ millions, unless noted otherwise	2010	2009	Reporting currency	Constant currency ^(a)
			%	%
Revenue ^(b)	439.6	475.3	(7.5)	(9.9)
EBITDA ^{(b) (c)}	134.9	148.0	(8.9)	(10.9)
<i>Margin</i>	30.7%	31.1%		
Operating cash flow ^{(b) (d)}	174.5	205.1	(14.9)	(16.4)
<i>Cash conversion ^{(b) (e)}</i>	129.4%	138.6%		
Free cash flow, before exceptionals ^(f)	98.6	129.6	(23.9)	
Adjusted profit after tax ^(g)	31.2	36.6	(14.8)	
Adjusted diluted earnings per share (pence) ^(g)	1.3p	4.0p	(67.5)	
Effective average exchange rates:				
US Dollars: £1.00	\$1.49	\$1.57		
Euros: £1.00	€1.17	€1.13		

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

Yell met guidance, with a 10.6% organic decline in revenue^(b) at constant exchange rates. The revenue decline of 9.9% at constant exchange rates includes rescheduled revenue, primarily from deliveries that were delayed from the prior quarter by the earthquakes in Chile. EBITDA^{(b) (c)} at constant exchange rates was down 10.9%. A combination of cost savings and the timing of expenditures has partially offset the declining revenue and limited the EBITDA margin decrease to 0.4 percentage points.

Our online revenue at £111.6 million continued to grow, up 9.7% at constant exchange rates for the three months. Internet revenue accounted for 25.4% of our total revenue compared with 20.9% in the same period last year.

Cash conversion^{(b) (e)} was 129.4% reflecting the release of working capital from the reduction in revenue coupled with good cash management. Operating cash flow^{(b) (d)} was down 16.4% at constant exchange rates. Free cash flow^(f), after all interest and tax payments and before payments of previously accrued exceptional items, decreased 23.9% to £98.6 million, reducing our net debt and maintaining our net debt multiple at 4.9 times last twelve month's adjusted EBITDA when calculated at consistent exchange rates.

Group financial outlook

Yell is reiterating the guidance given on 18 May 2010. Yell's second quarter is now largely sold and we expect the rate of organic decline at constant exchange rates to be around 11%.

The anticipated economic recovery is proving slower than expected. With approximately 50% of revenue sold for the third quarter, we believe the organic decline will be around 9% in that period at constant exchange rates. The organic decline does not reflect an estimated €26 million net reduction in revenues from Latin American directories that will publish in the fourth quarter of this financial year because of directory publication delays in Chile caused by last year's earthquakes.

The improving print retention rates across the group and the continued internet momentum mean we are confident that we are well placed to benefit when confidence in a sustainable economic recovery does return. Until that time, our revenue will remain under economic pressure as SME's remain cautious about their future.

We continue to expect to benefit from the £60 million of net cost reductions in the 2011 financial year.

Yell UK operating performance

Three months ended 30 June (unaudited)

	2010	2009	Change %
Revenue (£million) ^(b)	133.9	153.8	(12.9)
EBITDA (£million) ^{(b) (c)}	50.3	60.4	(16.7)
<i>EBITDA margin (%)</i>	37.6	39.3	
<i>Printed directories</i>			
Revenue (£million)	84.8	105.2	(19.4)
Unique advertisers (thousands) ^(h)	82	100	(18.0)
Directory editions published	28	29	
Unique advertiser retention rate (%) ⁽ⁱ⁾	72	71	
Revenue per unique advertiser (£)	1,034	1,052	(1.7)
<i>Internet</i>			
Revenue (£million)	44.0	42.8	2.8
Advertisers at period end (thousands) ^(j)	195	215	(9.3)
Unique users for the month of period end (millions) ^(k)	8.2	10.4	(21.2)
Annualised (LTM) revenue per average internet advertiser (£) ^(l)	861	785	9.7
<i>Total live advertisers</i>			
At period end (thousands) ^(m)	381	444	(14.2)

See end notes on page 8.

Overall UK revenue was down by 12.9% in the quarter and EBITDA was down 16.7%. A combination of cost savings and the timing of expenditures has enabled us to limit the full effect of the revenue decline on EBITDA.

Economic pressures continue to affect revenue and customer numbers. The UK print retention rate has improved by one percentage point. However, while we continue to acquire new customers, it is at a lower rate than in previous years due to the economic environment.

Internet revenue continues to grow and represents 32.9% of total UK revenue compared with 27.8% last year. The revenue growth is primarily driven by an increase in average value. Unique internet users in June fell in comparison with last year in part due to our intentional focus on generating searches that are more directly monetisable and therefore of more benefit to our advertisers.

Yellowbook operating performance

Three months ended 30 June (unaudited)

	2010	2009	Change %
Revenue (\$million) ^(b)	330.5	368.5	(10.3)
EBITDA (\$million) ^{(b) (c)}	90.3	106.9	(15.5)
<i>EBITDA margin (%)</i>	<i>27.3</i>	<i>29.0</i>	
<i>Printed directories</i>			
Revenue (\$million)	258.9	303.8	(14.8)
Unique advertisers (thousands) ^(h)	129	141	(8.5)
Directory editions published	179	177	
Unique advertiser retention rate (%) ⁽ⁱ⁾	73	69	
Revenue per unique advertiser (\$)	2,007	2,155	(6.9)
<i>Internet</i>			
Revenue (\$million)	71.6	64.7	10.7
Advertisers at period end (thousands) ^(j)	356	379	(6.1)
Unique visitors for month of period end (millions) ⁽ⁿ⁾	36.4	16.8	116.7
Annualised (LTM) revenue per average internet advertiser (\$) ^(l)	755	650	16.2

See end notes on page 8.

Overall US revenue was down by 10.3% in the quarter and EBITDA was down 15.5%. A combination of cost savings and the timing of expenditures has enabled us to limit the full effect of the revenue decline on EBITDA.

The economic environment continues to put pressure on our revenue and customer numbers. The print customer retention rate increased four percentage points, highlighting the value our customers see in our products and, as in the UK, the declining customer base reflected the acquisition of fewer new customers, as we successfully concentrated on retaining our core advertisers.

Internet revenue now represents 21.7% of total US revenue up from 17.6% last year with future growth expected on the foundation of continuing very strong growth in unique visitors. Unique visitors increased to 36.4 million, up 116.7% from June 2009 to June 2010, while revenue per average internet advertiser increased 16.2%.

Yell Publicidad operating performance

Three months ended 30 June (unaudited)

	2010	2009	Change %
Revenue (€million) ^(b)	97.5	99.0	(1.5)
EBITDA (€million) ^{(b) (c)}	27.8	22.4	24.1
EBITDA margin (%)	28.5	22.6	

Paginas Amarillas classified directories (Spain)

Revenue (€million)	31.1	39.4	(21.1)
Unique advertisers (thousands) ^(h)	64	69	(7.2)
Directory editions published	19	21	
Unique advertiser retention rate (%) ⁽ⁱ⁾	81	77	
Revenue per unique advertiser (€)	486	571	(14.9)

Internet (Spain)

Revenue (€million)	17.0	13.5	25.9
Advertisers at period end (thousands) ^(j)	168	126	33.3
Unique users for the month of period end (millions) ^(k)	6.0	6.6	(9.1)
Annualised (LTM) revenue per average internet advertiser (€) ^(l)	429	392	9.4

See end notes to the above table on page 8.

Overall Yell Publicidad revenue was down by 1.5% in the quarter and benefited from improvements in Latin American exchange rates and €4.3 million from publishing printed directories in Chile that were delayed due to the earthquakes. The organic decline in revenue for Spain alone was 10.5% and for the Yell Publicidad group was 7.1% at constant exchange rates. EBITDA was up 22.9% at constant exchange rates. The EBITDA margin was up 5.9 percentage points on last year, reflecting cost savings and the timing of expenditures.

Economic pressures have severely affected the Spanish market and have driven a reduction in print advertisers and yield. The negative effect on print revenue was partially offset by strongly improved internet revenue, which grew 25.9%.

Revenue from Latin America at €21.5 million increased 52.5%, including the benefit from rescheduled deliveries of directories and €2.0 million from foreign exchange movements. The organic increase in revenue was 14.1% at constant exchange rates.

Statutory disclosures

A discussion of our risk management along with the principal risks and uncertainties that could affect our business activities or financial results is detailed on pages 18 - 29 of Yell Group plc's annual report for the financial year ended 31 March 2010, a copy of which 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 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) Revenue, 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 EBITDA is presented in note 3 to the financial information on page 16. Adjustments to profit after tax and 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 8 on page 20.
 - (e) Operating cash flow as a percentage of EBITDA. A reconciliation to cash generated from operations as presented in the cash flow statement is presented in note 8 on page 20.
 - (f) Free cash flow before exceptionals is defined as (pre-exceptional) operating cash flow of £174.5 million (2009 - £205.1 million) less interest of £68.9 million (2009 - £73.1 million) and tax payments of £7.0 million (2009 - £2.4 million).
 - (g) Adjusted profit after tax and adjusted diluted earnings per share are stated before exceptional items, amortisation of acquired intangibles and fair valuation charges for hedges not qualifying for hedge accounting, all net of related tax. A reconciliation to the related statutory figures is presented in note 5 to the financial information on page 18. The adjusted diluted earnings per share for the three months ended 30 June 2009 have been restated to reflect an adjustment to outstanding shares arising from the discount in the firm placing and the placing and open offer of shares on 30 November 2009 as though the adjustment was effective on 1 April 2009.
 - (h) 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.
 - (i) 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.
 - (j) Unique live internet advertisers is a count of all internet customers with a live contract at period end. To better represent our internet product offerings, we no longer exclude non searchable product types in the UK. We have not restated the prior year as the difference is not material, however, the prior year comparative figure for the UK would have been 219,000. The US and Spain prior year internet customers would not have changed.
 - (k) 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.
 - (l) UK, US and Spain internet LTM revenue per average internet advertiser is calculated by dividing the recognised revenue in the last twelve months by the average number of internet advertisers in that period. The twelve month average numbers of internet advertisers are as follows:
 - Yell.com 30 June 2010 – 206,000; 30 June 2009 – 214,000.
 - Yellowbook.com 30 June 2010 – 363,000; 30 June 2009 – 380,000.
 - PaginasAmarillas.es 30 June 2010 – 147,000; 30 June 2009 – 132,000.Had we restated UK internet advertisers to the new basis, LTM Revenue per Average Internet Advertiser would have been £767 for the prior year period.
 - (m) 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.
 - (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.
-

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INCOME STATEMENT

Three months ended 30 June

£ millions, unless noted otherwise	Notes	2010	2009
Revenue	2	439.6	475.3
Cost of sales		(183.6)	(198.5)
Gross profit		256.0	276.8
Distribution costs		(14.4)	(16.7)
Administrative expenses		(147.2)	(160.2)
Operating profit	3	94.4	99.9
Finance costs		(77.9)	(81.7)
Finance income		0.3	0.3
Net finance costs		(77.6)	(81.4)
Profit before taxation		16.8	18.5
Taxation	4	(5.7)	(3.6)
Profit for the financial period		11.1	14.9
Basic earnings per share (pence)	5	0.5	1.6
Diluted earnings per share (pence)	5	0.5	1.6

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended 30 June

£ millions	Notes	2010	2009
Profit for the financial period		11.1	14.9
Exchange gain (loss) on translation of foreign operations		0.1	(104.9)
Actuarial loss on defined benefit pension schemes	16	(2.1)	(78.6)
Gain in fair value of financial instruments used as hedges		25.2	22.7
Tax effect of net (gains) losses not recognised in the income statement	4	(8.1)	20.4
Comprehensive gain (loss) not recognised in the income statement		15.1	(140.4)
Total comprehensive income (loss) the period		26.2	(125.5)

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended 30 June

£ millions	Notes	2010	2009
Net cash inflow from operating activities			
Cash generated from operations		183.5	207.6
Interest paid		(69.2)	(73.4)
Interest received		0.3	0.3
Net income tax paid		(7.0)	(2.4)
Net cash inflow from operating activities		<u>107.6</u>	<u>132.1</u>
Cash flows from investing activities			
Purchase of software, property, plant and equipment	6	(15.6)	(13.5)
Purchase of subsidiary undertakings and minority interest shares, net of cash acquired	7	(8.8)	(0.4)
Net cash outflow from investing activities		<u>(24.4)</u>	<u>(13.9)</u>
Cash flows from financing activities			
Purchase of own shares		(0.2)	-
Financing fees paid		(0.3)	-
Net payments on revolving and other short-term credit facilities		(5.2)	(47.6)
Net cash outflow from financing activities		<u>(5.7)</u>	<u>(47.6)</u>
Net increase in cash and cash equivalents		77.5	70.6
Cash and cash equivalents at beginning of the period		160.4	51.1
Exchange losses on cash and cash equivalents		(1.0)	(6.6)
Cash and cash equivalents at period end		<u><u>236.9</u></u>	<u><u>115.1</u></u>
CASH GENERATED FROM OPERATIONS			
Profit for the period		11.1	14.9
Adjustments for:			
Tax		5.7	3.6
Finance income		(0.3)	(0.3)
Finance costs		77.9	81.7
Depreciation of property, plant and equipment and amortisation of software		14.5	16.0
Amortisation of other acquired intangibles		26.0	32.1
Changes in working capital:			
Inventories and directories in development		(23.3)	(17.5)
Trade and other receivables		28.0	114.6
Trade and other payables		38.4	(41.6)
Share based payments and other		5.5	4.1
Cash generated from operations	8	<u><u>183.5</u></u>	<u><u>207.6</u></u>

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010 and 31 March 2010		Unaudited	Audited
£ millions	Notes	June	March
Non-current assets			
Goodwill	9	3,223.0	3,218.3
Other intangible assets	10	1,167.6	1,266.9
Property, plant and equipment	11	97.7	104.6
Deferred tax assets	12	107.4	114.5
Investment and other assets		9.5	7.0
Financial assets – derivative financial instruments		2.3	6.2
Total non-current assets		4,607.5	4,717.5
Current assets			
Inventory		15.9	8.9
Directories in development		259.1	242.4
Trade and other receivables	13	874.4	905.1
Financial assets – derivative financial instruments		1.7	1.9
Cash and cash equivalents		236.9	160.4
Total current assets		1,388.0	1,318.7
Current liabilities			
Financial liabilities - loans and other borrowings	14	(115.3)	(54.6)
Financial liabilities – derivative financial instruments		(65.0)	(97.8)
UK Corporation and foreign income tax		(85.8)	(85.2)
Trade and other payables	15	(552.1)	(534.1)
Total current liabilities		(818.2)	(771.7)
Net current assets		569.8	547.0
Non-current liabilities			
Financial liabilities – loans and other borrowings	14	(3,094.3)	(3,200.4)
Financial liabilities – derivative financial instruments		(14.5)	(7.4)
Deferred tax liabilities	12	(573.4)	(594.2)
Retirement benefit obligations	16	(61.8)	(63.3)
Trade and other payables	15	(16.2)	(13.6)
Total non-current liabilities		(3,760.2)	(3,878.9)
Net assets		1,417.1	1,385.6
Capital and reserves attributable to equity shareholders			
Share capital		1,849.0	1,848.8
Other reserves		174.9	154.7
Accumulated deficit		(606.8)	(617.9)
Total equity		1,417.1	1,385.6

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 30 June 2010

£ millions	Share capital	Other reserves	Accumulated deficit ^(a)	Total
Balance at 31 March 2010	1,848.8	154.7	(617.9)	1,385.6
Profit on ordinary activities after taxation	-	-	11.1	11.1
Comprehensive gain not recognised in the income statement	-	15.1	-	15.1
Total recognised income for the three months	-	15.1	11.1	26.2
Own share purchased by ESOP trust	(0.2)	-	-	(0.2)
Sale of shares sold by employee benefit trusts at a loss	0.4	(0.4)	-	-
Value of services provided in return for share based payments	-	5.5	-	5.5
	0.2	20.2	11.1	31.5
Balance at 30 June 2010	1,849.0	174.9	(606.8)	1,417.1

Three months ended 30 June 2009

£ millions	Share capital	Other reserves	Accumulated deficit ^(a)	Total
Balance at 31 March 2009	1,226.5	128.9	(664.4)	691.0
Profit on ordinary activities after taxation	-	-	14.9	14.9
Comprehensive loss not recognised in the income statement	-	(140.4)	-	(140.4)
Total recognised (loss) income for the three months	-	(140.4)	14.9	(125.5)
Value of services provided in return for share based payments	-	4.1	-	4.1
	-	(136.3)	14.9	(121.4)
Balance at 30 June 2009	1,226.5	(7.4)	(649.5)	569.6

^(a) Cumulative foreign currency gains attributable to equity shareholders at 30 June 2010 are £352.1 million (30 June 2009 – £262.4 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 the sale of advertising in, and publishing of, its print and online directory products and services in the United Kingdom, the United States, Spain and certain countries in Latin America.

This unaudited condensed set of financial statements for the three months ended 30 June 2010 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 2010 and in accordance with the Listing Rules of the Financial Services Authority.

The financial information contained herein has been prepared on a going concern basis. It does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006.

The financial information herein should be read in conjunction with Yell's 2010 annual report published in June 2010, which includes the audited consolidated financial statements of Yell Group plc and its subsidiaries for the year ended 31 March 2010. Statutory financial statements for the year ended 31 March 2010 were approved by the Board of Directors on 8 June 2010 and delivered to the Registrar of Companies. The audit opinion on the statutory accounts for the year ended 31 March 2010 was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

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 interim periods are determined by accruing tax based on the expected tax rate that would be applicable to total annual earnings and combining any separately recognised adjustments for prior year settlements.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation and consolidation (continued)

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.

The financial statements for the year ending 31 March 2011 are not expected to be materially affected by implementation of newly issued standards, amendments to standards or interpretations.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

2. Revenue

Three months ended 30 June

£ millions, unless noted otherwise	2010	2009	Change	
			Reporting currency	Constant currency ^(a)
			%	%
Yell UK ^(b)	133.9	153.8	(12.9)	(12.9)
Yellowbook ^(b)	222.4	234.2	(5.0)	(10.3)
Yell Publicidad ^(b)	83.3	87.3	(4.6)	(3.5)
Group revenue	439.6	475.3	(7.5)	(9.9)

^(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 Operating Decision Makers, the executive directors, which are based upon the location of responsible management.

3. EBITDA and operating profit

EBITDA^(a)

Three months ended 30 June

£ millions, unless noted otherwise	2010	2009	Change	
			Reporting currency	Constant currency ^(b)
			%	%
Yell UK ^(c)	50.3	60.4	(16.7)	(16.7)
Yellowbook ^(c)	60.8	67.8	(10.3)	(15.5)
Yell Publicidad ^(c)	23.8	19.8	20.2	22.9
Group EBITDA	134.9	148.0	(8.9)	(10.9)

^(a) EBITDA is a key income statement measure used by the chief operating 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 Operating Decision Makers, the executive directors, which are based upon the location of responsible management.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

3. EBITDA and operating profit (continued)

Reconciliation of operating profit to EBITDA^(a)

Three months ended 30 June

£ millions, unless noted otherwise	2010	2009
Yell UK ^(b) operating profit	45.1	55.1
Depreciation and amortisation	<u>5.2</u>	<u>5.3</u>
Yell UK EBITDA	50.3	60.4
<i>Yell UK EBITDA margin</i>	<i>37.6%</i>	<i>39.3%</i>
Yellowbook USA ^(b) operating profit	47.9	54.1
Depreciation and amortisation	<u>12.9</u>	<u>13.7</u>
Yellowbook USA EBITDA	60.8	67.8
<i>Yellowbook USA EBITDA margin</i>	<i>27.3%</i>	<i>28.9%</i>
Exchange impact ^(c)	<u>(3.5)</u>	-
Yellowbook USA EBITDA at constant exchange rate ^(c)	57.3	67.8
Yell Publicidad ^(b) operating profit (loss)	1.4	(9.3)
Depreciation and amortisation	<u>22.4</u>	<u>29.1</u>
Yell Publicidad EBITDA	23.8	19.8
<i>Yell Publicidad EBITDA margin</i>	<i>28.6%</i>	<i>22.7%</i>
Exchange impact ^(c)	<u>0.5</u>	-
Yell Publicidad EBITDA at constant exchange rate ^(c)	24.3	19.8
Group operating profit	94.4	99.9
Depreciation and amortisation	<u>40.5</u>	<u>48.1</u>
Group EBITDA	134.9	148.0
<i>Group EBITDA margin</i>	<i>30.7%</i>	<i>31.1%</i>
Exchange impact ^(c)	<u>(3.0)</u>	-
Group EBITDA at constant exchange rates ^(c)	131.9	148.0

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

^(b) Segments are determined by management reports used by the Chief Operating Decision Makers, the executive directors, which are based upon the location of responsible management.

^(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% (2009 – 28%). The differences are explained below:

Three months ended 30 June		
£ millions	2010	2009
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom	4.7	5.2
Effects of:		
Deferred tax assets (re-recognised) de-recognised	(1.1)	5.3
Differing tax rates on foreign earnings	1.0	(1.1)
Adjustment in respect of prior years	(0.3)	(6.8)
Other	1.4	1.0
Tax charge on profit before tax	5.7	3.6
Effective tax rate on profit before tax	33.9%	19.4%

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

Three months ended 30 June		
£ millions	2010	2009
Current tax:		
Current year corporation tax ^(a)	9.5	13.3
Adjustments in respect of prior years	(0.2)	(6.9)
	9.3	6.4
Deferred tax:		
Current year deferred corporation tax ^(a)	(3.5)	(2.9)
Adjustments in respect of prior years	(0.1)	0.1
Tax charge on profit before tax	5.7	3.6

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

Three months ended 30 June		
£ millions	2010	2009
Current tax on actuarial losses ^(a)	(0.9)	(1.8)
Deferred tax on actuarial losses ^(a)	0.3	(20.2)
Deferred tax on fair valuations of financial instruments used as hedges	8.5	1.6
Other	0.2	-
Total taxation recorded in equity	8.1	(20.4)

^(a) Tax credits on actuarial losses have been reclassified for the prior year between current and deferred tax in both the Income Statement and the Consolidated Statement of Comprehensive Income to be consistent with the current year.

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	Amortisation ^(a)	Caps ^(b)	Adjusted
<i>Three months ended 30 June 2010</i>				
EBITDA	134.9	-	-	134.9
Depreciation and amortisation	(40.5)	26.0	-	(14.5)
Net finance costs	(77.6)	-	3.9	(73.7)
Group profit before tax	16.8	26.0	3.9	46.7
Taxation	(5.7)	(8.5)	(1.3)	(15.5)
Group profit after tax	11.1	17.5	2.6	31.2
Weighted average number of issued ordinary shares (millions) ^(c)	2,303.7			2,303.7
Basic earnings per share (pence)^(c)	0.5			1.4
Effect of share options (pence)	-			(0.1)
Diluted earnings per share (pence)^(c)	0.5			1.3
<i>Three months ended 30 June 2009</i>				
EBITDA	148.0	-	-	148.0
Depreciation and amortisation	(48.1)	32.1	-	(16.0)
Net finance costs	(81.4)	-	-	(81.4)
Group profit before tax	18.5	32.1	-	50.6
Taxation	(3.6)	(10.4)	-	(14.0)
Group profit after tax	14.9	21.7	-	36.6
Weighted average number of issued ordinary shares (millions) ^(c)	921.6			921.6
Basic earnings per share (pence)^(c)	1.6			4.0
Effect of share options (pence)	-			-
Diluted earnings per share (pence)^(c)	1.6			4.0

(a) Amortisation of acquired intangibles

(b) Caps are the fair valuation charge for the time value of interest rate caps taken directly to the Income Statement.

(c) The basic and diluted earnings per share reflect the firm placing of 785.9 million shares and the placing and open offer of 785.9 million shares on 30 November 2009. The basic earnings per share and adjusted diluted earnings per share for the three months ended 30 June 2009 have been restated to reflect an adjustment to outstanding shares arising from the discount in the firm placing and the placing and open offer of shares on 30 November 2009 as though the adjustment was effective on 1 April 2009. The balance of the equity raising was taken into account from 30 November 2009.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

6. Capital expenditure

Three months ended 30 June

£ millions	2010	2009
Capital expenditure on software, property, plant and equipment	13.4	11.6
Decrease in accrued capital expenditure	2.2	1.9
Cash paid for capital expenditure	15.6	13.5

Proceeds on the sale of property, plant and equipment were £nil in the three months ended 30 June 2010 and 2009.

Capital expenditure committed at 30 June 2010 was £21.7 million (2009 - £8.6 million).

7. Acquisitions and disposals

Three months ended 30 June 2010

In the three months to 30 June 2010, the Yell Group paid £1.2 million for a new media company in the UK and £7.6 million for an in-fill acquisition in the US.

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	0.1	2.9	3.0
Total non current assets	0.1	2.9	3.0
Current assets			
Trade and other receivables	2.3	(0.1)	2.2
Total current assets	2.3	(0.1)	2.2
Current liabilities			
Trade and other payables	(0.3)	-	(0.3)
Total current liabilities	(0.3)	-	(0.3)
Identifiable net assets	2.1	2.8	4.9
Goodwill			3.9
Total cost			8.8

Goodwill of £3.9 million was attributable to the expected future synergies, the workforces acquired and expected future growth of the businesses.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

7. Acquisitions and disposals (continued)

Three months ended 30 June 2009

In the three months ended 30 June 2009, the Yell Group did not make any acquisitions.

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:

Three months ended 30 June		
£ millions	2010	2009
Cost of acquisitions in the period	8.8	-
Less cash acquired	-	-
Payments in period for amounts deferred on prior period acquisitions	-	0.4
Net cash outflow in period	8.8	0.4

The Yell Group did not make any disposals in either of the periods presented in this financial information.

8. 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.

Three months ended 30 June		
£ millions, unless noted otherwise	2010	2009
EBITDA	134.9	148.0
Working capital movements and non-cash charges	48.6	59.6
Cash generated from operations (see page 10)	183.5	207.6
Add back payments of exceptional costs included in cash generated from operations	6.6	11.0
Purchase of software, property, plant and equipment (see note 6)	(15.6)	(13.5)
Operating cash flow	174.5	205.1
EBITDA	134.9	148.0
Cash conversion	129.4%	138.6%

Free cash flow before payment of exceptional items (defined as operating cash flow less interest and tax payments) was £98.6 million, down 23.9% compared with £129.6 million in the same period last year.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

9. Goodwill

At 30 June 2010 and 31 March 2010

£ millions	June	March
Opening net book value at 1 April 2010 and 2009	3,218.3	3,329.2
Acquisitions (note 7)	3.9	1.5
Currency movements	0.8	(112.4)
Net book value at period end	3,223.0	3,218.3

Goodwill is not amortised but is tested, at least annually, for impairment. £Nil impairment charges have been required in the periods presented in this financial information.

10. Other non-current intangible assets

At 30 June 2010 and 31 March 2010

£ millions	June	March
Opening net book value at 1 April 2010 and 2009	1,266.9	1,423.5
Acquisitions	3.0	2.0
Additions	10.4	45.3
Disposals and transfers	(0.3)	-
Amortisation	(33.0)	(157.9)
Currency movements	(79.4)	(46.0)
Net book value at period end	1,167.6	1,266.9

11. Property, plant and equipment

At 30 June 2010 and 31 March 2010

£ millions	June	March
Opening net book value at 1 April 2010 and 2009	104.6	119.8
Additions	3.0	22.0
Disposals and transfers	(0.1)	(0.6)
Depreciation	(7.5)	(32.3)
Currency movements	(2.3)	(4.3)
Net book value at period end	97.7	104.6

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

12. Deferred tax assets and liabilities

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

At 30 June 2010 and 31 March 2010

£ millions	June	March
Tax effect of timing differences due to:		
Bad debt provisions	34.0	34.8
Financial instruments	26.6	35.4
Defined benefit pension scheme	17.3	17.7
Other allowances and accrued expenses	13.8	12.3
Depreciation	8.2	7.8
Share based payments	1.7	2.2
Other	5.8	4.3
Recognised deferred tax assets	107.4	114.5

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

At 30 June 2010 and 31 March 2010

£ millions	June	March
Tax effect of timing differences due to:		
Intangible assets	500.7	522.4
Deferred directory costs	45.3	45.5
Unremitted earnings	9.7	10.0
Other	17.7	16.3
Recognised deferred tax liabilities	573.4	594.2

A number of proposed changes to the UK corporation tax system were announced in the June 2010 Budget Statement. The Finance (No. 2) Act 2010 reduces the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed via subsequent legislation to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes were not substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The expected effect of the changes in the Finance (No. 2) Act 2010, following substantial enactment on 20 July, will reduce deferred tax assets by £1.3 million and deferred tax liabilities by £0.3 million in the three months ending 30 September 2010. These changes are expected to decrease profit for the period by £0.3million and decrease comprehensive income not recognised in the income statement by £0.7 million.

The proposed further 1% per annum reductions to the main rate of UK corporation tax are expected to be enacted separately in advance of each affected year. The estimated overall effect of the these proposed rate reductions, if applied to the deferred tax balances at 30 June 2010, would be to reduce deferred tax assets by £3.9 million (being, if enacted when expected, £1.3 million in each of the years ending 31 March 2012, 2013 and 2014) and to reduce deferred tax liabilities by £0.9 million (being, if enacted when expected, £0.3 million recognised in each of the years ending 31 March 2012, 2013 and 2014).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

13. Trade and other receivables

At 30 June 2010 and 31 March 2010		
£ millions	June	March
Net trade receivables ^(a)	790.0	817.7
Net accrued income ^(a)	32.7	36.7
Other receivables	22.8	25.0
Prepayments	20.9	20.0
Corporate income tax recoverable	8.0	5.7
Total trade and other receivables	874.4	905.1

^(a) The Group's trade receivables and accrued income are stated after deducting a provision of £209.7 million (March - £216.8 million).

14. Loans and other borrowings, net debt

At 30 June 2010 and 31 March 2010		
£ millions	June	March
Amounts falling due within one year		
Term loans under senior credit facilities ^(a)	111.7	45.5
Net obligations under finance leases and other short term borrowings	3.6	9.1
Revolving loan under credit facilities (committed until April 2014)	-	-
Total amounts falling due within one year	115.3	54.6
Amounts falling due after more than one year		
Term loans under senior credit facilities ^(a)	3,094.3	3,200.4
Net loans and other borrowings	3,209.6	3,255.0
Cash and cash equivalents	(236.9)	(160.4)
Net debt at end of period	2,972.7	3,094.6

^(a) Balances are shown net of deferred financing fees of £80.1million (March - £86.8 million).

The movement in net debt for the three months ended 30 June 2010 arose as follows:

Net debt

Three months ended 30 June

£ millions	2010
At 31 March 2010	3,094.6
Operating cash flow	(174.5)
Interest and tax payments	75.9
Currency movements	(44.5)
Purchase of subsidiary undertakings net of cash acquired	8.8
Cash payments of exceptional costs	6.6
Amortisation of financing fees	5.6
Purchase of own shares	0.2
At 30 June 2010	2,972.7

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

14. Loans and other borrowings, net debt (continued)

Our extended bank facilities became effective on 30 November 2009 and are committed until 2014.

Our extended facilities contain covenants over net cash interest cover and debt cover. The net cash interest cover covenant requires that the ratio of 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, excluding deferred financing fees, at the testing date to EBITDA for the latest 12 month period should not exceed specific threshold ratios at specific test dates. We have disclosed these financial covenants on page 186 of our Firm Placing and Placing and Open Offer prospectus, which is available on our website at:

<http://www.yellgroup.com/english/investors-debtrefinancingandequityraising> .

We operated within our debt covenants for all periods presented in this financial information. We have presented a discussion of the risks associated with the tightening debt covenants on page 22 of our annual report for the financial year ended 31 March 2010, a copy of which is available on our website at:

<http://www.yellgroup.com> .

Amounts outstanding under our old and extended debt facilities at 30 June 2010 were as follows:

At 30 June	A tranches		B tranches		Other	Total
	Old facilities	Extended facilities	Old facilities	Extended facilities		
£ millions						
Pounds sterling	24.1	926.2	-	-	-	950.3
US dollars ^(a)	34.1	689.8	29.9	819.8	2.5	1,576.1
Euro ^(a)	24.5	409.0	37.0	291.7	1.1	763.3
Total principal	82.7	2,025.0	66.9	1,111.5	3.6	3,289.7
Deferred financing fees						(80.1)
Cash and cash equivalents						(236.9)
Net debt						<u>2,972.7</u>

(a) The closing rate for the US dollar at 30 June 2010 was \$1.4961 : £1.00 and for the Euro was €1.2213: £1.00.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

15. Trade and other payables

At 30 June 2010 and 31 March 2010

£ millions	June	March
Amounts falling due within one year		
Trade payables	58.9	51.5
Other taxation and social security	16.3	16.6
Accruals and other payables	181.3	213.7
Deferred income	295.6	252.3
Trade and other payables falling due within one year	552.1	534.1
Amounts falling due after more than one year		
Trade payables	10.0	10.1
Accruals and other payables	6.2	3.5
Trade and other payables falling due after more than one year	16.2	13.6
Total trade and other payables	568.3	547.7

16. Retirement benefits

At 30 June 2010 and 31 March 2010

£ millions	June	March
Net retirement benefits		
obligation at 1 April 2010 and 2009	(63.3)	(21.9)
Net actuarial loss on defined benefit pension schemes ^(a)	(2.1)	(58.8)
Contributions in excess of charges	3.6	17.4
Net movement in retirement benefits obligation	1.5	(41.4)
Net retirement benefits obligation at period end	(61.8)	(63.3)

^(a) The loss in the three months ended 30 June 2010 was largely due to a reduction in asset values mostly offset by a reduction in liabilities caused by an increase in real interest rates, and in the year ended 31 March 2010 was primarily a result of a decrease in the discount rate combined with an increase of future inflation.

17. Financial commitments, litigation and contingent liabilities

At 30 June 2010, we have £0.1 million of accrued litigation settlement obligations representing our best estimate of amounts to be settled.

We also have £30.1 million of restructuring provisions expensed but not yet paid at 30 June 2010 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.

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*

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Yell Group plc

Yell Group plc
Queens Walk
Reading
Berkshire RG1 7PT

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 2010, Yell published 105 directories in the United Kingdom, 1,002 in the United States, and 86 Paginas Amarillas directories in Spain. In the United Kingdom, where it is a leading provider in the classified advertising market, it served 335,000 unique advertisers. In the United States, where it is the largest independent classified directory publisher, it served 546,000 unique advertisers. In Spain, the Paginas Amarillas directories served 253,000 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.
