

“sharpened strategic and operational focus”

ANNUAL FINANCIAL STATEMENTS

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Directors' approval, company secretary's certification and annual compliance certification

DIRECTORS' APPROVAL

The annual financial statements appearing on page 2 and pages 54 to 92 are approved by the board of directors and are signed on its behalf by:



AP Nkuna
Chairman



W Kirsh
Chief Executive Officer



O Ighodaro
Chief Finance Officer

Sandton
2 September 2003

CERTIFICATION BY COMPANY SECRETARY

In terms of section 268G(d) of the Companies Act, 1973, as amended, I, Olufunke Ighodaro, certify that for the year ended 30 June 2003, Primedia Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.



O Ighodaro
Secretary

Sandton
2 September 2003

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ANNUAL COMPLIANCE CERTIFICATION FOR ISSUERS WITH A PRIMARY LISTING ON THE JSE

I, Olufunke Ighodaro, being duly authorised hereto, certify to the JSE Securities Exchange South Africa ("JSE") that Primedia Limited and its directors have, during the year ended 30 June 2003, complied with all the Listings Requirements and disclosure requirements for continued listing on the JSE imposed by the JSE during this year.



O Ighodaro
For and on behalf of the directors of Primedia Limited – duly authorised

Sandton
2 September 2003

Report of the independent auditors

TO THE MEMBERS OF PRIMEDIA LIMITED

We have audited the annual financial statements and the group annual financial statements of Primedia Limited, set out on page 2 and pages 54 to 91 for the year ended 30 June 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

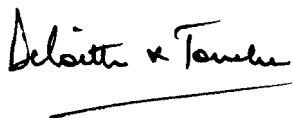
An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and of the group at 30 June 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.



Deloitte & Touche
Chartered Accountants (SA)
Registered Accountants and Auditors

Sandton
2 September 2003

Directors' report

DIRECTORS' RESPONSIBILITIES

The directors acknowledge responsibility for the integrity and objectivity of the annual financial statements, and all other information contained therein.

In declaring this responsibility, the group maintains suitable internal control systems to provide reasonable assurance that all assets are safeguarded and that transactions are executed and recorded in accordance with group policies.

The directors, supported by the audit committee, are satisfied that the controls, systems and procedures in place minimise the possibility of material loss or misstatement. The external auditors, who have unrestricted access to all records and information, as well as the audit committee, concur with this statement.

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

GROUP RESULTS

The results for the year ended 30 June 2003 are reflected in the attached annual financial statements.

SUBSIDIARIES

Details of the company's direct interests in subsidiaries are set out in Annexure 2 to the financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital and shares issued during the year ended 30 June 2003, are included in note 19 to the annual financial statements and in the Statement of Changes in Shareholders' Equity.

The un-issued shares are under the control of the directors until the next annual general meeting, subject to the provisions of Section 221 and 222 of the Companies Act and the requirements of the JSE Securities Exchange South Africa ("JSE").

DISCLOSURE RELATING TO DIRECTORS

The requisite disclosure relating to the interests of directors in options and shares of the company, as well as directors' remuneration, are detailed in note 30 and Annexure 4 to the annual financial statements.

DISTRIBUTIONS TO SHAREHOLDERS

An interim distribution out of share premium of 13 cents per share, in lieu of a dividend, was declared on 3 March 2003, awarded to shareholders recorded in the register of Primedia on 28 March 2003 and paid on 31 March 2003 (2002: Nil). A final distribution out of share premium of 13 cents per share, in lieu of a dividend, was declared on 2 September 2003, to be awarded to shareholders recorded in the register of Primedia on 26 September 2003 and to be paid on 29 September 2003. In accordance with AC 130: "Provisions, Contingent Liabilities and Contingent Assets", this distribution will be accounted for in the 2003/4 year.

No dividends were declared by the company during the year ended 30 June 2003 (2002: Nil).

SHARES IN PRIMEDIA LIMITED

Primedia Limited is funded by means of ordinary shares and "N" shares, the summarised terms of which are detailed below:

- Each ordinary share and "N" share is issued at par on the JSE and traded on the JSE.
- Each ordinary share entitles the holder thereof to one hundred votes and each "N" share entitles the holder thereof to one vote.
- With the exception of the entitlement to votes detailed above, the ordinary shares and "N" shares rank *pari passu* in all respects.

SHARE OPTION SCHEME

The rationale for the share option scheme, together with the rights and options over allocated ordinary and "N" shares outstanding at 30 June 2003 and a reconciliation of the movement for the year then ended, are fully detailed in note 31 to the annual financial statements.

EVENTS SUBSEQUENT TO FINANCIAL YEAR END

Full details in respect of material events subsequent to financial year end have been included in note 32 to the annual financial statements.

SPECIAL RESOLUTIONS

Special resolutions which have been adopted since the date of the last annual general meeting, are detailed in Annexure 2 to the annual financial statements.

GOING CONCERN

The directors are of the opinion that the group will be a going concern in the year ahead. In reaching this opinion, the directors considered the following factors:

- strongly positive cashflows from trading;
- no material recurring operating losses other than in the group's offshore associates, which are ring-fenced;
- well controlled working capital;
- approved short-term and medium-term financing, with sufficient additional borrowing capacity if required;
- key executive management is in place;
- there have been no material changes that may affect the group in any customer, product or geographic markets;
- budgets to June 2004 reflect a continuation of the above positive trend;
- the group has no need to undertake a capital restructuring or to dispose of assets other than those overseas assets planned for disposal;
- the board is not aware of any material changes that may adversely impact the group relative to customers, suppliers, services or geographic markets;
- the board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business; and
- the board is not aware of any pending changes in government legislation that may adversely affect the group.

DIRECTORATE AND SECRETARY

The current directorate of the company is shown in note 30. During the year under review, the following appointments and resignations to the Board of Directors took place:

MA Barnes	Resigned	10 July 2002
JA Treger	Resigned	10 July 2002
BA Myerson	Resigned – alternate to JA Treger	10 July 2002
MJ Bosman	Appointed	20 September 2002
BP Dibate	Appointed	20 September 2002
	Resigned	30 June 2003
CO Elk	Resigned – alternate to PS Ratlou	20 September 2002
HM Khoza	Appointed	20 September 2002
HM Madima	Appointed	20 September 2002
PS Ratlou	Resigned	20 September 2002
SV Zilwa	Appointed	20 September 2002
NJM Canca	Appointed	29 August 2003

With effect from 1 January 2003, Messrs I Kirsh and P Maw became non-executive directors.

In accordance with the company's articles of association, O Ighodaro, AP Nkuna, K Pillay and CS Seabrooke retire by rotation at the annual general meeting and being eligible, offer themselves for re-election.

COMPANY SECRETARY

The company secretary is O Ighodaro, whose business and postal address are: 6th Floor, Primedia House, 5 Gwen Lane, Sandown, 2196 and P O Box 652110, Benmore, 2010.

Income statements

for the year ended 30 June

	Notes	Group		Company	
		2003	2002	2003	2002
		R'000	R'000	R'000	R'000
Revenue					
- Continued		1 647 990	1 474 102	-	-
- Disposed entities		125 440	210 208	-	-
		1 773 430	1 684 310	-	-
Operating profit/(loss) before depreciation					
- Continued		277 798	226 367	(6 294)	(2 953)
- Disposed entities		(471)	(1 497)	-	-
		277 327	224 870	(6 294)	(2 953)
Depreciation		(78 796)	(75 839)	-	-
Operating profit/(loss)	3	198 531	149 031	(6 294)	(2 953)
Finance costs					
- Debenture interest		-	(35 730)	-	(37 456)
- Finance costs	4	(39 132)	(36 378)	(8 046)	(12 377)
Foreign exchange (losses)/gains		(9 978)	1 081	-	-
Investment income	5	24 473	15 141	18 360	58 683
Profit before exceptional items and amortisation		173 894	93 145	4 020	5 897
Amortisation of intangible assets		(4 393)	(5 316)	-	-
Exceptional items	6	(13 357)	(343 567)	(41 360)	(44 546)
Share of associated company losses	7	(46 464)	(83 434)	-	-
Profit/(loss) before tax		109 680	(339 172)	(37 340)	(38 649)
Taxation	8	(63 889)	(26 034)	1 013	(1 684)
Profit/(loss) after tax		45 791	(365 206)	(36 327)	(40 333)
Minority interest	9	(24 587)	2 153	-	-
Net profit/(loss) for the year		21 204	(363 053)	(36 327)	(40 333)
Number of shares ('000)					
- Issued	10	216 364	220 763		
- Weighted average	10	218 229	212 446		
- Diluted weighted average	10	218 724	212 710		
Earnings/(loss) per share (cents)					
- Headline	10	23	(49)		
- Basic	10	10	(171)		
- Diluted headline	10	23	(48)		
- Diluted basic	10	10	(171)		

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	South African operations		International operations		Total group	
	2003	2002	2003	2002	2003	2002
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	1 496 562	1 294 781	276 868	389 529	1 773 430	1 684 310
Operating profit/(loss) before depreciation	277 786	220 254	(459)	4 616	277 327	224 870
Depreciation	(62 921)	(55 236)	(15 875)	(20 603)	(78 796)	(75 839)
Operating profit/(loss)	214 865	165 018	(16 334)	(15 987)	198 531	149 031
Finance costs						
– Debenture interest	–	(35 730)	–	–	–	(35 730)
– Finance costs	(37 851)	(31 697)	(1 281)	(4 681)	(39 132)	(36 378)
Foreign exchange (losses)/gains	(9 978)	1 081	–	–	(9 978)	1 081
Investment income	22 965	14 219	1 508	922	24 473	15 141
Profit/(loss) before exceptional items and amortisation	190 001	112 891	(16 107)	(19 746)	173 894	93 145
Amortisation of intangible assets	(4 393)	(5 316)	–	–	(4 393)	(5 316)
Exceptional items	(4 295)	(48 344)	(9 062)	(295 223)	(13 357)	(343 567)
Share of associated company losses*	(306)	(2 420)	(46 158)	(81 014)	(46 464)	(83 434)
Profit/(loss) before tax	181 007	56 811	(71 327)	(395 983)	109 680	(339 172)
Taxation	(48 614)	(37 881)	(15 275)	11 847	(63 889)	(26 034)
Profit/(loss) after tax	132 393	18 930	(86 602)	(384 136)	45 791	(365 206)
Minority interest	(28 228)	(2 230)	3 641	4 383	(24 587)	2 153
Net profit/(loss) for the year	104 165	16 700	(82 961)	(379 753)	21 204	(363 053)
Number of shares ('000)						
– Issued	216 364	220 763	216 364	220 763	216 364	220 763
– Weighted average	218 229	212 446	218 229	212 446	218 229	212 446
– Diluted weighted average	218 724	212 710	218 724	212 710	218 724	212 710
Earnings/(loss) per share (cents)						
– Headline	50	27	(27)	(76)	23	(49)
– Basic	48	8	(38)	(179)	10	(171)
– Diluted headline	50	28	(27)	(76)	23	(48)
– Diluted basic	48	8	(38)	(179)	10	(171)

* The share of associated company losses reflected in the South African and International operations' income statements above are included in the advertising and filmed entertainment primary segments respectively.

Balance sheets

at 30 June

	Notes	Group		Company	
		2003	2002	2003	2002
		R'000	R'000	R'000	R'000
ASSETS					
<i>Non-current assets</i>					
Property, plant and equipment	11	284 381	298 056	–	–
Intangible assets	12	6 161	20 745	–	–
Investments in subsidiary companies	13			370 947	443 924
Investments in associated companies	14	24 217	149 527	–	2 193
Other investments	15	12 122	3 231	115 148	106 371
Deferred tax asset	16	179 736	363 842	(7)	893
		506 617	835 401	486 088	553 381
<i>Current assets</i>					
Inventories	17	38 446	31 703	–	–
Trade and other receivables	18	355 856	353 523	698	3 454
Bank balances and cash		30 712	88 505	–	–
		425 014	473 731	698	3 454
Total assets		931 631	1 309 132	486 786	556 835
EQUITY AND LIABILITIES					
Share capital and premium	19	411 738	449 427	433 200	458 797
Non-distributable reserves	20	391 989	487 742	47 536	33 067
Accumulated loss		(501 035)	(516 368)	(92 154)	(59 970)
		302 692	420 801	388 582	431 894
Minority interest		20 246	127 637		
Total shareholders' funds		322 938	548 438	388 582	431 894
<i>Non-current liabilities</i>					
Long-term borrowings	21	68 350	47 356	–	–
Landlord inducement premium	22	19 512	19 703	–	–
Long-term provisions	23	76 477	100 036	–	–
		164 339	167 095	–	–
<i>Current liabilities</i>					
Bank overdrafts and short-term borrowings	24	43 360	184 292	92 616	103 768
Other current liabilities	25	400 994	409 307	5 588	21 173
		444 354	593 599	98 204	124 941
Total equity and liabilities		931 631	1 309 132	486 786	556 835
Net asset value per share (cents)		140	191		

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Cash flow statements

for the year ended 30 June

	Notes	Group		Company	
		2003	2002	2003	2002
		R'000	R'000	R'000	R'000
Cash receipts from customers		1 717 581	1 813 121	1 370	1 275
Cash paid to suppliers and employees		(1 522 195)	(1 586 584)	(9 395)	(6 191)
Cash generated from/(utilised in) operations	A	195 386	226 537	(8 025)	(4 916)
Interest received		23 264	15 141	15 905	58 683
Interest paid		(36 356)	(107 852)	(8 046)	(85 577)
Dividends (paid to minorities)/received		(863)	-	1 245	-
Tax refunds received/(tax paid)	B	11 014	(17 847)	3 867	-
Net cash inflow/(outflow) from operating activities		192 445	115 979	4 946	(31 810)
Subsidiary companies/businesses acquired	C	(5 068)	(34 752)	-	-
Subsidiary companies/businesses disposed	D	6 304	8 309	-	-
Dilution in subsidiary company		1 563	-	-	-
Loans advanced to associated companies		(10 615)	(90 945)	-	-
Other investments acquired		(9 029)	(3 428)	(11 892)	-
Proceeds on disposal of other investments		2 293	-	2 264	88
Loans received from/(repaid to) minorities		333	-	-	(2 991)
Additions to intangible assets		(810)	-	-	-
Additions to property, plant and equipment – to maintain operations		(48 546)	(43 539)	-	-
Additions to property, plant and equipment – to expand operations		(11 877)	(45 316)	-	-
Capital expenditure funded by landlord		-	20 000	-	-
Proceeds on disposal of property, plant and equipment		15 670	14 863	-	-
Net cash (outflow)/inflow from investing activities		(59 782)	(174 808)	(9 628)	(2 903)
Net proceeds from issue of shares	E	(34)	50 372	(34)	50 372
Share buy back in the company		(7 347)	(9 129)	(7 347)	(9 129)
Share acquisitions by The Primedia Trust		(12 801)	-	-	-
Distribution to shareholders		(28 336)	-	(29 029)	-
Increase/(decrease) in inter-group loans		-	-	55 842	(22 180)
Decrease in amounts owed to vendors		(2 598)	-	(3 598)	-
Long-term borrowings repaid		(372)	(1 726)	-	-
Net cash (outflow)/inflow from financing activities		(51 488)	39 517	15 834	19 063
Net increase/(decrease) in cash and cash equivalents		81 175	(19 312)	11 152	(15 650)
Foreign currency translation		1 964	(5 195)	-	-
Cash and cash equivalents at beginning of year		(95 787)	(71 280)	(103 768)	(88 118)
Cash and cash equivalents at end of year		(12 648)	(95 787)	(92 616)	(103 768)
<i>Analysis of closing balance</i>					
Bank balances and cash balances		30 712	88 505	-	-
Bank overdrafts and short-term borrowings		(43 360)	(184 292)	(92 616)	(103 768)
		(12 648)	(95 787)	(92 616)	(103 768)

Notes to the cash flow statements

for the year ended 30 June

	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
A RECONCILIATION OF OPERATING PROFIT/ (LOSS) BEFORE DEPRECIATION TO CASH GENERATED FROM/(UTILISED IN) OPERATIONS				
Operating profit/(loss) before depreciation	277 327	224 870	(6 294)	(2 953)
Realised foreign exchange losses	(4 091)	1 081	-	-
Cash flow relating to exceptional items	(3 582)	(17 895)	(4 465)	-
	269 654	208 056	(10 759)	(2 953)
Adjustments for:				
(Profit)/loss on disposal on assets and investments	(448)	(1 330)	74	-
Impairment of assets and investments	94	-	-	-
Operating profit/(loss) before working capital changes	269 300	206 726	(10 685)	(2 953)
(Increase)/decrease in trade and other receivables	(57 913)	8 556	802	(973)
(Decrease)/increase in other current liabilities	(7 603)	4 211	1 858	(990)
(Increase)/decrease in inventories	(8 398)	7 044	-	-
Cash generated from/(utilised in) operations	195 386	226 537	(8 025)	(4 916)
B TAX REFUNDS RECEIVED/(TAX PAID)				
Amounts (unpaid)/overpaid at beginning of year	(8 362)	(9 932)	1 954	1 954
Prior year under provided	(18 288)	-	-	-
Provision for South African current tax	(19 651)	(14 849)	1 913	-
Provision for secondary taxation on companies	(6 679)	-	-	-
Provision for foreign tax	421	(446)	-	-
Subsidiary companies/businesses disposed	(1 024)	(982)	-	-
Foreign exchange translation adjustment	(230)	-	-	-
Amounts unpaid/(overpaid) at end of year	64 827	8 362	-	(1 954)
Taxation received/(paid)	11 014	(17 847)	3 867	-
C SUBSIDIARY COMPANIES/ BUSINESSES ACQUIRED				
Property, plant and equipment	(1 650)	(2 120)		
Goodwill and trademarks	(3 218)	(9 845)		
Trade and other receivables	-	(26 544)		
Inventories	(200)	-		
Tax asset	-	1 020		
Accounts payable	-	3 838		
Bank and cash balances	-	(716)		
Minority interest	-	(6 606)		
	(5 068)	(40 973)		
Funded by issue of shares	-	6 221		
Net cash outflow	(5 068)	(34 752)		

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	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
D SUBSIDIARY COMPANIES/ BUSINESSES DISPOSED				
Property, plant and equipment	13 007	332		
Goodwill and trademarks	–	21 622		
Investment in associated company	–	68		
Trade and other receivables	33 155	9 734		
Inventories	1 373	–		
Deferred tax	(658)	842		
Tax asset/(liability)	1 024	(38)		
Long-term borrowings	(1 223)	–		
Trade and other payables	(21 471)	(5 312)		
Short-term borrowings	(2 934)	–		
Provisions	(200)	–		
Bank balances and cash	(8 563)	(5 039)		
Net asset value disposed of	13 510	22 209		
Loans disposed	(6 735)	–		
Costs of disposal	(749)	–		
Minority interest	1 660	2 357		
Non-distributable reserve realised	(3 867)	8 990		
	3 819	33 556		
Profit/(loss) on disposal of business	2 485	(25 247)		
Net cash proceeds	6 304	8 309		
E NET PROCEEDS FROM ISSUE OF SHARES				
Total funds raised on net issue of shares	(34)	56 593	10 779	56 593
Less: net trading assets acquired through the issue of shares	–	(6 221)	(10 813)	(6 221)
Cash (outflow)/inflow	(34)	50 372	(34)	50 372

Statements of changes in shareholders' equity

for the year ended 30 June

	Share capital and premium	Debentures	Non- distributable reserves	Accumulated loss	Total
	R'000	R'000	R'000	R'000	R'000
GROUP					
Balance at 1 July 2001	21 669	380 294	367 095	(153 315)	615 743
Shares/units issued					
– Capitalisation issue and conversion of debentures	436 569	(384 043)			52 526
– Acquisition of interest in Metropolis*	2 472	3 749			6 221
– Share issue expenses	(2 153)				(2 153)
Share buy back	(9 129)				(9 129)
Shares held in The Primedia Trust	(1)		(949)		(950)
Tax relief on intangible assets			20 138		20 138
Net loss for the year				(363 053)	(363 053)
Translation reserve movement			100 347		100 347
Other			1 111		1 111
Balance at 30 June 2002	449 427	–	487 742	(516 368)	420 801
Change in accounting policy – AC133 (refer note 1)	–	–	–	(3 288)	(3 288)
Restated balance at 30 June 2002	449 427	–	487 742	(519 656)	417 513
Shares issued					
– Issue of shares during the year	10 813				10 813
– Share issue expenses	(34)				(34)
Share buy back	(7 347)				(7 347)
Shares held in The Primedia Trust	(12 801)				(12 801)
Distribution to shareholders	(29 029)				(29 029)
Distribution received by The Primedia Trust	693				693
Minority share of intangibles previously written-off against share premium following re-assessment of trademark valuations in subsidiaries			127 011		127 011
Reduction in tax value of trademarks previously written-off against share premium			(165 086)		(165 086)
Disposal of subsidiary			(3 867)		(3 867)
Translation reserve movement			(58 984)		(58 984)
Transfer from NDR			(511)	511	–
Disposal of treasury shares	16		5 278	(3 094)	2 200
Net profit for the year				21 204	21 204
Other movements			406		406
Balance at 30 June 2003	411 738	–	391 989	(501 035)	302 692

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	Share capital and premium	Debentures	Non- distributable reserves	Accumulated loss	Total
	R'000	R'000	R'000	R'000	R'000
COMPANY					
Balance at 1 July 2001	21 711	389 621	13 198	(19 637)	404 893
Shares/units issued					
– Capitalisation issue and conversion of debentures	445 896	(393 370)			52 526
– Acquisition of interest in Metropolis	2 472	3 749			6 221
– Share issue expenses	(2 153)				(2 153)
Share buy back	(9 129)				(9 129)
Net loss for the year				(40 333)	(40 333)
Transfer to NDR			19 869		19 869
Balance at 30 June 2002	458 797	–	33 067	(59 970)	431 894
Shares issued					
– Issue of shares during the year	10 813				10 813
– Share issue expenses	(34)				(34)
Share buy back	(7 347)				(7 347)
Net loss for the year				(36 327)	(36 327)
Transfer from NDR			(4 143)	4 143	–
Transfer to NDR			18 612		18 612
Distribution to shareholders	(29 029)				(29 029)
Balance at 30 June 2003	433 200	–	47 536	(92 154)	388 582

Notes to the annual financial statements

for the year ended 30 June

ACCOUNTING POLICIES

1 Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. They have been prepared on a basis consistent with the prior year, except for the adoption of AC133 Financial Instruments: Recognition and Measurement (refer note 1).

The financial statements are prepared under the historical cost convention, modified by the restatement of financial instruments to fair value.

The principal accounting policies adopted are set out below:

2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary companies, being those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The interest of minority shareholders is stated at the minorities' proportion of the fair value of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary and associated companies to bring the accounting policies used into line with those of the group.

All significant inter-company transactions and balances are eliminated on consolidation.

3 Investments in associated companies

An associated company is an entity over which the group is in a position to exercise significant influence, but not control, through participation in its financial and operating policy decisions.

Results of associated companies are equity accounted from their most recent audited financial statements. Any losses of associated companies are accounted for in the consolidated financial statements until the investments in, and loans to, such associated companies are written down to a nominal amount. Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such associated companies.

Where a group entity transacts with an associated company of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associated company.

4 Goodwill and intangible assets

Where an investment in a subsidiary or associated companies is made, any difference between the purchase price and the fair value of the attributable net assets is recognised as goodwill. Goodwill is recognised as an asset and amortised on a straight-line basis over its estimated useful life, up to a maximum of 20 years. Goodwill arising on the acquisition of subsidiary companies is included within intangible assets. Goodwill arising on the acquisition of associated companies is included within the carrying value of the associate.

The unamortised balance is reviewed on an annual basis and, if any impairment in value has occurred, it is written off in the period in which the impairment is identified.

Other intangible assets, including trademarks, are recognised as assets and amortised on a straight-line basis over their estimated useful lives, up to a maximum of 20 years.

On disposal of a subsidiary or associated company the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. With the exception of land, all property, plant and equipment is depreciated on a straight-line basis estimated to write each asset down to residual value over the term of its useful life at the following rates:

	% per annum
Buildings	2
Advertising structures	10
Motor vehicles	20–25
Plant and equipment	20
Office furniture, equipment, décor and computers	10–33

Costs incurred in the construction of advertising structures are capitalised. Such costs include all costs incurred in developing the structures to the date of commissioning and are subsequently amortised.

6 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are capitalised and are depreciated at the same rate and on the same basis as equivalent owned assets. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease finance charges are amortised over the duration of the leases, using the effective interest rate method.

Rental costs under operating leases are charged to income on a straight-line basis over the lease term.

7 Impairment of assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately and treated as an exceptional item.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes to the annual financial statements *(continued)*

for the year ended 30 June

ACCOUNTING POLICIES *(continued)*

8 Taxation

The charge for current tax is the amount of income taxes payable in respect of the taxable profit for the current period. It is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill, negative goodwill or the acquisition of an asset which does not affect either taxable or accounting income.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary and associated companies, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Notwithstanding the foregoing, the group's policy is to raise deferred tax, at the statutory rate, on 50% of the cost of trademarks that have not yet been assessed by, or are in dispute with, the South African Revenue Service and 100% on trademarks that have been assessed.

9 Provisions

Provisions are recognised when the group has a present or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation. Where the effect of the discounting to present value is material, provisions are adjusted to reflect the time value of money.

10 Inventories

Inventories are valued at the lower of cost, determined on the first-in first-out basis, and net realisable value. All damaged or sub-standard materials and obsolete, redundant or slow moving inventories are written down to their net realisable value. Finished goods and work in progress include an appropriate proportion of overheads.

Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

11 Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets

The group's principal financial assets are bank balances and cash, trade and other receivables and equity investments. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, based on estimated future cash flows discounted at appropriate rates.

Investments in securities are recognised on a trade date basis and are initially measured at cost. At subsequent reporting dates where the group has the intention and ability to hold the investments to maturity, the investments are measured at amortised cost less any provision for impairment.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

Significant financial liabilities include finance lease and other secured and unsecured obligations, interest-bearing bank loans and overdrafts and trade and other payables. Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Long-term borrowings and interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received. Finance charges are accounted for on an accrual basis and added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are stated at their net present value of future cash flows. Other payables are stated at their nominal value.

Derivative financial instruments

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. Gains and losses from changes in the fair value are included in net profit or loss in the period in which the change arises.

12 Revenue recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting sales and value added taxes. Revenue arising from services, commission, royalties and rebates is recognised on the accrual basis in accordance with the substance of the relevant agreements. Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable. Dividends are recognised on the last day of registration in respect of the dividends declared.

13 Discontinuing operations

Discontinuing operations are significant, distinguishable components of an entity that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

Once an operation has been identified as discontinuing, or reclassified as continuing, the comparative information is restated.

14 Foreign currency transactions

The income statements of foreign subsidiary and associated companies are translated at the weighted average exchange rates for the period, other than material exceptional items, which are translated at the rate on the date of the transaction. Assets and liabilities are translated at the exchange rate prevailing at the balance sheet date.

Exchange differences on the translation of the net assets of subsidiary companies, less offsetting exchange differences on foreign currency loans financing these assets, are dealt with as a movement of reserves. All other exchange gains or losses on settlement of foreign currency transactions retranslated at the rate prevailing at the date of the transactions or the translation of monetary assets and liabilities at year end exchange rates are recorded in the income statement.

Where appropriate, in order to hedge its exposure to foreign exchange risks, the group enters into forward exchange contracts. See 11 above for details in respect of the group's accounting policy in respect of such derivative financial instruments.

Notes to the annual financial statements *(continued)*

for the year ended 30 June

ACCOUNTING POLICIES *(continued)*

14 Foreign currency transactions *(continued)*

The group used the following exchange rates for financial reporting purposes:

Closing exchange rate:	30 June	30 June
	2003	2002
ZAR to USD1	7.485	10.425
ZAR to GBP1	12.372	15.956
ZAR to EUR1	8.610	10.351
Average annual rate:		
ZAR to USD1	9.027	10.149
ZAR to GBP1	14.277	14.633
ZAR to EUR1	9.390	9.064

15 Borrowing costs

Borrowing costs are dealt with in the income statement in the period in which they are incurred.

16 Retirement benefits costs

Various employee retirement funds exist within the group to meet the requirements of individual operating companies. Contributions to defined contribution plans in respect of service during a particular period are recognised as an expense in the relevant period. Past service costs, experience adjustments, the effects of changes in actuarial assumptions and plan amendments in respect of existing employees in defined benefit plans are recognised as an expense or income over the expected remaining working lives of those employees. The effects of plan amendments in respect of retired employees in defined benefit plans are measured at the present value of the effect of the amendments and recognised as an expense or income in the period in which the plan amendment is made. To the extent that there is uncertainty as to the entitlement of the group to the surplus, no asset is recorded.

17 Post-retirement medical benefits

The group policy is not to provide post-retirement medical benefits for any employees. The obligation in respect of pensioner and future post-retirement medical benefits to persons employed at certain subsidiary companies before the change in policy is accounted for as a defined benefit.

18 Share purchases

Own shares purchased by the company are cancelled. Shares held by group entities are treated as treasury shares and are presented as a reduction of equity. Gains or losses on disposal of treasury shares are accounted for directly in equity.

The Primedia Trust is consolidated and, accordingly, the number of shares held by The Primedia Trust are deducted from the total shares in issue as per note 19.1.

19 Comparative figures

Certain comparative figures have been restated or reclassified so as to provide more meaningful information. When an accounting policy is changed, comparative figures are restated in accordance with the new policy where material. This was not required in terms of the transitional provisions of AC133.

	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
1 CHANGE IN ACCOUNTING POLICY				
During the year, the group changed its accounting policy in respect of financial instruments to comply with with AC133 Financial Instruments: Recognition and Measurement.				
AC133 has introduced a comprehensive framework for accounting for all financial instruments. The group's detailed accounting policies in respect of such instruments are set out on pages 66 and 67. The principal effect of the adoption of AC133 has been the recognition of the fair value of trade receivables and trade payables based on the net present value of expected future cash flows, and the recognition of the derivative financial instruments on balance sheet at fair value with effect from 1 July 2002. The effect on opening accumulated loss is summarised as follows:				
– Gross	(5 244)			
– Taxation	1 561			
– Minority interest	395			
Net effect	(3 288)			
The effect on current year net profit is summarised as follows:				
– Gross	(16 182)			
– Taxation	4 855			
– Minority interest	1 052			
Net effect	(10 275)			
2 DISPOSED ENTITY				
On 30 April 2003 the company disposed of Spark Response Limited. Details relating to the disposal of the operations are as follows:				
Net asset value disposed of	6 684			
Non distributable reserve realised on disposal	(3 867)			
Deferred taxation realised	(658)			
Minority interest	1 660			
Profit on disposal (refer note 6)	2 485			
Proceeds on disposal	6 304			
3 OPERATING PROFIT/(LOSS)				
Operating profit/(loss) is arrived at after taking into account the items detailed below:				
Income:				
Income from investments	–	2 303	–	–
Profit on disposal of investments	781	–	–	–
Profit on disposal of property, plant and equipment	909	1 871	–	–
Management fee received	771	1 414	–	–
Expenses:				
Cost of sales	823 483	793 326	–	–
Auditors' remuneration				
– Current year	6 025	5 219	840	835
– Prior year	1 106	338	326	–
– Other services	796	1 916	47	383
	7 927	7 473	1 213	1 218

Notes to the annual financial statements *(continued)*

for the year ended 30 June

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
3 OPERATING PROFIT/(LOSS) (continued)				
Directors' emoluments—executive directors				
– Current year			14 343	8 125
– Prior year			100	2 950
			14 443	11 075
Less: paid by subsidiary companies			(12 443)	(11 075)
			2 000	–
Directors' emoluments—non-executive directors				
– Board and committee fees			1 942	735
– Other services as directors			655	460
– Prior year			59	120
			2 656	1 315
Less: paid by subsidiary companies			(1 068)	(600)
			1 588	715
Fees paid to consultants	12 207	11 045	301	–
Loss on disposal of investments	74	–	74	–
Loss on disposal of property, plant and equipment	1 168	541	–	–
Impairment of assets and investments	94	–	–	–
Operating lease rentals			–	–
– Premises	84 767	91 940	–	–
– Plant, equipment and vehicles	6 642	7 630	–	–
Research and development costs	1 708	2 806	–	–
Royalties paid	7 675	4 405	–	–
Staff costs (including retirement benefits)	285 064	283 492	–	–
Number of employees: 2 816 (2002: 3 332)				
4 FINANCE COSTS				
Bank loans and overdraft	(25 520)	(25 106)	(8 046)	(10 749)
Long-term loans	(8 933)	(4 715)	–	–
Fair value adjustments	(2 776)	–	–	–
Instalment sale agreements	(737)	(669)	–	–
Receiver of Revenue	(316)	(70)	–	–
Vendors	(136)	(1 629)	–	(1 628)
Other loans	(714)	(4 189)	–	–
	(39 132)	(36 378)	(8 046)	(12 377)

Interest due to the Receiver of Revenue, amounting to R11,468 million, is considered to be a once-off charge and is disclosed in exceptional items (refer note 6).

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	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
5 INVESTMENT INCOME				
Interest received from subsidiary companies			14 281	57 681
Interest received from bankers	11 369	7 210	-	-
Interest received from associated companies	6 522	6 366	-	-
Receiver of Revenue	1 339	29	1 172	-
Fair value adjustments	1 963	-	-	-
Other interest received	3 280	1 197	1 662	41
Dividends received	-	339	1 245	961
	24 473	15 141	18 360	58 683
6 EXCEPTIONAL ITEMS				
Profit/(loss) on disposal of assets and investments	5 898	(78 526)	(4 465)	-
Impairment and write-down of assets and equity investments	(18 909)	(216 964)	(36 895)	(44 546)
Profit/(loss) on disposal of subsidiary companies	2 485	(25 247)	-	-
Release of post-retirement medical benefit provision	9 035	-	-	-
Interest due to Receiver of Revenue	(11 468)	-	-	-
Retrenchment and restructuring costs	828	(17 895)	-	-
Provision for onerous leases	(541)	(4 935)	-	-
Other	(685)	-	-	-
Gross exceptional items	(13 357)	(343 567)	(41 360)	(44 546)
Income tax relief	(2 965)	5 231	-	-
Minority interest	-	1 880	-	-
Net exceptional items	(16 322)	(336 456)	(41 360)	(44 546)
7 SHARE OF ASSOCIATED COMPANY LOSSES				
Listed investments	-	(2 036)	-	-
Unlisted investments	(46 464)	(81 398)	-	-
	(46 464)	(83 434)	-	-
8 TAXATION				
South African normal taxation				
- Current year	(19 651)	(13 882)	-	-
- Prior year	(18 288)	1 115	1 913	-
Foreign taxation				
- Current year	(1 223)	(446)	-	-
- Prior year	1 644	-	-	-
Secondary taxation on companies	(6 679)	(2 082)	-	-
Deferred taxation				
- Current year	(35 356)	(11 565)	(900)	(2 294)
- Prior year	15 702	826	-	610
	(63 851)	(26 034)	1 013	(1 684)
Taxation charge against associated companies' profits	(38)	-	-	-
	(63 889)	(26 034)	1 013	(1 684)

Notes to the annual financial statements *(continued)*

for the year ended 30 June

	Group		Company	
	2003	2002	2003	2002
	%	%	%	%
8 TAXATION <i>(continued)</i>				
Reconciliation of rate of taxation:				
South African normal tax rate	30,0	(30,0)	(30,0)	(30,0)
Exceptional items – capital	3,1	28,9	33,2	36,6
Permanent differences – associated companies	12,7	9,6	–	–
Amortisation of intangibles	1,2	0,6	–	–
Prior year	0,9	(0,6)	(5,1)	(1,6)
Deferred tax not raised on assessed losses	9,0	(1,4)	–	–
Assessed losses utilised	(0,5)	(0,4)	–	–
Exempt income	(0,2)	(0,3)	(1,0)	(1,0)
Non deductible expenditure	4,1	0,7	0,2	0,4
Other taxes and secondary tax on companies	(2,0)	0,6	–	–
South African normal taxation rate	58,3	7,7	(2,7)	4,4
Tax as a percentage of profit/(loss) before exceptional items and share of associated company losses (excluding prior year tax)	37,1	31,9	22,4	38,9
	R'000	R'000	R'000	R'000
Tax losses at end of year:				
– South African	359 817	821 328	38	3 726
– Foreign	47 249	45 229	–	–
Utilised to reduce deferred taxation	(197 358)	(701 671)	(38)	(3 726)
Available to reduce future taxable income	209 708	164 886	–	–
9 MINORITY INTEREST				
Interest paid to minorities	(1 340)	(435)		
Share of (profits)/losses	(23 247)	708		
Share of exceptional losses and restructuring costs	–	1 880		
	(24 587)	2 153		
10 EARNINGS/(LOSS) PER SHARE				
10.1 Number of shares ('000)				
Number of shares in issue	216 364	220 763		
Weighted average number of shares	218 229	212 446		
Unexercised share options	495	264		
Fully diluted weighted average number of shares	218 724	212 710		
10.2 Earnings/(loss) per share				
Net profit/(loss) for the year	21 204	(363 053)		
Weighted average number of shares	'000	218 229	212 446	
Net profit/(loss) per share (basic)	cents	10	(171)	
Diluted weighted average number of shares	'000	218 724	212 710	
Net profit/(loss) per share (diluted)	cents	10	(171)	

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	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
10 EARNINGS/(LOSS) PER SHARE (continued)				
10.3 Headline earnings/(loss) per share				
Net profit/(loss) for the year	21 204	(363 053)		
Adjusted for:				
Goodwill amortisation	4 380	5 316		
Net profit on disposal of property, plant, equipment and equity investments	(427)	(1 330)		
Exceptional items:				
– Impairment and write-down of assets and equity investments	32 361	152 191		
– (Profit)/loss on disposal of assets	(5 898)	78 526		
– (Profit)/loss on disposal of subsidiary companies	(2 485)	25 247		
– Other	685	–		
	49 820	(103 103)		
Tax effect of non-headline earnings items	306	–		
Headline earnings/(loss)	50 126	(103 103)		
Weighted average number of shares	'000	212 446		
Headline earnings/(loss) per share (basic)	cents	23	(49)	
Diluted weighted average number of shares	'000	212 710		
Fully diluted headline earnings/(loss) per share (diluted)	cents	23	(48)	
Reconciliation to AC306 headline loss				
Headline loss as detailed above per Circular 7/2002		(103 103)		
Adjust for:				
– Debenture interest		35 730		
– Cinema closure costs and onerous leases provided for		(4 029)		
– Cinema closure costs and onerous leases incurred		4 935		
– Impairment of non-equity accounted investments in associates		64 773		
Headline loss as previously stated		(1 694)		
Headline loss per share as previously reported (basic)		(1)		
Headline loss per share as previously reported (diluted)		(1)		

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) for the year by the weighted average number of shares in issue during the period, net of those shares held by The Primedia Trust.

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of shares in issue by the number of shares that would have been issued at fair value in respect of options granted but not exercised.

Headline earnings/(loss) per share is calculated by dividing the headline earnings/(loss) attributable to shareholders by the weighted average number of shares in issue during the period, net of those shares held by The Primedia Trust.

Diluted headline earnings/(loss) per share is calculated by adjusting the weighted average number of shares in issue by the number of shares that would have been issued at fair value in respect of options granted but not exercised.

Notes to the annual financial statements *(continued)*

for the year ended 30 June

	Land and buildings R'000	Advertising structures R'000	Leased assets and leasehold improvements R'000	Motor vehicles plant and equipment R'000	Office furniture, equipment décor and computers R'000	Total R'000
11 PROPERTY, PLANT AND EQUIPMENT						
GROUP – at 30 June 2003						
Cost	24 706	137 674	52 346	103 684	314 833	633 243
Accumulated depreciation	(12 848)	(52 940)	(5 443)	(69 257)	(208 374)	(348 862)
Net carrying value	11 858	84 734	46 903	34 427	106 459	284 381
Movement summary						
Opening net carrying value	27 865	88 175	10 028	43 276	128 712	298 056
Additions	1 605	11 458	35 185	6 083	34 135	88 466
Acquisitions of subsidiary companies	–	1 650	–	–	–	1 650
Disposal of subsidiary companies	(2 434)	–	(3 757)	(724)	(6 092)	(13 007)
Disposals – at cost	(1 214)	(1 367)	–	(9 158)	(23 696)	(35 435)
Disposals – accumulated depreciation	29	771	–	7 234	22 422	30 456
Depreciation	(2 777)	(16 394)	(3 165)	(12 089)	(44 371)	(78 796)
Exchange rate adjustments	567	93	(2 451)	(195)	(4 209)	(6 195)
Impairments	(720)	(21)	–	–	(73)	(814)
Reclassifications	(11 063)	369	11 063	–	(369)	–
Closing net carrying value	11 858	84 734	46 903	34 427	106 459	284 381
GROUP – at 30 June 2002						
Cost	39 023	130 196	42 081	110 074	362 693	684 067
Accumulated depreciation	(11 158)	(42 021)	(32 053)	(66 798)	(233 981)	(386 011)
Net carrying value	27 865	88 175	10 028	43 276	128 712	298 056
Movement summary						
Opening net carrying value	25 683	69 617	14 407	50 326	130 360	290 393
Additions	219	32 163	1 851	11 904	42 718	88 855
Acquisitions of subsidiary companies	–	–	–	154	1 966	2 120
Disposal of subsidiary companies	–	–	(36)	–	(296)	(332)
Disposals – at cost	(2 554)	(14 353)	(134)	(9 625)	(34 418)	(61 084)
Disposals – accumulated depreciation	385	10 235	134	7 058	25 456	43 268
Depreciation	(2 526)	(9 487)	(3 916)	(13 619)	(46 291)	(75 839)
Exchange rate adjustments	–	–	2 285	1 468	6 922	10 675
Reclassifications	6 658	–	(4 563)	(4 390)	2 295	–
Closing net carrying value	27 865	88 175	10 028	43 276	128 712	298 056

Leased assets comprise buildings, leasehold improvements, motor vehicles and equipment. Assets are encumbered as detailed in notes 21 and 22.

A register containing the information required by paragraph 22 (3) of the 4th schedule to the Companies Act is available for inspection at the registered office of the company.

	Goodwill R'000	Trademarks and copyrights R'000	Total R'000
12 INTANGIBLE ASSETS			
GROUP – at 30 June 2003			
Cost	13 623	182	13 805
Accumulated amortisation	(7 581)	(63)	(7 644)
Net carrying value	6 042	119	6 161
<i>Movement summary</i>			
Opening net carrying value	20 745	–	20 745
Additions	830	132	962
Acquisition of subsidiary companies	3 218	–	3 218
Amortisation	(4 380)	(13)	(4 393)
Exchange rate adjustments	3	–	3
Reversal of goodwill	(4 591)	–	(4 591)
Impairment	(9 783)	–	(9 783)
Closing net carrying value	6 042	119	6 161
GROUP – at 30 June 2002			
Cost	28 969	50	29 019
Accumulated amortisation	(8 224)	(50)	(8 274)
Net carrying value	20 745	–	20 745
<i>Movement summary</i>			
Opening net carrying value	18 114	–	18 114
Additions	8	–	8
Acquisition of subsidiary companies	9 795	50	9 845
Amortisation	(5 266)	(50)	(5 316)
Disposals – at cost	(1 938)	–	(1 938)
Disposals – accumulated depreciation	32	–	32
Closing net carrying value	20 745	–	20 745

	Company	
	2003 R'000	2002 R'000
13 INVESTMENTS IN SUBSIDIARY COMPANIES (ANNEXURE 2)		
Shares at cost	485 013	493 355
Loans to subsidiary companies	2 300 855	2 385 870
Loans from subsidiary companies	(203 435)	(205 607)
	2 582 433	2 673 618
Write-down of investments against share premium	(2 292 656)	(2 292 656)
Recoupment of amounts previously written-off against share premium	81 170	62 962
	370 947	443 924

Notes to the annual financial statements *(continued)*

for the year ended 30 June

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
14 INVESTMENTS IN ASSOCIATED COMPANIES (ANNEXURE 1)				
Balance at beginning of year	149 527	236 920	2 193	25 225
Share of associated company losses	(46 464)	(83 434)	–	–
Foreign exchange translation movements	(57 815)	92 210	–	–
Dilution of equity interest	(1 433)	(40 316)	–	–
Asset recognised in relation to Ster Century Middle East constructive obligation (note 23)	–	67 764	–	–
Write-down of investments to fair value	(20 425)	(275 563)	–	(23 032)
Disposals	–	47 955	–	–
Loans advanced	4 827	100 058	–	–
Other movements	–	3 933	–	–
Reclassification to other investments	(4 000)	–	(2 193)	–
Balance at end of year	24 217	149 527	–	2 193
Analysis of closing balance:				
Unlisted investments				
– Shares at cost (net of goodwill amortised)	378 027	378 492	–	465
– Share of reserves	(257 079)	(152 800)	–	–
– Asset recognised in relation to Ster Century Middle East constructive obligation (note 23)	48 653	67 764	–	–
Loans owing by associated companies	132 926	131 634	–	1 728
Write-down of investments to fair value	(278 310)	(275 563)	–	–
	24 217	149 527	–	2 193
15 OTHER INVESTMENTS				
Investment in Bonatla Holdings	–	2 338	–	2 338
The Primedia Trust and other loans (refer also Annexure 3)	12 122	893	800	800
Loan to The Primedia Trust	–	–	32 990	21 875
Reclassification from investments in associated companies – VWV Group	4 000	–	2 193	–
Write-down of investments to fair value	(4 000)	–	(2 193)	–
Funding provided to empowerment partner for investment in subsidiary company – preference shares	–	–	81 358	81 358
	12 122	3 231	115 148	106 371

The preference shares bear cumulative dividends at variable rates linked to the prime bank rate.

The directors value the unlisted investments at cost.

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	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
16 DEFERRED TAX ASSET				
Balance at beginning of year	363 842	353 450	893	2 577
Change in accounting policy	1 561	-	-	-
Charge to income for the year	(19 654)	(10 739)	(900)	(1 684)
Adjustment to equity arising on changes to tax value of trademarks	(165 086)	20 138	-	-
Foreign exchange translation differences	(269)	1 835	-	-
Disposal of subsidiary companies	(658)	(842)	-	-
Balance at end of year	179 736	363 842	(7)	893
Analysis of closing balance:				
- Capital allowances	(7 307)	(6 965)	-	-
- Prepayments	(31 668)	(22 200)	(19)	(14)
- Provisions	36 387	45 714	-	-
- Receipts in advance	-	(5 931)	-	-
- Effect of tax losses	66 212	210 501	12	907
- Trademarks	102 607	142 723	-	-
- STC credits	13 505	-	-	-
	179 736	363 842	(7)	893
17 INVENTORIES				
Finished goods*	23 897	17 738	-	-
Merchandise	9 907	8 080	-	-
Raw materials and components	3 055	4 849	-	-
Work in progress	224	669	-	-
Consumables and maintenance spares	1 363	367	-	-
	38 446	31 703	-	-
18 TRADE AND OTHER RECEIVABLES				
Trade receivables*	207 773	216 783	-	-
Prepaid film royalties	92 830	50 493	-	-
Prepayments	17 677	30 349	63	48
Tax overpaid	4 658	15 161	-	1 954
Other	32 918	40 737	635	1 452
	355 856	353 523	698	3 454

* Including inventories of R8,5 million (2002: R14,2 million) carried at net realisable value.

* Trade receivables have been reduced by an amount of R4,9 million in the current year, being the adjustment in respect of the net present value of expected future cash flows in accordance with AC133. The equivalent adjustment for the 2002 year was R5,1 million (refer note 1).

Notes to the annual financial statements *(continued)*

for the year ended 30 June

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
19 SHARE CAPITAL AND PREMIUM				
19.1 Share capital				
<i>Authorised share capital:</i>				
100 000 000 ordinary shares of 2 cents each	2 000	2 000	2 000	2 000
200 000 000 "N" shares of 0,02 cents each	40	40	40	40
	2 040	2 040	2 040	2 040
<i>Issued share capital:</i>				
50 636 696 (2002: 48 233 880) ordinary shares of 2 cents each	1 013	965	1 013	965
173 366 966 (2002: 177 805 805) "N" shares of 0,02 cents each	35	35	35	35
	1 048	1 000	1 048	1 000
<i>Less: shares held in The Primedia Trust</i>				
1 276 699 (2002: 2 076 699) ordinary shares of 2 cents each	(26)	(42)		
6 363 163 (2002: 3 200 299) "N" shares of 0,02 cents each	(1)	(1)		
Total share capital	1 021	957	1 048	1 000
19.2 Share premium				
Gross premium less issue expenses and intangibles written off	477 657	466 926	477 657	466 926
Premium on share buy-back	(16 476)	(9 129)	(16 476)	(9 129)
Distribution to shareholders	(29 029)	-	(29 029)	-
Premium on shares held in The Primedia Trust	(22 128)	(9 327)		
Distribution received by The Primedia Trust	693	-		
Total share premium	410 717	448 470	432 152	457 797
Total share capital and premium	411 738	449 427	433 200	458 797

Buy-back of shares

In terms of the authority received from shareholders at the annual general meeting held on 19 December 2001, the company purchased 2 010 855 (2002: 2 427 984) "N" shares at an average of R3,68 (2002: R3,76) per share, resulting in a total average cost to date of R3,72 per share. Authority was not granted by the shareholders at the annual general meeting held on 14 January 2003 to buy back a further 20% of the company's issued share capital in the aggregate.

The 2 427 984 and 2 010 855 "N" shares purchased in the prior year and current year respectively have been cancelled and the stock exchange listing in respect thereof terminated, effective 30 August 2002 and 19 March 2003 respectively.

20 NON-DISTRIBUTABLE RESERVES

Deferred tax benefit on intangible assets	237 493	402 579		
Foreign currency translation reserve	44 531	107 893		
Shares held in The Primedia Trust	(22 550)	(27 828)		
Goodwill and trademarks disposed by subsidiary companies previously written off against share premium	4 442	4 442		
Minority share of intangibles previously written-off against share premium	127 011	-		
Loans repaid by subsidiary companies previously written-off against share premium			39 526	25 463
Other	1 062	656	8 010	7 604
	391 989	487 742	47 536	33 067

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	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
21 LONG-TERM BORROWINGS				
Secured borrowings:				
– Finance leases	68 951	45 427	–	–
– Mortgage loans	3 484	4 382	–	–
– Instalment sale agreements	261	6 667	–	–
Total secured borrowings	72 696	56 476	–	–
Unsecured borrowings	–	10 223	–	–
	72 696	66 699	–	–
Less: short-term portion included in other current liabilities	(4 346)	(19 343)	–	–
	68 350	47 356	–	–
Repayment terms				
– Within one year	4 346	19 343	–	–
– Two to five years	38 176	22 150	–	–
– Five years and longer	30 174	25 206	–	–
	72 696	66 699	–	–

Finance lease liabilities are secured over vehicles and equipment with a book value of R24,8 million (2002: R4,5 million) and land and buildings with a book value of R39,6 million (2002: R11,4 million).

The finance leases bear interest at various rates linked to the bank prime rate and are repayable in various monthly instalments over a period of one to twelve years.

Instalment sale liabilities are secured over vehicles and equipment with a book value of R1,2 million (2002: R16,3 million), bear interest at varying rates linked to the bank prime rate and are repayable in monthly instalments over a period of one to two years.

The mortgage loans are secured over the land and buildings of Primedia Publishing having a book value of R4,8 million (2002: R4,9 million). The mortgage loans are repayable in monthly instalments by August 2008 and bear interest at rates linked to the bank prime rate.

22 LANDLORD INDUCEMENT PREMIUM				
Total premium	19 704	19 879	–	–
Less: short-term portion included in other current liabilities	(192)	(176)	–	–
	19 512	19 703	–	–

The group has entered into an agreement with the landlord of a cinema complex, in terms of which the landlord has provided an equipped cinema complex. The monthly lease payments in terms of the agreement are based on the level of customer attendances experienced by the complex and extend for a period of nine years to 2012. This amount approximates the value of the assets provided by the landlord in the complex, which assets are disclosed as finance lease assets in note 11. The landlord has encumbered rights to the finance lease assets. An imputed interest cost on this amount is charged to finance costs.

Notes to the annual financial statements *(continued)*

for the year ended 30 June

	Post- retirement medical benefits R'000	Onerous leases and cinema closures R'000	SCME constructive obligation R'000	Other R'000	Total R'000
23 LONG-TERM PROVISIONS					
GROUP – at 30 June 2003					
Balance at beginning of year	24 673	5 494	67 764	28 875	126 806
Additional provision for the year	–	541	–	85	626
Provisions reversed	(9 035)	–	–	(838)	(9 873)
Payments against provisions	–	(478)	–	(1 524)	(2 002)
Foreign exchange rate adjustment	–	(1 113)	(19 111)	(169)	(20 393)
Reclassifications	–	4 855	–	(15 273)	(10 418)
Balance at end of year	15 638	9 299	48 653	11 156	84 746
Less: short-term portion included in other current liabilities	(1 944)	(4 855)	–	(1 470)	(8 269)
	13 694	4 444	48 653	9 686	76 477
GROUP – at 30 June 2002					
Balance at beginning of year	23 170	43 508	–	39 284	105 962
Additional provision for the year	1 503	4 740	67 764	16 313	90 320
Payments against provisions	–	(42 754)	–	(26 722)	(69 476)
Balance at end of year	24 673	5 494	67 764	28 875	126 806
Less: short-term portion included in other current liabilities	(2 500)	(5 494)	–	(18 776)	(26 770)
	22 173	–	67 764	10 099	100 036
			Group	Company	
			2003	2002	2003
			R'000	R'000	R'000
					2002
					R'000
24 BANK OVERDRAFTS AND SHORT-TERM BORROWINGS					
Bank overdrafts and borrowings					
– South Africa	27 895	121 170	92 616		103 768
– United Kingdom	15 465	63 122	–		–
	43 360	184 292	92 616		103 768
25 OTHER CURRENT LIABILITIES					
Trade payables and accruals*	288 887	296 065	5 588		4 136
Deferred income	18 193	26 393	–		–
Amounts owed to vendors	1 000	17 037	–		17 037
Tax liabilities	69 485	23 523	–		–
Current portion of long-term borrowings (note 21)	4 538	19 343	–		–
Current portion of long-term provisions (note 22)	8 269	26 946	–		–
Financial instruments liability**	10 622	–	–		–
	400 994	409 307	5 588		21 173

* Trade payables have been reduced by an amount of R2,0 million in the current year, being the adjustment in respect of the net present value of expected future cash flows in accordance with AC133. The equivalent adjustment for the 2002 year was R3,1 million (refer note 1).

** The financial instruments liability relates to the unrealised loss on open foreign exchange contracts in respect of purchased currency (refer note 29.2) and the liability arising as a result of the valuation of the embedded derivative (refer note 29.3).

26 RETIREMENT BENEFIT FUNDS

It is the policy of the group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. The majority of the group's employees belong to 14 defined contribution and three defined benefit funds, one of which is located outside South Africa and is accordingly not subject to the Pension Funds Act, 1956. All South African funds are governed by the Pension Funds Act, 1956.

The total cost charged to income of R17,1 million (2002: R15,5 million) represents the contributions payable to these schemes by the group at rates specified in the rules of the schemes. All funds, with the exception of the Database Group Pension Fund, were confirmed as being financially sound as at their last valuation.

During the prior year, the United Kingdom based Database Group Pension Fund, a defined benefit fund, was discontinued. Based on the latest actuarial valuation conducted as at 30 June 2003, the fund had a GBP963 000 deficit, being the differential between the market value of plan assets of GBP3,187 million and the present value of plan liabilities of GBP 4,150 million. In accordance with the accounting treatment detailed in AC116 Retirement Benefits, an amount of GBP14 000 has been raised as a liability, with the balance of GBP949 000 representing unrecognised actuarial losses to be amortised over the remaining working lives of the participating employees.

The key assumptions used in valuing the Database Group Pension Fund were as follows:

	2003	2002
	%	%
Discount rate	5,75	6,25
Expected rate of salary increases*	–	–
Expected rate of inflation	2,50	2,75
Expected rate of return on plan assets		
– equities	8,25	8,25
– bonds	4,75	6,25
– cash	3,75	6,25
Future pension increases	2,25	2,50

* The fund was discontinued in the prior year and accordingly salary increases do not apply.

The other two defined benefit funds have been valued by independent actuaries as follows:

	Valuation interval	Latest valuation date
Primovie Pension Fund	3 years	30 June 2001
Alexander Forbes Pension Fund No.2	3 years	28 February 2002

The assets of the South African defined benefit funds are held mainly in cash and interest bearing stocks and currently show a surplus of R28 million, which was to have been distributed to scheme members and the company in terms of a distribution proposal submitted to the Financial Services Board for approval in terms of the Pension Funds Act, 1956, in November 2001. The distribution proposal was rejected by the Financial Services Board when new legislation dealing with retirement fund surpluses was promulgated. The apportionment of retirement fund surpluses is now regulated in terms of the Pension Funds Second Amendment Act, 2001 and a surplus apportionment implementation process, expecting to take at least 18 months, has been instituted for the Primovie retirement funds. Due to uncertainties regarding the effect of the Pension Funds Second Amendment Act, the group has adopted a prudent view in recognizing none of the surplus to the company.

The key assumptions used in valuing the group's South African defined benefit funds were as follows:

	2003	2002
	%	%
Discount rate	12,00	12,00
Expected rate of salary increases	11,00	11,00
Expected rate of return on plan assets	12,00	12,00
Future pension increases**	n/a	n/a

** The fund's pension increases are determined by Sanlam. In light of proposed legislation, the funds will be required to set an increase policy targeting a percentage of CPI, but this will be limited to the actual increases declared by Sanlam.

Notes to the annual financial statements *(continued)*

for the year ended 30 June

	Group		Company	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000
27 COMMITMENTS				
27.1 Capital commitments				
Capital expenditure				
Contracted	–	4 529	–	–
Authorised, but not yet contracted	61 971	22 160	–	–
	61 971	26 689	–	–
To be expended:				
Within one year	61 871	26 689	–	–
Within two years	100	–	–	–
	61 971	26 689	–	–
27.2 Financial commitments				
Film rights	48 496	81 247	–	–
Less: amounts recoverable from third party	(8 898)	(32 073)	–	–
	39 598	49 174	–	–
Other commitments	530	920	–	–
	40 128	50 094	–	–
27.3 Operating lease commitments				
Premises and site rentals				
Future lease payments expiring within:				
One year	86 721	99 641	–	–
Two to five years	197 356	256 029	–	–
After five years	91 613	289 521	–	–
	375 690	645 191	–	–
Office equipment				
Future lease payments expiring within:				
One year	2 877	6 809	–	–
Two to five years	4 786	14 336	–	–
After five years	–	2 267	–	–
	7 663	23 412	–	–

The commitments will be financed by cash flows from operations and the utilisation of cash and borrowings within the acceptable levels of the group. The above include the group's share of associated companies' commitments.

	Group		Company	
	2003	2002	2003	2002
	R'000	R'000	R'000	R'000
28 CONTINGENT LIABILITIES				
Bank and other guarantees	17 276	9 594	–	–
Parent company guarantees – Ster Century Middle East (over five years)	32 972	37 553	32 972	37 553
Parent company guarantees – Ster Century Europe (over five to ten years)				
– Bank guarantees	4 798	–	4 798	–
– Lease guarantees	137 348	177 970	137 348	177 970
Total contingent liabilities	192 394	225 117	175 118	215 523
Less: Indemnities obtained from purchasers*	(142 146)	–	(142 146)	–
Unindemnified contingent liabilities	50 248	225 117	32 972	215 523

* Indemnities have been received from the purchasers of the various cinema interests of Ster Century Europe.

29 FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of cash and deposits with banks, bank loans and overdrafts, trade and other receivables and payables, investments and secured, unsecured and other borrowings. In respect of all financial instruments mentioned above, book value approximates fair value. Derivative instruments, such as forward exchange contracts and fixed interest rate agreements, are used by the group. The group does not speculate in the trading of derivative instruments.

29.1 Treasury risk management

A treasury committee, consisting of the senior executives of the group, meets to analyse currency and interest rate exposure and to re-evaluate treasury management strategies.

The group's central treasury function provides the group with access to local money markets and provides group subsidiaries with the benefit of bulk financing and depositing.

29.2 Foreign currency risk management

The group's policy is to cover forward all foreign trade commitments. Each subsidiary manages its own trade exposure. In this regard, the group has entered into certain forward exchange contracts, which do not relate to specific items appearing on the balance sheet, but which were entered into to cover foreign commitments not yet due and will be utilised during the next twelve months.

The following open foreign exchange contracts relating to purchased currency, maturing from 1 July 2003 to 30 April 2004, existed at year end:

	Foreign amount	Average rate	Rand amount	Fair value	Loss expensed
	'000		R'000	R'000	R'000
Euros	6 557	9,79	64 190	58 514	(5 676)
US\$	4 010	8,49	34 063	30 953	(3 110)

The resultant loss detailed above has been expensed in the income statement.

29.3 Embedded derivative

The group is entitled to receive payments for certain film rights which are determined and billed in US\$, which is neither the reporting currency of the group nor of the third party. This gives rise to an embedded derivative per AC133: Financial Instruments Recognition and Measurement. This embedded derivative has been fair valued and the resultant adjustment of R1,8 million has been expensed in the income statement.

Notes to the annual financial statements *(continued)*

for the year ended 30 June

29 FINANCIAL RISK MANAGEMENT

29.4 Credit risk management

Potential areas of credit risk consist of trade accounts receivable, cash deposits and investments. Trade accounts receivable consist mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis and, where appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits.

Provision is made for both specific and general bad debts and at the year end management did not consider there to be any material credit risk exposure that was not already covered by the bad debt provision or credit guarantee insurance.

It is group policy to deposit short-term cash investments with major banks.

29.5 Liquidity risk management

The group manages liquidity risk by managing forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

There are no restrictions on the company's borrowing capacity imposed by the Articles of Association or any other covenant.

Total borrowings comprise:

	Group	
	2003	2002
	R'000	R'000
Short-term	47 898	203 635
Long-term	87 862	67 235
Unindemnified guarantees given (note 28)	50 248	225 117

The group has unutilised short term borrowing facilities of R137,6 million (2002: R134,9 million). These facilities are secured as detailed in Annexure 2.

29.6 Interest rate management

As part of the process of managing the group's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Salary	Retirement and medical contributions	Bonus	Benefit in respect of share options	2003 Total	2002 Total
R'000	R'000	R'000	R'000	R'000	R'000

30 DIRECTORS' REMUNERATION AND INTERESTS

30.1 Directors' remuneration

Directors' remuneration, including direct and indirect benefits, for the year ended 30 June 2003 are as follows:

Executive directors

FA Gazendam	1 213	187	1 190	-	2 590	2 084
O Ighodaro	929	171	1 100	-	2 200	1 095
W Kirsh	1 539	161	1 700	1 120	4 520	1 900
I Kirsh (executive to 31 December 2002)*	2 433	77	-	-	2 510	1 166
P Maw (executive to 31 December 2002)**	314	61	748	-	1 123	1 114
K Pillay	980	220	1 320	-	2 520	1 333
	7 408	877	6 058	1 120	15 463	8 692
Less: expensed in 2003						(100)
Prior year underprovision					100	2 950
Benefit in respect of share options exercised not charged to the income statement					(1 120)	(467)
Charge to the income statement					14 443	11 075

All the above amounts were approved by the Remuneration Committee in the 2002/2003 year.

* Includes R2 000 000 paid in respect of early termination of executive employment.

** Includes R748 493 paid in respect of services rendered on the disposal of Primedia's international interests.

	Board and committee fees	Other services as directors***	2003 Total	2002 Total
	R'000	R'000	R'000	R'000
MA Barnes (resigned 10 July 2002)	-	-	-	75
MJ Bosman (appointed 20 September 2002)	113	-	113	-
BP Dibate (appointed 20 September 2002, resigned 30 June 2003)	75	-	75	-
I Kirsh (non-executive from 1 January 2003)	215	250	465	-
HM Khoza (appointed 20 September 2002)	188	-	188	-
HM Madima (appointed 20 September 2002)	113	-	113	-
P Maw (non-executive from 1 January 2003)	75	225	300	-
AP Nkuna	500	-	500	465
PS Ratlou (resigned 20 September 2002)	-	-	-	105
CS Seabrooke ****	350	180	530	440
BJT Shongwe	200	-	200	75
JA Treger (resigned 10 July 2002)	-	-	-	94
SV Zilwa (appointed 20 September 2002)	113	-	113	-
NJM Canca (appointed 29 August 2003)	-	-	-	-
	1 942	655	2 597	1 254
Less: expensed in 2003				(59)
Prior year underprovision			59	120
Charge to the income statement			2 656	1 315

*** Fees paid for time spent on group affairs as directors but outside of board or committee forums.

**** Includes R280 000 paid to Sabvest Financial Services (Pty) Ltd.

None of the directors have service agreements with Primedia Limited extending beyond 30 June 2004.

Notes to the annual financial statements *(continued)*

for the year ended 30 June

30 DIRECTORS' REMUNERATION AND INTERESTS *(continued)*

30.2 Interests of directors in contracts

The directors have certified that, during the year and up to the date of approval of these financial statements, they were not materially interested in any transaction of any significance with the company and any of its subsidiaries. Accordingly, a conflict of interest with regard to directors' interests in contracts does not exist.

30.3 Interests of directors in share options

Name	Type	Number of options at 30 June 2002	Options		Number of options at 30 June 2003	Option price (cents)	Date from which exercisable	Expiry date
			Options granted during the year	Options relinquished/ exercised during the year				
FA Gazendam	N	400 000	–	200 000	200 000	425	01/07/02	01/07/05
	N	–	387 812	–	387 812	361	02/12/04	02/12/07
	Ordinary	200 000	–	–	200 000	600	01/01/03	01/01/06
	Ordinary	500 000	–	–	500 000	600	30/06/03	30/06/06
O Ighodaro	N	250 000	–	–	250 000	411	30/08/03	30/08/06
	N	–	304 709	–	304 709	361	02/12/04	02/12/07
I Kirsh	Ordinary	500 000	–	–	500 000	600	01/07/02	01/07/05
W Kirsh	N	158 632	–	–	158 632	585	01/07/02	01/07/05
	N	33 334	–	–	33 334	425	01/07/02	01/07/05
	N	100 000	–	–	100 000	425	01/07/02	01/07/05
	N	–	470 914	–	470 914	361	02/12/04	02/12/07
	Ordinary	800 000	–	800 000	–	275	01/06/02	01/06/05
	Ordinary	8 334	–	–	8 334	425	01/07/02	01/07/05
	Ordinary	25 000	–	–	25 000	425	01/07/02	01/07/05
	Ordinary	238 333	–	–	238 333	613	18/09/02	18/09/05
P Maw	N	100 000	–	–	100 000	425	01/07/00	01/07/04
	N	136 581	–	–	136 581	585	01/07/02	01/07/05
	N	130 000	–	–	130 000	425	01/07/02	01/07/05
	Ordinary	400 000	–	–	400 000	400	01/05/02	01/05/05
	Ordinary	50 000	–	–	50 000	425	01/07/02	01/07/05
K Pillay	Ordinary	179 667	–	–	179 667	613	18/09/02	18/09/05
	N	200 000	–	–	200 000	425	01/04/02	01/04/05
	N	–	332 410	–	332 410	361	02/12/04	02/12/07
Ordinary	146 667	–	–	146 667	613	18/09/02	18/09/05	

31 SHARE OPTION SCHEME

The company has a share option scheme of which allocations to executive directors and staff enable them to participate in the growth of the company. As at 30 June 2003, the number of ordinary shares and "N" shares on hand, and thus available to the scheme, was 7 639 862 (2002: 5 276 998). The Primedia Trust was approved at a general meeting of the company held on 25 August 1995.

The following rights and options over allocated ordinary shares and "N" shares have been granted and were outstanding in terms of The Primedia Trust at 30 June 2003:

Share options:

Date of grant	Expiry date	Subscription price (cents)	Ordinary shares	"N" shares
30/06/1999	30/06/2004	425		215 478
01/07/1999	01/07/2004	425		1 845 293
01/02/2000	01/02/2005	425		200 000
01/04/2000	01/04/2005	425		200 000
01/05/2000	01/05/2005	400	400 000	
01/07/2000	01/07/2005	425	159 670	852 000
01/07/2000	01/07/2005	585		1 695 250
01/07/2000	01/07/2005	600	700 000	
18/09/2000	18/09/2005	613	633 667	
18/09/2000	18/09/2005	580		2 561 313
01/01/2001	01/01/2006	501		80 000
01/01/2001	01/01/2006	600	500 000	
14/05/2001	14/05/2006	600		235 804
30/08/2001	30/08/2006	411		250 000
15/10/2001	15/10/2006	390		137 500
02/12/2002	02/12/2007	361		9 430 575
			2 393 337	17 703 213

Movement during the year:

Balance at beginning of year	3 570 648	10 260 705
New options granted	-	9 430 575
Options relinquished	(275 000)	(1 885 756)
Options lapsed	(102 311)	(102 311)
Options exercised	(800 000)	-
Balance at end of year	2 393 337	17 703 213

32 EVENTS SUBSEQUENT TO FINANCIAL YEAR END

Other than mentioned below, the directors are not aware of any other matters or circumstances arising since the end of the financial year not otherwise dealt with in this report or these annual financial statements that would materially affect the operations of the group.

- In July 2003, Mineworkers Investment Company (Pty) Ltd acquired a 25% shareholding in Primedia Outdoor (Pty) Ltd.
- Ster Century Europe Ltd disposed of its cinema interests in the UK and Ireland on 25 July 2003 for GBP16,9 million. In terms of the sale, the purchaser has indemnified Primedia against any claims arising in respect of the parent guarantees contained in note 28. Following the disposal of its cinema interest in the UK and Ireland, Ster Century Europe's site in Slovakia will be its only cinema interest, which remaining site is intended to be sold during the year ending 30 June 2004.
- In August 2003 an agreement in principle was reached whereby Wheel Limited will be released from its onerous lease obligations at Clerkenwell. As part of the agreement, Primedia agreed to reduce its shareholding in Wheel Group Limited from 68,08% to 20%.

Annexure 1 – Associated companies

for the year ended 30 June

Name	Nature of business	Effective holding		Group carrying value		Company carrying value	
		2003	2002	2003	2002	2003	2002
		%	%	R'000	R'000	R'000	R'000
Unlisted							
WV Interactive (Pty) Ltd*	Website developments, internet integration and design	–	24,5	–	465	–	465
WV Productions (Pty) Ltd*	Corporate videos and films	–	49,0	–	1 520	–	–
WV Events (Pty) Ltd*	High level product launches and creative conference management	–	49,0	–	2 015	–	1 728
Kaizer Chiefs (Pty) Ltd	Soccer club	40,0	40,0	–	–	–	–
Cape Talk (Pty) Ltd	Radio broadcasting	35,0	35,0	8 054	6 917	–	–
Ster Century Europe Ltd	Cinema exhibition	37,5	40,6	16 062	138 610	–	–
Ster Century Middle East Holdings Ltd	Cinema exhibition	50,0	50,0	–	–	–	–
Consumer Motivation (Pty) Ltd	Merchandise and licensing of toiletries	37,5	37,5	–	–	–	–
Comutanet Tanzania Ltd	Taxi advertising	51,0	–	101	–	–	–
Total investment in associated companies (note14)				24 217	149 527	–	2 193
Loans included above				(24 217)	(131 634)	–	(1 728)
Book value of associated companies equity				–	17 893	–	465
Directors' valuation of unlisted associated companies including loan at 30 June				24 217	149 527	–	2 193

All of the above are incorporated in South Africa, with the exception of Ster Century Europe Ltd which is incorporated in Jersey, Channel Islands and Ster Century Middle East Holdings Ltd, incorporated in Mauritius.

* Transferred to other investments in 2003

Assets, liabilities and profits/(losses) of material associated companies:	Operating assets		Operating liabilities		Accumulated profit/(loss)	
	2003	2002	2003	2002	2003	2002
	R'000	R'000	R'000	R'000	R'000	R'000
Kaizer Chiefs (Pty) Ltd	5 650	6 024	7 203	5 779	–	–
Ster Century Europe Ltd	143 795	324 507	57 824	71 142	(353 115)	(310 238)
Ster Century Middle East Holdings Ltd	90 323	59 189	76 169	79 852	(26 591)	(23 310)

Annexure 2 – Subsidiary companies (directly held)

for the year ended 30 June

Name	Nature of business	Effective holding		Shares at cost ⁴		Amounts owing by/(to) ⁴	
		2003	2002	2003	2002	2003	2002
		%	%	R'000	R'000	R'000	R'000
Merhold Kirsh Selections (Pty) Ltd	Deregistered in 2003	–	100,0	–	–	–	–
Primedia Direct (Pty) Ltd	Investment holding company	100,0	100,0	–	–	–	–
Spatial Decisions (Pty) Ltd	Dormant	100,0	100,0	–	–	–	–
Primedia On Line (Pty) Ltd	Dormant	100,0	100,0	–	–	–	–
Primedia Sport (Pty) Ltd	Sports marketing	70,0	62,5	2 615	2 615	52 822	71 813
Primovie Management (Pty) Ltd ¹	Investment holding company	87,5	87,5	11 912	11 912	1 766 137	1 735 195
Primedia Pictures (Pty) Ltd	Development, financing and world-wide distribution of film, television and video content	100,0	100,0	–	–	28 602	28 602
Primedia Outdoor (Pty) Ltd ¹	Outdoor advertising	100,0	100,0	4 060	4 060	213 295	219 517
Primedia Broadcasting (Pty) Ltd ^{1,2}	Radio broadcasting	100,0	100,0	6 474	6 474	91 891	124 424
Primedia @ Home (Pty) Ltd (formerly: Direct Response Marketing (1997) (Pty) Ltd)	Direct print medium	100,0	100,0	11 744	11 744	11 673	14 221
Primedia Publishing (Pty) Ltd	Specialist publishing	100,0	100,0	207	207	29 850	35 305
Primedia Face2Face (Pty) Ltd (formerly: Max Pollak Corporate Services (Pty) Ltd)	Township marketing	91,0	91,0	1 738	1 738	7 384	11 624
Intact Solutions (Pty) Ltd	Database management	100,0	100,0	8	3 758	(4)	1 987
Currie Motors Property Investments (Pty) Ltd	Property owning	100,0	100,0	202	202	–	–
Northridge Country Club (Pty) Ltd	Property development	100,0	100,0	327	327	(599)	269
Oribi Motors Ltd	Deregistered in 2003	–	100,0	–	–	–	–
Currie Motors (Welkom) (Pty) Ltd	Deregistered in 2003	–	100,0	–	–	(169)	(168)
Fincor Leasing (Pty) Ltd	Management company	100,0	100,0	1 701	1 701	1 326	13 071
South African Property Transfer Guide (Pty) Ltd	Dormant	100,0	100,0	–	–	–	–
Comutanet (Pty) Ltd	Commuter advertising	100,0	100,0	11 412	16 004	60 457	71 412
Cartad In-Store Media (Pty) Ltd, trading as Primedia Instore	Advertising	100,0	98,3	63	63	33 452	38 183
Primedia Communications Ltd (Jersey) ³	Investment holding company	100,0	100,0	432 403	432 403	(202 659)	(205 435)
Knowledge Factory (Pty) Ltd	Database management	100,0	100,0	147	147	3 966	11 310
Itransi (Pty) Ltd	Music assets	100,0	100,0	–	–	(4)	(4)
Metropolis Transactive Holdings Ltd	Investment holding company	71,4	71,4	–	–	–	8 937
				485 013	493 355	2 097 420	2 180 263

Annexure 2 – Subsidiary companies (directly held) *(continued)*

for the year ended 30 June

Name	Nature of business	Effective holding		Shares at cost ⁴		Amounts owing by/(to) ⁴	
		2003	2002	2003	2002	2003	2002
		%	%	R'000	R'000	R'000	R'000
Amounts owing by subsidiary companies (note 13) ⁵						2 300 855	2 385 870
Amounts owing to subsidiary companies (note 13)						(203 435)	(205 607)
						2 097 420	2 180 263
Holding company's interest in profit/(loss) after tax:							
– Aggregate profits						336 380	65 092
– Aggregate losses						(447 662)	(358 348)
						(111 282)	(293 256)

¹ The company's shares and loans in Primovie Management (Pty) Ltd, Primedia Broadcasting (Pty) Ltd and Primedia Outdoor (Pty) Ltd have been pledged to Standard Bank as security for the group's bank facilities

² Includes 50% effective interest in Africa on Air (Pty) Ltd

³ Incorporated in Jersey, Channel Islands. All other companies are incorporated in South Africa

⁴ The amounts are before the write off of share premium of R2 292 656 000 and the impairment of certain investments in and loans to subsidiary companies of R33 925 000

⁵ The company has subordinated certain of these loans to subsidiaries until the assets of the subsidiaries, fairly valued, exceed their liabilities

In respect of the group entities in which the Primedia group does not own 100% of the issued share capital, the Primedia group has the pre-emptive right to acquire the external shareholders' equity in the event they elect to sell their shareholding at prices which represent the market value at the date the option is due for election.

Special resolutions

Special resolutions which have been adopted since the date of the last annual report are as follows:

Direct Response Marketing (1997) (Pty) Ltd	changed the name to Primedia @ Home (Pty) Ltd
The Knowledge Factory (Pty) Limited	changed the name to Knowledge Factory (Pty) Ltd
Rank Branding (Pty) Limited	increased the authorised share capital
Rank TV (Pty) Limited	increased the authorised share capital

Annexure 3 – Related party transactions

for the year ended 30 June

RELATED PARTY TRANSACTIONS

Shareholders, directors and employees of all group companies and any company or entity associated with them are considered to be related parties. Various transactions are entered into by the company and its subsidiaries during the year with related parties. Unless specifically disclosed these transactions occurred under terms that are no less favourable than those entered into with third parties. Intra-group transactions are eliminated on consolidation.

MATERIAL RELATED PARTY RELATIONSHIP

Mineworkers Investment Company (Pty) Ltd ("MIC") holds 19,5% of Primedia Ltd's ordinary shares and 0,3% of the "N" shares. MIC has effective interests in entities holding an effective 50% of the shares and shareholders' loans in Africa on Air (Pty) Ltd (which interests were partially funded by Primedia by way of loan account and preference shares) and 22,5% of the shares and shareholders' loans in Cape Talk (Pty) Ltd.

Other than the loans between the group and its associated companies which are recorded in Annexure 1, there are no material transactions between the group and its associated companies.

Annexure 4 – Interest of directors of the company in share capital

for the year ended 30 June

The aggregate direct and indirect, beneficial and non beneficial holdings as at 30 June 2003 of the directors of the company and their immediate families in the issued share capital of the company are detailed below.

	Ordinary shares 2003	"N" shares 2003	Ordinary shares 2002	"N" shares 2002
Executive directors				
W Kirsh	4 459 971*	3 111 889	3 647 993	3 099 911
K Pillay	770	36 504	770	36 504
Non-executive directors				
I Kirsh	6 134 847	5 844 290	6 134 847	5 844 290
P Maw	514 624	696 532	514 624	694 927
AP Nkuna/HM Madima	9 876 350	443 032	4 218 692	4 648 388
JA Treger/MA Barnes **	-	-	17 115 242	21 278 270
	20 986 562	10 132 247	31 632 168	35 602 290

* Includes 800 000 shares acquired from the exercise of share options prior to year end.

** Resigned 10 July 2002

The above holding for 2003 is broken down as follows:

	Direct beneficial	Indirect beneficial	Direct non beneficial	Indirect non beneficial
Ordinary shares				
I Kirsh	-	-	-	6 134 847
W Kirsh	11 071	-	-	4 448 900
P Maw	15 288	-	-	499 336
AP Nkuna/HM Madima	-	-	-	9 876 350
K Pillay	-	770	-	-
	26 359	770	-	20 959 433
"N" shares				
I Kirsh	-	-	-	5 844 290
W Kirsh	11 077	-	-	3 100 812
P Maw	37 850	-	-	658 682
AP Nkuna/HM Madima	-	-	-	443 032
K Pillay	-	36 504	-	-
	48 927	36 504	-	10 046 816

Annexure 5 – Stock exchange performance and shareholder analysis

for the year ended 30 June

SHARES AND SHAREHOLDERS

Listed below are analyses of holdings from the register of ordinary and "N" shareholders at 30 June 2003.

	Ordinary shares 2003	"N" shares 2003	Ordinary shares 2002	"N" shares 2002
Stock exchange performance				
Total number of shares traded ('000)	8 417	56 249	20 373	63 869
Total number of shares traded as a percentage of total shares (%)	16,62	32,45	42,24	35,92
Total value of shares traded (R million)	38 792	215 848	80 195	246 047
Prices (cents)				
Closing	440	400	440	374
High	580	460	480	460
Low	390	320	300	300
Percentage of shares held by non-public shareholders (%)	74,29	21,57	77,25	21,19
Percentage of shares held by public shareholders (%)	25,71	78,43	22,75	78,81

The following are the principal shareholders whose holding, directly or indirectly, including asset managers' investment funds, in the company total more than 5% of the issued share capital as at 30 June 2003:

Active Value Advisors Limited	17 115 242	21 278 220	17 115 242	21 278 270
Coltell Investments Limited	4 913 851	4 920 719	4 913 851	4 920 719
Mineworkers Investment Company (Pty) Limited	9 876 350	443 032	4 218 692	4 648 388
William Kirsh Family Trust	3 034 806	1 160 609	3 034 806	2 480 609

	No. of shareholders in South Africa		No. of shareholders other than in South Africa		Total shareholders	
	Nominal number	%	Nominal number	%	Nominal number	%
Ordinary shares						
Public	2 444	97,64	51	2,04	2 495	99,68
Directors	6	0,24	–	0,00	6	0,24
Other – The Primedia Trust	2	0,08	–	0,00	2	0,08
	2 452	97,96	51	2,04	2 503	100,00
"N" shares						
Public	3 572	97,84	71	1,94	3 643	99,78
Directors	6	0,16	–	0,00	6	0,16
Other – The Primedia Trust	2	0,06	–	0,00	2	0,06
	3 580	98,06	71	1,94	3 651	100,00

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Notice of annual general meeting

Notice is hereby given that the tenth annual general meeting of members of Primedia Limited ("the company") will be held on the First Floor, Primedia Place, 5 Gwen Lane, (Corner Fredman Drive), Sandown on Thursday, 22 January 2004 at 09h00 to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

ORDINARY BUSINESS

Ordinary Resolution Number 1

"RESOLVED THAT the consolidated audited annual financial statements of the company and its subsidiaries, incorporating the auditors' and directors' reports for the year ended 30 June 2003, be received and adopted."

Ordinary Resolution Number 2

"RESOLVED THAT the re-appointment of NJM Canca for a further term of office in terms of Article 13 of the Articles of Association of the company be hereby approved."

Ordinary Resolution Number 3

"RESOLVED THAT the re-appointment of O Ighodaro for a further term of office in terms of Article 13 of the Articles of Association of the company be hereby approved."

Ordinary Resolution Number 4

"RESOLVED THAT the re-appointment of A P Nkuna for a further term of office in terms of Article 13 of the Articles of Association of the company be hereby approved."

Ordinary Resolution Number 5

"RESOLVED THAT the re-appointment of K Pillay for a further term of office in terms of Article 13 of the Articles of Association of the company be hereby approved."

Ordinary Resolution Number 6

"RESOLVED THAT the re-appointment of C S Seabrooke for a further term of office in terms of Article 13 of the Articles of Association of the company be hereby approved."

A profile of the aforesaid directors can be found on pages 42 to 43 of the Annual Report.

Ordinary Resolution Number 7

"RESOLVED THAT the non-executive directors' fees for the 2003/2004 financial year be hereby approved as follows:

Chairman	R400 000
Directors	R130 000
Committee chairman	R130 000
Committee member	R70 000

and that these may be reviewed at the discretion of the Remuneration Committee with reference to changes in the Consumer Price Index in each succeeding calendar year without the need for a further resolution by shareholders.

Notice of annual general meeting *(continued)*

Ordinary Resolution Number 8

“RESOLVED THAT the re-appointment of Deloitte & Touche as auditors of the company be hereby approved.”

SPECIAL BUSINESS

Ordinary Resolution Number 9

“RESOLVED THAT the directors be granted a general authority to allot and issue the authorised but unissued ordinary and “N” shares of the company after providing for the allotment and issue of ordinary and “N” shares in terms of the company’s share scheme, which shares are hereby placed under the control of the directors, upon such terms and conditions as they in their sole discretion may determine subject to the provisions of the Companies Act, 61 of 1973, as amended (“the Act”), and the Listings Requirements of the JSE Securities Exchange South Africa (“the JSE”) and any other stock exchange upon which the shares of the company may be quoted or listed.”

Ordinary Resolution Number 10

“RESOLVED THAT, subject to the provisions of the Act and the prior approval of the JSE, the directors of the company shall be entitled to pay pro rata to all shareholders, by way of a pro rata reduction of share capital or share premium, in lieu of a dividend, an amount up to the amount which the directors of the company would have declared and paid as a dividend, subject to the following limitations:

- That this authority shall be valid only until the next annual general meeting or for 15 months from the date of the passing of this resolution, whichever period is shorter.
- Any such payment(s) may not exceed 20% of the company’s issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year.

At the time of any such payment an announcement will be published containing, inter alia, the terms of the payment, the date of the general meeting at which the authority was obtained, the date on which the payment is to be made, and the effect on earnings per share, headline earnings per share, net asset value per share and tangible net asset value per share.”

The directors intend to use the authority herein sought to make distributions to shareholders, in lieu of dividends, subject to the provisions of the Act and the directors being of the opinion that after considering the effect of such distribution:

- The company and its subsidiaries will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of this annual general meeting;
- The consolidated assets of the company will be in excess of the consolidated liabilities of the company for a period of 12 months after the date of the notice of this annual general meeting;
- The share capital and reserves of the company and its subsidiaries will be adequate for ordinary business purposes for a period of 12 months after the date of notice of this annual general meeting; and
- The consolidated working capital of the company will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of this annual general meeting.

Special Resolution

To consider and, if deemed fit, to pass with or without modification the following special resolution in the manner required by the Act and subject to the Listings Requirements of the JSE:

“RESOLVED THAT in terms of the authority granted in the Articles of Association of the company and/or subsidiary of the company, the company and/or any of its subsidiaries be and is hereby authorised, by way of a general approval, to acquire the company’s own shares comprising ordinary and “N” shares, upon such terms and conditions and in such amounts as the directors of the company (and, in the case of an acquisition by a subsidiary/(ies), the directors of the subsidiary) may from time to time decide but subject to the provisions of the Act and the Listings Requirements of the JSE and any other stock exchange upon which the shares of the company may be quoted or listed, subject to the following conditions:

- That this authority shall be valid until the next annual general meeting of the company or for 15 months from the date of the passing of this resolution, whichever period is shorter.
- That any acquisition of shares in terms of this authority be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party.
- That the acquisitions by the company of its own shares in any one financial year shall be limited to 20% of the issued share capital of the relevant class in existence at the date of this annual general meeting and that the acquisition by any subsidiary of the company’s own shares does not result in the subsidiary, together with all other subsidiaries of the company, holding more than 10% in the aggregate of the relevant class of securities in the company.
- That any acquisition of ordinary shares and/or “N” shares in terms of this authority may not be made at a price greater than 10% above the weighted average traded price of the relevant class of securities over the 5 business days immediately preceding the date on which the transaction is effected.
- That after any acquisition of ordinary shares and/or “N” shares, the company complies with the shareholder spread requirements set out in the JSE Listings Requirements.
- That an announcement containing full details of such acquisitions of shares will be published as soon as the company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant class in issue at the date of the general meeting at which this special resolution is considered and, if approved, passed for each 3% in aggregate of the initial number acquired thereafter.
- That any such acquisition is not effected during a prohibited period as defined in the JSE Listings Requirements.”

The reason for, and effect of, this special resolution is to grant the directors a general authority in terms of the Act and, subject to the Listings Requirements of the JSE and any other stock exchange upon which the shares of the company may be quoted or listed, for the acquisition by the company or one of its wholly-owned subsidiaries of the company’s own shares on the terms set out above.

The directors of the company have no specific intention to acquire any of the company’s shares, a position which will be continually re-examined having regard to prevailing circumstances (including the tax dispensation and market conditions) and, after considering the effects of a maximum repurchase, the directors are of the opinion that:

- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date of notice of this annual general meeting;

Notice of annual general meeting *(continued)*

- the consolidated assets of the company, fairly valued in accordance with generally accepted accounting practice, will be in excess of its consolidated liabilities for a period of 12 months after the date of notice of this annual general meeting; and
- the company's issued share capital and reserves and working capital will be adequate for a period of 12 months after the date of notice of the annual general meeting to meet the group's current and foreseeable future requirements.

Each member who, being a natural person, is present in person, by proxy or agent, or being a company, is present by representative proxy or agent at the annual general meeting, is entitled to vote on a show of hands. On a poll, each member entitled to vote, whether present in person or by proxy, or by representation, is entitled to vote for each ordinary and/or "N" share held.

A member who is entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in their stead. The proxy need not be a member of the company.

A form of proxy is attached for use by members who are unable to attend the annual general meeting in person. Duly completed forms of proxy must be returned to the company secretary, at the registered address of the company, by not later than 09h00 on 20 January 2004. The completion of the proxy form will not preclude a member from attending the meeting.

If you have dematerialised your shares with a Central Securities Depository Participant ("CSDP") or broker you must arrange with them to provide you with the necessary authorisation to attend the annual general meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or broker.

By order of the board

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O Ighodaro
Company Secretary

Sandton

17 December 2003

6th Floor	PO Box 652110
Primedia Place	Benmore
5 Gwen Lane	2010
Sandown	
2196	

Form of proxy

PRIMEDIA LIMITED

Incorporated in the Republic of South Africa
 Registration Number 1993/003355/06
 Share code: PMA ISIN: ZAE000035119
 Share code: PMN ISIN: ZAE000035127

("Primedia" or "the company")

FORM OF PROXY FOR PRIMEDIA ORDINARY SHAREHOLDERS

This form of proxy is only to be completed by those Primedia shareholders who are holding ordinary shares in certified form or recorded on sub-registered electronic form in "own name". Primedia shareholders who are holding dematerialised ordinary shares are requested to refer to paragraph 1 and 2 of the "Notes" for further instructions.

For use by all Primedia ordinary shareholders at the annual general meeting of members to be held at First Floor, Primedia Place, 5 Gwen Lane, (Cnr Fredman Drive), Sandown on Thursday, 22 January 2004 at 09h00 ("the general meeting").

I/We _____ (PLEASE PRINT)

of _____

Being a registered holder of _____ ordinary shares in Primedia hereby appoint (see note 3):

1. _____ or failing him/her*
2. _____ or failing him/her*
3. the Chairman of the general meeting
 as my/our* proxy to act for me/us* at the annual general meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or* against such resolutions and/or* abstain from voting in respect of the ordinary shares in the issued capital of Primedia registered in my/our* name (see note 5) as follows:

	NUMBER OF VOTES				NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN
Ordinary Resolution No 1				Ordinary Resolution No 7			
Ordinary Resolution No 2				Ordinary Resolution No 8			
Ordinary Resolution No 3				Ordinary Resolution No 9			
Ordinary Resolution No 4				Ordinary Resolution No 10			
Ordinary Resolution No 5				Special Resolution			
Ordinary Resolution No 6							

and generally to act as my/our* proxy at the annual general meeting. (If no directions are given, the proxy holder will be entitled to vote or to abstain from voting as that proxy holder deems fit.)

Signed at _____ on _____ 2003/4*

Signature _____

Assisted by me (where applicable) _____ (state capacity and full name)

Each member is entitled to appoint one or more proxies (who need not be a member/s of Primedia) to attend, speak and vote in place of that member at the annual general meeting.

Please read the notes on the reverse hereof.

* Delete where applicable

Notes to form of proxy

- 1 A form of proxy is only to be completed by those ordinary shareholders who are:
 - holding ordinary shares in certificated form; or
 - recorded on sub-register electronic form in “own name”.
- 2 If you have already dematerialised your ordinary shares through a Central Securities Depository Participant (“CSDP”) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a Letter of Representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and the CSDP or broker.
- 3 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
- 4 Every person present and entitled to vote at the meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of ordinary shares such person holds or represents but, in the event of a poll, a member shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the ordinary shares held by him/her bears to the aggregate of the nominal value of all the ordinary shares issued by the company.
- 5 Please insert the relevant number of ordinary shares/votes and indicate with an X in the appropriate spaces on the face hereof, how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.
- 6 A deletion of any printed details and the completion of any blank space/s need not be signed or initialled. Any alteration must be initialled.
- 7 The Chairman of the annual general meeting shall be entitled to decline to accept the authority of the signatory under a power of attorney, or on behalf of a company, unless the original power of attorney or authority or a notarially certified copy thereof is produced or has been registered.
- 8 The signatory may insert the name of any person/s whom the signatory wishes to appoint as his/her proxy, in the blank space/s provided for that purpose.
- 9 When there are joint holders of ordinary shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of such ordinary shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
- 10 A minor should be assisted by his parent or legal guardian unless the relevant documents establishing his legal capacity are produced or have been registered.
- 11 The completion and lodging of this proxy form will not prejudice the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
- 12 If the shareholding is not indicated on the proxy form, the proxy will be deemed to be authorised to vote the total ordinary shareholding.
- 13 The Chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
- 14 Forms of proxy will not be accepted unless they have been returned by the shareholders concerned to the company’s registered office, 6th Floor, Primedia Place, 5 Gwen Lane, Sandown, 2196 (P O Box 652110, Benmore, 2010), so as to be received by no later than 09h00 on Tuesday, 20 January 2004.

Form of proxy

PRIMEDIA LIMITED

Incorporated in the Republic of South Africa
 Registration Number 1993/003355/06
 Share code: PMA ISIN: ZAE000035119
 Share code: PMN ISIN: ZAE000035127

("Primedia" or "the company")

FORM OF PROXY FOR PRIMEDIA "N" SHAREHOLDERS

This form of proxy is only to be completed by those Primedia shareholders who are holding "N" shares in certified form or recorded on sub-registered electronic form in "own name". Primedia shareholders who are holding dematerialised "N" shares are requested to refer to paragraphs 1 and 2 of the "Notes" for further instructions.

For use by all Primedia "N" shareholders at the annual general meeting of members to be held at First Floor, Primedia Place, 5 Gwen Lane, (Cnr Fredman Drive), Sandown on Thursday, 22 January 2004 at 09h00 ("the general meeting").

I/We _____ (PLEASE PRINT)

of _____

being a holder of _____ "N" shares in Primedia hereby appoint (see note 3):

1. _____ or failing him/her*
2. _____ or failing him/her*
3. the Chairman of the general meeting
 as my/our* proxy to act for me/us* at the annual general meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or* against such resolutions and/or* abstain from voting in respect of the "N" shares in the issued capital of Primedia registered in my/our* name (see note 5) as follows:

	NUMBER OF VOTES				NUMBER OF VOTES		
	FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN
Ordinary Resolution No 1				Ordinary Resolution No 7			
Ordinary Resolution No 2				Ordinary Resolution No 8			
Ordinary Resolution No 3				Ordinary Resolution No 9			
Ordinary Resolution No 4				Ordinary Resolution No 10			
Ordinary Resolution No 5				Special Resolution			
Ordinary Resolution No 6							

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and generally to act as my/our* proxy at the annual general meeting. (If no directions are given, the proxy holder will be entitled to vote or to abstain from voting as that proxy holder deems fit.)

Signed at _____ on _____ 2003/4*

Signature _____

Assisted by me (where applicable) _____ (state capacity and full name)

Each member is entitled to appoint one or more proxies (who need not be a member/s of Primedia) to attend, speak and vote in place of that member at the annual general meeting.

Please read the notes on the reverse hereof.

* Delete where applicable

Notes to form of proxy

- 1 A form of proxy is only to be completed by those "N" shareholders who are:
 - holding "N" shares in certificated form; or
 - recorded on sub-register electronic form in "own name".
- 2 If you have already dematerialised your "N" shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a Letter of Representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and the CSDP or broker.
- 3 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
- 4 Every person present and entitled to vote at the meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of "N" shares such person holds or represents but, in the event of a poll, a member shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the "N" shares held by him/her bears to the aggregate of the nominal value of all the "N" shares issued by the company.
- 5 Please insert the relevant number of "N" shares/votes and indicate with an X in the appropriate spaces on the face hereof, how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.
- 6 A deletion of any printed details and the completion of any blank space/s need not be signed or initialled. Any alteration must be initialled.
- 7 The Chairman of the annual general meeting shall be entitled to decline to accept the authority of the signatory under a power of attorney, or on behalf of a company, unless the original power of attorney or authority or a notarially certified copy thereof is produced or has been registered.
- 8 The signatory may insert the name of any person/s whom the signatory wishes to appoint as his/her proxy, in the blank space/s provided for that purpose.
- 9 When there are joint holders of "N" shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of such "N" shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
- 10 A minor should be assisted by his parent or legal guardian unless the relevant documents establishing his legal capacity are produced or have been registered.
- 11 The completion and lodging of this proxy form will not prejudice the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
- 12 If the shareholding is not indicated on the proxy form, the proxy will be deemed to be authorised to vote the total "N" shareholding.
- 13 The Chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
- 14 Forms of proxy will not be accepted unless they have been returned by the shareholders concerned to the company's registered office, 6th Floor, Primedia Place, 5 Gwen Lane, Sandown, 2196 (P O Box 652110, Benmore, 2010), so as to be received by no later than 09h00 on Tuesday, 20 January 2004.

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