



03 INTERIM UNAUDITED RESULTS 31 December

Interim unaudited results for the six months ended 31 December 2003
Incorporated in the Republic of South Africa Registration number 1993/003355/06
Share code: PMA ISIN: ZAE000035119 Share code: PMN ISIN: ZAE000035127
("Primedia")

Highlights

- Operating profit up 39,4% to R132,7 million
- Headline earnings per share up 396,3% to 32,1 cents
- Cash distribution to shareholders up 20,8% to 15,7 cents
- Strategic acquisition concluded
- Proforma headline earnings per share of 35,5 cents
- Increased empowerment shareholding

CONSOLIDATED INCOME STATEMENT

	6 months ended 31 Dec 03 Unaudited R 000's	6 months ended 31 Dec 02 Unaudited R 000's	% change	12 months ended 30 Jun 03 Audited R 000's
Revenue				
– Continuing operations	898 583	780 880	15,1%	1 549 024
– Disposed entities	24 608	148 376		224 406
	923 191	929 256	(0,7%)	1 773 430
Operating profit before depreciation	164 667	137 018	20,2%	277 327
Depreciation	(32 015)	(41 833)		(78 796)
Operating profit ("PBIT")	132 652	95 185	39,4%	198 531
– Continuing operations	136 356	100 868	35,2%	207 854
– Disposed entities	(3 704)	(5 683)		(9 323)
Net finance costs	(11 176)	(7 826)		(14 659)
Unrealised foreign exchange gains/(losses)	5 773	(11 614)		(9 978)
Profit before exceptional items and amortisation	127 249	75 745	68,0%	173 894
Amortisation of intangible assets	(1 030)	(1 996)		(4 393)
Exceptional items (note 1)	16 369	(1 771)		(13 357)
Share of associated company losses	(297)	(24 650)		(46 464)
Profit before tax	142 291	47 328		109 680
Taxation	(38 199)	(19 062)		(63 889)
Profit after tax	104 092	28 266		45 791
Minority interest	(18 380)	(13 403)		(24 587)
Net profit for the period	85 712	14 863	476,7%	21 204
Reconciliation of headline earnings				
Net profit for the period	85 712	14 863		21 204
Goodwill amortisation	1 025	1 996		4 380
Capital items	(17 319)	801		24 542
Headline earnings	69 418	17 660	293,1%	50 126
Number of shares ('000)				
– Issued	216 364	218 021		216 364
– Weighted average	216 364	218 475		218 229
– Diluted weighted average	220 317	218 898		218 724
Earnings per share (cents)				
– Headline	32,1	8,1	396,3%	23,0
– Basic	39,6	6,8		9,7
– Diluted headline	31,5	8,1		22,9
– Diluted basic	38,9	6,8		9,7

CONSOLIDATED BALANCE SHEET

	31 Dec 03 Unaudited R 000's	31 Dec 02 Unaudited R 000's	30 Jun 03 Audited R 000's
ASSETS			
Non-current assets	489 175	755 531	506 617
Property, plant and equipment	269 967	282 612	284 381
Goodwill and intangible assets	27 821	12 386	6 161
Investment in associates	8 829	93 867	24 217
Other investments (at cost and directors' valuation)	14 915	2 804	12 122
Deferred tax asset	167 643	363 862	179 736
Current assets	500 114	600 028	425 014
Inventory	56 078	69 634	38 446
Trade and other receivables	422 175	443 359	355 856
Bank balances and cash	21 861	87 035	30 712
Total assets	989 289	1 355 559	931 631
EQUITY & LIABILITIES			
Share capital and reserves	340 394	427 283	302 692
Minority interest	16 434	143 061	20 246
Total shareholders' funds	356 828	570 344	322 938
Non-current liabilities	167 714	157 352	164 339
Long-term borrowings	66 422	49 587	68 350
Landlord inducement premium	19 265	19 942	19 512
Long-term provisions	82 027	87 823	76 477
Current liabilities	464 747	627 863	444 354
Bank borrowings and overdrafts	55 444	160 452	43 360
Short-term portion of long-term borrowings	3 441	4 610	4 538
Other current liabilities	405 862	462 801	396 456
Total equity and liabilities	989 289	1 355 559	931 631
Net asset value per share	157	196	140

CONTRIBUTION TO CORE HEADLINE EARNINGS PER SHARE

	6 months ended 31 Dec 03 cents	6 months ended 31 Dec 02 cents	% change	12 months ended 30 Jun 03 cents
Core operations – South Africa (*)	30,7	24,6	24,8%	52,2
Non-core operations – international (*)	0,6	(11,8)	105,0%	(21,5)
Headline earnings per share before adjusting items	31,3	12,8	144,5%	30,7
Disposed entities	(0,7)	(2,2)		(3,4)
Headline earnings impact of capital items, foreign exchange gains or losses, exceptional items and the taxation differential	1,5	(2,5)		(4,3)
Headline earnings per share	32,1	8,1	296,3%	23,0

* PBIT adjusted for net interest, taxed at the standard rate of 30% and adjusted for minority interests.

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 31 Dec 03 Unaudited R 000's	6 months ended 31 Dec 02 Unaudited R 000's	12 months ended 30 Jun 03 Audited R 000's
Cash generated from operations	94 854	77 919	194 558
Cash flow relating to exceptional items	6 296	(2 810)	828
Net interest paid	(11 789)	(9 036)	(13 092)
Tax (paid)/received *	(35 464)	12 791	11 014
Dividends paid to minorities	(537)	-	(863)
Net cash inflow from operating activities	53 360	78 864	192 445
Net acquisition of operations and investments	(16 269)	(11 199)	(3 937)
Loans advanced to associates and minorities	(3 731)	(9 930)	(10 282)
Net acquisition of fixed assets	(22 680)	(30 515)	(45 563)
Net cash outflow from investing activities	(42 680)	(51 644)	(59 782)
Cash distribution out of share premium	(28 560)	-	(28 336)
Share buy back in the company	-	(7 345)	(7 347)
Other financing activities	(3 493)	(928)	(15 805)
Net cash (outflow)/inflow from financing activities	(32 053)	(8 273)	(51 488)
Net movement in cash and cash equivalents	(21 373)	18 947	81 175
Effect of foreign exchange rate changes	438	3 423	1 964
Cash and cash equivalents at beginning of period	(12 648)	(95 787)	(95 787)
Cash and cash equivalents at end of period	(33 583)	(73 417)	(12 648)

* Settlement of R27,0 million paid to SARS included in the period under review.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

	6 months ended 31 Dec 03 Unaudited R 000's	6 months ended 31 Dec 02 Unaudited R 000's	12 months ended 30 Jun 03 Audited R 000's
Opening balance	302 692	420 801	420 801
Prior year adjustment	-	(2 040)	(3 288)
Distribution to shareholders	(29 121)	-	(29 029)
Distribution received by the Primedia Trust	561	-	693
Minority share of intangibles previously written-off against share premium	16 440	-	127 011
Adjustment to tax value of trademarks previously written-off against share premium	569	11 484	(165 086)
Translation reserve realised on disposal of subsidiaries' business	(5 946)	-	(3 867)
Translation reserve realised on disposal of associate's business	(31 044)	-	-
Translation reserve movement	531	(18 504)	(58 984)
Disposal of treasury shares	-	-	2 200
Net profit for the period	85 712	14 863	21 204
Shares issued	-	-	-
- Issue of shares during the period	-	7 619	10 813
- Share issue expenses	-	-	(34)
Share buy back	-	(7 345)	(7 347)
Shares held in the Primedia Trust	-	-	(12 801)
Other movements	-	405	406
Closing balance	340 394	427 283	302 692

SEGMENT REPORT

	6 months ended 31 Dec 2003 Unaudited R 000's	6 months ended 31 Dec 2002 Unaudited R 000's	6 months ended 31 Dec 2003 Unaudited R 000's	6 months ended 31 Dec 2002 Unaudited R 000's
		Revenue		PBIT
Advertising	374 632	316 612	112 039	77 086
Filmed Entertainment	490 429	424 415	32 871	36 042
One to One	33 522	39 853	2 765	(3 032)
Disposed entities	24 608	148 376	(3 704)	(5 683)
Central	-	-	(11 319)	(9 228)
	923 191	929 256	132 652	95 185

SUPPLEMENTARY INFORMATION

Basis of preparation

The financial information has been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. They have been prepared on a basis consistent with the prior year under the historical cost convention, modified by the restatement of financial instruments to fair value. Certain comparative figures have been reclassified so as to provide more meaningful information.

	6 months ended 31 Dec 03 Unaudited R 000's	6 months ended 31 Dec 02 Unaudited R 000's	12 months ended 30 Jun 03 Audited R 000's
1. Exceptional items			
Net profit on disposal and write down of assets and investments	9 161	7 194	8 383
Reversal of onerous lease provision	3 562	-	-
Reversal of provision against sale proceeds of subsidiary	5 786	-	-
Assets and goodwill impaired	(1 734)	(7 994)	(18 909)
Loss on write-off of investment in associate	(702)	-	-
- Release of foreign currency translation reserve on disposal of associate	31 044	-	-
- Write-off of investment in associate	(16 062)	-	-
- Provision for lease guarantees	(15 684)	-	-
Interest due to Receiver of Revenue	-	-	(11 468)
Release of post retirement medical benefits provision	-	-	9 035
Other	296	(971)	(398)
	16 369	(1 771)	(13 357)
Taxation	70	291	(2 965)
Net effect of exceptional items	16 439	(1 480)	(16 322)
2. Capital expenditure and commitments			
Net capital expenditure for the period	22 680	30 515	44 753
Future capital commitments	33 133	61 279	61 971
Financial commitments	52 816	17 711	40 128
Operating lease commitments	340 565	573 876	383 353
- Due within one year	48 983	77 756	89 598
- Thereafter	291 582	496 120	293 755
3. Contingent liabilities			
Less: Indemnities obtained from the purchasers of Ster Century Europe's underlying operations	(121 577)	(141 461)	(142 146)
Unindemnified contingent liabilities	43 261	53 014	50 248
4. Subsequent events			
Primedia has reached agreement to acquire an additional 30,49% economic interest in Africa on Air, which would increase Primedia's total economic interest in the company to 85,83%.			

1. INTRODUCTION

The group's results reflect an excellent performance from the South African businesses and the continued disposal of the group's loss-making international operations. Good strategic progress was made on all fronts in the reporting period.

2. STRATEGIC REVIEW

The group has codified four strategic priorities for 2004 namely:

- Enhancing the breadth of its South African media portfolio;
- Acceleration of group synergy;
- Increased penetration of cinema and home entertainment into the black consumer segment; and
- Disposal of international assets.

Enhancing South African media portfolio

Following undertakings given by members of the Tiso Consortium as well as Phaphama Holdings (Pty) Limited, which currently controls New Africa Investments Limited ("Nail"), Primedia is close to finalizing the acquisition of certain of Nail's media assets. These assets include KFM (the #1 regional radio station in the Western Cape), Nail Outdoor and a minority stake in Gauteng-based Kaya FM ("the Nail media assets"). The purchase price for the Nail media assets will be approximately R218,5 million. In addition to their strategic value, the financial contribution from these assets will materially improve the group's earnings and free cash flow profile and further diversify the group's portfolio of media assets.

Group synergy

In the six months to 31 December 2003, the group's advertising business increased their revenue by 18,3% to R374,6 million. This was influenced by the group's turnover-based synergy initiatives where group companies work collaboratively to secure incremental spend from major South African companies, working with them to achieve their strategic objectives.

Black consumer market strategy

The group's filmed entertainment initiatives are longer term in nature and the investment made in the six months under review into growing black consumer cinema attendances has not yet started to deliver returns, though we remain optimistic about the future potential of this market. The results of Ster-Kinekor Home Entertainment's pilot video store in Meadowlands, Soweto, has however been very encouraging.

International disposals

The group continued to exit its non-core international businesses. In this regard, Ster Century Europe's remaining site in Slovakia was disposed of in October 2003. Loss making Wheel (one to one) was also disposed of in November 2003. The remaining international assets are The Database Group in the UK (one to one) and the group's interest in Ster Century Middle East.

3. FINANCIAL RESULTS

3.1 Income Statement

While total group revenue declined by 0,7%, revenue from continuing operations increased by 15,1% to R898,6 million. The group's South African businesses increased their revenue by 16,4% to R873,4 million.

Group operating profit increased by 39,4% to R132,7 million boosted by the results of the South African businesses, which increased their contribution by 30,7% to R134,5 million. Group operating profit margin increased to 14,4% from 10,2%.

Net finance costs of R11,2 million (2002: R7,8 million) were higher than the previous period, due to finance leases recognised as at 30 June 2003. In addition, high working capital associated with significant revenue growth experienced by Ster-Kinekor Home Entertainment's Sony PlayStation was also a factor. Interest cover was 11,9 times (2002: 12,2 times).

Minorities' share of profit increased from R13,4 million to R18,4 million mainly due to the ongoing repayment of 94.7 Highveld Stereo's empowerment financing structure as well as Highveld's strong growth in operating profits. As set out in the accompanying announcement, agreement has been reached whereby Primedia and Mineworkers Investment Company have increased their economic interest in 94.7 Highveld Stereo. Primedia will now account for 85,8% of Highveld's profits with effect from January 2004.

Headline earnings per share increased from 8,1 cents to 32,1. Excluding the impact of disposed entities, capital items, foreign exchange gains and losses and exceptional items and assuming a standard tax rate of 30%, headline earnings per share was 31,3 cents (2002: 12,8 cents).

3.2 Balance Sheet

The group's balance sheet continues to remain sound with net short-term debt at R37,0 million (June 2003: R17,2 million) and long-term debt of R66,4 million excluding the landlord inducement premium (June 2003: R68,4 million).

3.3 Cash Flow

For the six months under review cash generated from operations was up 21,8% to R94,9 million (2002: R77,9 million) reflecting the improved trading performance. The increase was also after the effect of the cash outflow from higher levels of working capital following the extraordinary demand for Sony Playstation products in November and December 2003. This peak funding cycle has reversed subsequent to the reporting period. Capital expenditure of R22,7 million (2002: R30,5 million) remains well controlled and lower than the depreciation charge for the period.

Free cash flow* of R52,0 million (2002: R51,2 million) was slightly higher than last year due to the improved trading performance and after accounting for cash tax payments in the six months relative to tax refunds received in the prior six months.

The group's free cash flow was mainly deployed to settle outstanding tax due to the South African Revenue Services (SARS) following resolution of the Ster-Kinekor Theatres and Cinemark trademark issue (R27,0 million), cash distributions to shareholders out of share premium (R28,6 million) and earnings enhancing acquisitions of minorities in underlying subsidiaries (R13,5 million).

** Free cash flow is defined as cash generated from operations less net interest paid, cash tax (paid)/received (excluding the aforementioned SARS settlement) and net acquisition of fixed assets.*

4. DIVISIONAL REVIEW

4.1 Advertising

The advertising businesses produced an exceptional result growing revenue by 18,3% from R316,6 million to R374,6 million, which translated into a 45,3% increase in operating profits to R112,0 million (2002: R77,1 million). Operating margins also increased from 24,3% to 29,9%. All divisions contributed to the increase, which was a function of not only good market conditions but also the ongoing benefit of innovations launched in prior periods, synergies and tight cost management.

4.2 Filmed Entertainment

Revenue increased 15,6% from R424,4 million to R490,4 million. This was mainly influenced by Ster-Kinekor Home Entertainment, which grew revenue by 27,8% to R251,2 million. Overall however, operating profit for the filmed entertainment division declined by 8,8% to R32,9 million (2002: R36,0 million) due to lower than expected attendances at Ster-Kinekor Theatres and increased marketing costs aimed at the black consumer market. In addition, relative to last year, reduced levels of TV commission received dampened the performance of Ster-Kinekor Pictures.

4.3 One to One

The continuing operations in the one to one marketing division contributed positively to Primedia's results, recording an operating profit of R2,8 million for the six months relative to last year's loss of R3,0 million.

5. STRATEGIC ACQUISITION

As set out in the accompanying announcement, Primedia has significantly increased its financial interest in 94.7 Highveld Stereo, which will improve the earnings and cash flow prospects of Primedia. Importantly as well, the Mineworkers Investment Company will be substantially increasing its voting and economic interest in Primedia. The detailed rationale and financial effects of this acquisition are set out in the said announcement.

As stated earlier, Primedia is close to finalising another equally important strategic transaction, being the Nail media assets, and shareholders are advised to continue to exercise caution until a further detailed announcement is made.

6. PROSPECTS

Positive macro economic conditions as well as the group's good mix of traditional and non-traditional advertising businesses should continue to positively influence the group's advertising businesses.

Attendances at Ster-Kinekor Theaters are currently meeting expectations and this together with cost reduction initiatives and the improved commercial terms pertaining to the company's loyalty programmes (only concluded in November 2003), will result in an improved second half performance.

Ster-Kinekor Home Entertainment experienced its peak trading in the November/December period and the company is not expected to grow at the same rate in the second half.

The group's remaining one to one business is expected to continue to make a positive contribution for the full year.

Free cash flow for the second half of the year should improve relative to the first half due to the significant reduction of working capital levels subsequent to the reporting period. The group intends to use this cash flow to fund the stated acquisitions and to return cash to shareholders.

7. DEREGULATION OF THE BROADCASTING INDUSTRY

Recently the Independent Broadcasting Authority of South Africa announced that it was to deregulate further the commercial sector of the radio broadcasting industry. Primedia welcomes these changes, which it believes will create significantly greater opportunities for radio broadcasters to develop and grow the industry. Based on the proposed 35% threshold of the number of licenses that could potentially be owned by any one operator under these new rules, the opportunity for Primedia to materially increase the number of licenses it controls is considered very positive for the group in the medium to long term.

8. CASH DISTRIBUTION

Primedia's dividend and distribution policy is to declare and pay an interim and annual distribution representing 50% of its headline earnings per share before adjusting items, unless circumstances dictate otherwise.

In terms of the authority granted by shareholders at the last annual general meeting, notice is hereby given that the company will distribute out of share premium, in lieu of dividends, an amount of 15,7 cents per share. This amount will be payable to the holders of ordinary and N shares recorded in the books of the company on 26 March 2004. The last date to trade "cum" the distribution will be 18 March 2004 and Primedia shares will trade "ex" the distribution from 19 March 2004. Payment of the distribution will be made on 29 March 2004. Share certificates may not be dematerialised or rematerialised between 19 March 2004 and 26 March 2004, both days inclusive.

In terms of the requirements of the Companies Act, the directors confirm that after the payment of the distribution, Primedia will be able to pay its debts as they become due in the ordinary course of the business, and its consolidated assets, fairly valued, will exceed its consolidated liabilities.

For and behalf of the board

AP NKUNA

Chairman

Johannesburg
2 March 2004

W KIRSH

Chief Executive

O IGHODARO

Chief Financial Officer

Directorate: AP Nkuna (Chairman), W Kirsh* (Chief Executive), MJ Bosman, NJM Canca, FA Gazendam*, O Ighodaro* (Chief Financial Officer), HM Khoza, I Kirsh, HM Madima, P Maw, K Pillay*, CS Seabrooke, BJT Shongwe, SV Zilwa, K Pillay (alternate).

Company secretary: O Ighodaro
(*Executive directors)

REGISTERED OFFICE

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TRANSFER SECRETARIES

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