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Primedia Limited

CHAIRMAN'S STATEMENT



I am happy to report to all our stakeholders that Primedia delivered a record set of results in the year under review and made substantial progress across all operations against the strategic objectives set out at the start of the year.

The year has been characterised by strong organic growth, with a number of exciting, new earnings-enhancing acquisitions concluded; all carefully thought through and designed to deliver on our strategy of being a world-class media group in the new age of digital media, able to produce above-average returns for shareholders.

Looking back over the last six years, the group has delivered an annual compound growth rate of 29% in South African operating profit before interest and tax. During the year, free cash flow continued its strong growth trajectory, up 32% to 135 cents per share, with shareholders benefiting from a 52% increase in distributions.

The content division made great strides in addressing the challenges within the cinema business, with the new Ster-Kinekor Junction format assisting the division's continued growth. In addition, good progress was made in increasing black consumer patronage at our cinemas.

The advertising division had a very strong year with each of the division's core businesses within the broadcasting and non-broadcasting segments producing excellent increases in revenue and operating profit.

Some important steps were taken towards unlocking the value of the group's sports assets. In particular, the recent acquisition of majority stakes in Powerview (renamed Megaview) and Warwick Sport and Media are illustrative of the considerable on-going efforts of the executive team in positioning Primedia as the media partner of choice for the FIFA 2010 World Cup.

The group has continued to build on its successful transformation strategy of empowerment through growth, not substitution, and further tangible progress has been made within operations and at senior executive level. As a result of the group's bold empowerment initiatives, which include the issue of 8 million Primedia N ordinary shares at par value and the acquisition of the remaining minority interest in Africa on Air, MIC's economic interest in the group has

increased from 6% to 18% (including additional shares acquired directly in the market by MIC).

Once again, the board of Primedia would like to thank the group's existing shareholders for their continued support, and welcome new shareholders who have chosen to invest in the group during the course of the year.

As reported last year, the group is fully compliant with the provisions of the King II Report. During the year, Mr Kaizer Motaung resigned from the board with just over one year's service as a non-executive director. On behalf of the board, I would like to thank Mr Motaung for his valuable insight and contribution during his tenure. I would also like to welcome Ms Melody Lekota, group human resources executive, who was appointed as an executive director with effect from 9 June 2006. I am grateful to all members of the board for their objective, analytical rigour and remain satisfied that the composition of the board continues to reflect a highly appropriate mix of skills and experience.

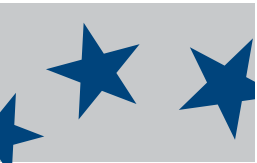
The infectious enthusiasm and energy for the business that one feels when dealing with executives at every level within Primedia is tremendous. It is reflective of the absolute commitment shown by all our people, which in turn has resulted in a truly commendable financial performance. It also mirrors the great sense of innovation and entrepreneurship, which lies at the core of all our operations.

This energy and momentum instils a great sense of confidence as we commit to the next phase of the group's development – to maintain the strong momentum, to further entrench established market positions as well as to enter new media sectors.

My sincere thanks to all stakeholders including everyone within the group for their continued dedication.

AP Nkuna
Non-executive Chairman

25 October 2006



The group's current composition and momentum is underpinned by deep strategic insight into the media industry, great innovation and entrepreneurship



OVERVIEW

Primedia is extremely proud to have produced another excellent set of results for the period under review and is pleased to report record revenue performances for both the advertising and content divisions. The group's current composition and momentum is underpinned by deep strategic insight into the media industry, great innovation and entrepreneurship, as well as a management team focused on implementing a world-class strategy, which should deliver consistent and above-average returns and cash distributions to shareholders.

FINANCIAL HIGHLIGHTS

The momentum at the interim stage was evident for the full year, with revenue increasing 23% to R2,4 billion, with both the core advertising and content divisions growing their revenue by 24% and 22% respectively and both divisions breaching the R1 billion mark for the first time.

Group EBITDA surpassed the R0,5 billion mark for the first time, rising 28% to R531,4 million (2005: R415,0 million). After depreciation and software amortisation of R70,4 million (2005: R61,8 million) this translated into PBIT of R461,0 million, which was 31% higher than last year (R353,2 million).

A once-off expense of R108,4 million, amounting to 48 cents per share, was recognised in terms of IFRS 2 (share based payment) and related to the group's BEE initiative which involved the issue of 8 million N ordinary shares to Mineworkers Investment Company at par value. The result of this transaction, as well as many other

transformation initiatives that have been embarked upon by Primedia over many years, has assured Primedia's ranking as South Africa's most transformed media company for the second year in a row.

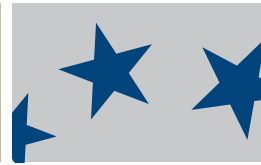
Headline earnings per share ("HEPS") before the once-off BEE expense increased by 32% to 125 cents. The group generated after tax free cash flow of R304,4 million which exceeded headline earnings of R281,8 million (excluding the once off BEE cost) by 8%.

Due to the group's continued good free cash flow generation and sound financial standing, the group reduced its distribution cover (based on adjusted HEPS before BEE cost, IFRS share option costs and unrealised foreign exchange losses) for the full year to 1,5 times, resulting in a full year distribution of 85 cents (up 52%).

The group successfully issued R150,0 million of perpetual preference shares which has strengthened the company's balance sheet. Notwithstanding the significant cash returned to shareholders (R289,9 million) as well as R142,8 million spent on acquisitions, the group's net debt reduced from R322,0 million to R282,6 million due to the group's high free cash flow generation and the R150,0 million raised from perpetual preference shares.

STRATEGIC REVIEW

A benchmarked, world-class strategy drives Primedia's performance. The group continues to track global media trends and monitor best practices and this allows it to be proactive in identifying global opportunities that are appropriate to the local media market place. The group's leadership of the South African "out of home" media



spectrum is pervasive and includes radio in the car, billboards, commuter media, airport advertising, shopping mall media, wash room advertising, in-store media and cinema advertising. As the world becomes more digitally centric and audiences more fragmented, Primedia's out of home media presence is assuming far greater importance to its clients and advertisers. Using digital technology to enhance existing traditional delivery channels (thereby increasing revenue and reducing distribution costs) Primedia is able to capitalise on global trends and opportunities from the digital world, including the increasing consumption of digital media by consumers.

Delivering on the group's strategic priorities for 2006

At the beginning of the 2006 financial year, the group outlined five key strategic priorities for the short to medium term, namely:

- Increased patronage of filmed entertainment by black consumers;
- Increased patronage of filmed entertainment by traditional audiences;
- The achievement of critical mass for Primedia Unlimited Advertising;
- Unlocking value from the group's sport assets; and
- Establishing a greater proportion of earnings from content.

Product supply problems in the filmed entertainment business were resolved in November 2005, and excellent progress has been made at the Ster-Kinekor Junction sites, where cinema ticket prices have been significantly reduced. Black consumer attendances across Ster-Kinekor's cinemas now stand at an impressive 36% (2005: 14%). Revenue at the Ster-Kinekor Junction sites increased by 42% subsequent to the resolution of the product supply problems as compared to the corresponding prior period. Taking into account the slower rate of revenue growth at the Ster-Kinekor Classic sites, Ster-Kinekor Theatres' overall revenue has increased by 20% over the same period.

On the back of targeted acquisitions, the financial objective originally set to attain critical mass at Primedia Unlimited Advertising was an annualised PBIT of R20 million. Although the division fell marginally short of this financial objective, much progress has been made, which will translate into significantly improved results for 2007.

Unlocking the value of the group's sports assets is a medium- to long-term focus. Satisfactory progress has been made in positioning Primedia as the preferred media partner to corporate South Africa for the FIFA 2010 World Cup. The recent acquisitions of an 80% stake in

Powerview (South Africa's leading supplier of digital perimeter advertising boards at sports stadia, now renamed Megaview), and a 70% stake in Warwick Sport and Media (a leading hospitality operation) by Primedia Sport are both relevant in this regard.

Content businesses currently contribute approximately 20% of the group's operating profit. The group's medium- to long-term objective is to generate between 30% and 40% of its operating profit from content, which is a less cyclical earnings driver. The achievement of this target remains a significant challenge, given the fact that the advertising businesses continue to grow robustly. However, it is of key importance that the group continues to increase the size of its existing content businesses, and to diversify into new areas. The improved performance of Ster-Kinekor Theatres will assist in the achievement of greater scale from the existing portfolio, and the purchase of a controlling stake in eXactmobile and establishment of Primedia Education will assist in achieving greater diversification.

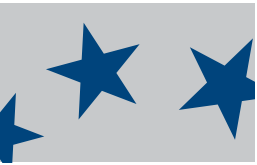
As with all companies, the pursuit of growth is a key objective. Whilst many of our strategic priorities embellish this, we persistently drive our growth through the group's six-pronged growth strategy namely organic growth, innovation, geographic expansion into Africa, bolt-on acquisitions, acquisitions of companies in new growing sectors of the media industry and finally, growth through convergence opportunities. Highlights for the 2006 fiscal include organic and innovative growth in operating profit of 24%. In addition, the group made a number of earnings enhancing acquisitions including the bolt-on acquisitions of GMR (Comutanet), Indiza Media (Primedia Outdoor), Powerview (Primedia Sport), 365 Digital (iafrica.com) as well as investments into new high growth, scalable media sectors namely The Letter Corporation, Campus Media (formerly Moving Tactics), X/Procure and eXactmobile. The full impact of all these acquisitions will be felt in the 2007 fiscal.

In summary, very satisfactory progress was achieved in respect of the group's strategic priorities for the 2006 fiscal.

Setting the group's strategic priorities for 2007

The group's key strategic priorities for 2007 are largely a continuation of 2006 strategies, and include the following:

- Accelerated expansion into new media sectors, with a focus on an increased exposure to content based media;
- Realising the full benefit of Ster-Kinekor Theatres' low price ticket strategy and thereby positioning the company for sustainable growth. This objective will also enable the group to increase its earnings contribution from content; and



- Continued focus on unlocking the value of the group's sports assets, following the shift in the world's focus from the FIFA 2006 Soccer World Cup to the event to be hosted by South Africa in 2010.

The group's growth strategies will also continue to be a major focus, as will the increase in the scale of many of our businesses.

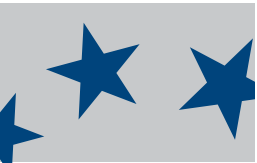
PROSPECTS

The group's strategic and financial health is excellent. In the next fiscal, we expect good organic and innovative growth fuelled by the group's leadership of "out of home" media, the use of digital technology to enhance existing traditional delivery channels and the contribution from recent acquisitions. Given the progress made to date, the group is focused on development plans through to 2010 and internal targets have been set which, though ambitious, are achievable.

We are most grateful to all our stakeholders and, in particular our dedicated employees, who have enabled our progress.

William Kirsh
Chief Executive

25 October 2006



Solid growth in the advertising industry, reflecting buoyant economic conditions and consumer confidence



DIVISIONAL RESULTS*

	2006 R'mil	2005 R'mil	% change
Revenue	1 146,8	950,3	21%
EBITDA	432,7	332,0	30%
PBIT	395,3	298,8	32%
PBIT margin (%)	34,5%	31,4%	

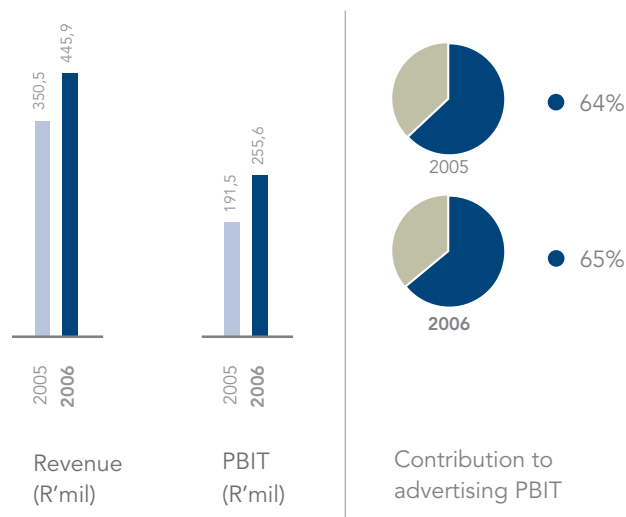
* Excluding Primedia Unlimited Advertising

OVERVIEW

The year under review saw solid growth in the advertising industry, reflecting buoyant economic conditions and consumer confidence. This, coupled with sound strategy, strong divisional management, innovation and teamwork has resulted in another record performance with all major businesses performing exceptionally well and revenue increasing by 21% to R1,1 billion (2005: R950,3 million).

PBIT increased by 32% to R395,3 million (2005: R298,8 million) and PBIT margins increased to 34,5% from 31,4%. Primedia Broadcasting remains the advertising division's biggest contributor, delivering R255,6 million in PBIT (2005: R191,5 million), an improvement of 33%. The division's non-broadcasting businesses, which include Primedia Outdoor, Primedia Instore, Comutanet, Cinemark and Primedia Sport, contributed R139,7 million in PBIT, up 30% (2005: R107,3 million).

BROADCASTING BUSINESSES



Primedia Broadcasting is the owner and operator of four premium-branded commercial radio stations, namely 94.7 Highveld Stereo, 94.5 Kfm, Talk Radio 702 and 567 CapeTalk, which together have a combined audience base of around three million upwardly mobile listeners. The 2006 fiscal saw excellent performances from the radio



stations with revenues from both 94.7 Highveld Stereo and Talk Radio 702 reaching new heights. 94.7 Highveld Stereo constantly continues to refine its on-air product, building great brand loyalty and a strong listenership base, and this resulted in a 16% growth in net advertising sales and PBIT growth of 20%. Talk Radio 702 increased net advertising sales by 30%, translating into a 206% increase in PBIT. This fantastic performance was primarily due to an innovative approach to targeting new direct clients using the Image Plus programme, as well as continued improvements in on-air programming. 94.5 Kfm reported an improvement in its profitability, with PBIT margins increasing by 4% year on year due to improved business efficiencies resulting from closer collaboration with the group's other radio stations. 567 Cape Talk also had a very satisfactory year.

Regulatory milestones

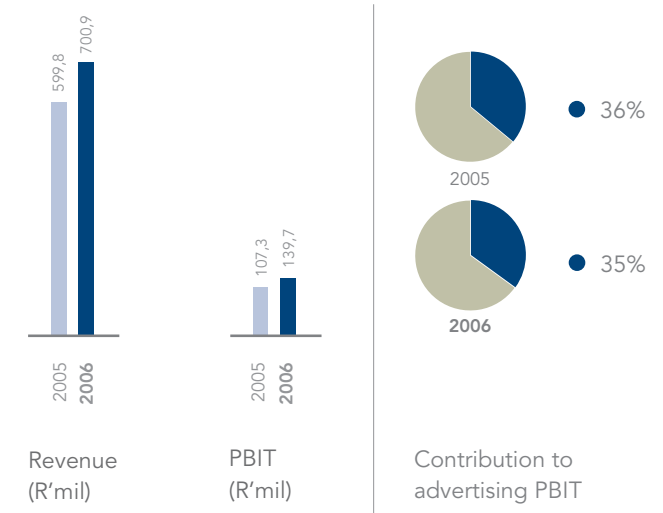
During the year under review, Primedia Broadcasting achieved a number of regulatory milestones:

- In March 2006, Talk Radio 702 obtained regulatory approval to migrate from its AM frequency to two FM frequencies, 92.7 FM in Johannesburg and 106.5 FM in Pretoria, resulting in Primedia Broadcasting owning and operating three commercial FM sound broadcasting licences, two of which are in Gauteng. The test phase for transferring Talk Radio 702 onto FM in Johannesburg was launched on 14 July 2006 and the first official FM broadcast was on 24 July 2006. Pretoria's first official FM broadcast is expected in November 2006.
- In June 2006, Primedia Broadcasting obtained regulatory approval to increase its shareholding in Africa on Air (Pty) Limited (94.7 Highveld Stereo), to 100% (previously 85,8%).

Excellent community involvement

All four radio stations have shown that they have the ability to mobilise their respective audiences to make a difference in the lives of those who need assistance. The radio stations continue to grow their strong alignment to their local communities.

NON-BROADCASTING BUSINESSES



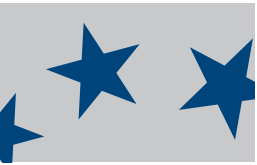
Primedia Outdoor

Primedia Outdoor is a leading South African outdoor advertising media specialist, with significant presence in six primary sectors of the outdoor market including airports, spectacles, campaign outdoor, bus shelters, PrimeLites and AdLites. The company also operates in Lesotho, Swaziland, Namibia, Botswana, Angola and Mozambique.

Primedia Outdoor enjoyed one of its best years of growth during 2006 with PBIT up 37% on the prior year. This growth was driven on four levels:

- Organic growth: Improved occupancy across most outdoor formats;
- Innovation: Roll out of new projects initiated in the current and previous fiscal periods;
- African expansion: Growth of the company's subsidiary in Mozambique, launched in the previous fiscal; and
- Acquisitions: Acquisition of Indiza Media, which bolstered the company's premium inventory at airports.

The company also achieved a major transformation milestone by obtaining an "AA" rating by EmpowerDex. The rating is an independent verification of the company's commitment to implementing sustainable transformation over the last five years.



Primedia Instore

Primedia Instore is South Africa's leading provider of retail in-store media and promotional solutions, ranging from Trolley Ads to the newly launched Shelf Illuminator (the world's first, battery operated, illuminated shelf defender unit). Primedia Instore services in excess of 900 "top-end" supermarkets and hypermarkets which translates into a monthly audience of 22 million shoppers.

Primedia Instore recorded a modest revenue growth of 2% and PBIT growth of 5% in 2006 following the exceptional growth achieved in the previous two financial years. Performance was affected by the loss of certain key rights. However, a number of new media services were launched during the year, which contributed 8% of total revenue.

Primedia Face2Face

Primedia Face2Face's communication and distribution businesses focus predominantly on the lower to middle income LSM 3 to 6 markets. The communication business delivers interactive, face-to-face activation type services, which allow marketers to entrench their brands within the targeted market segment. The distribution business services a network of 10 000 developing market retail outlets and community organisations throughout the country entrenching brand loyalty through various programmes.

Primedia Face2Face achieved excellent financial results in 2006 with revenue growing by 33% and PBIT growing by 173%.

Primedia Sport

Primedia Sport comprises Megapro Marketing, Signet Licensing, Powerview (now named Megaview) and Warwick Sport and Media.

Megapro Marketing exclusively markets the commercial rights of a number of major sporting bodies in the form of sponsorships, stadium advertising, corporate hospitality, sponsorship management, strategic marketing and events management. Megapro Marketing achieved revenue growth of 19% and PBIT growth of 35% driven by a superb performance across its main sporting codes.

Signet Licensing manages the licensing and merchandising strategies for many of South Africa's leading sports brands, including SA Rugby and Kaizer Chiefs. Signet Licensing showed very encouraging growth in its business, increasing revenue by 29% and PBIT by 49%. Its business was influenced by the success of its licensing programmes, the management of sponsorship programmes for Kaizer Chiefs and the royalty programme of the Super 14 franchises and the Currie Cup teams.

During the period under review, Primedia Sport acquired **Powerview**, a business that owns and operates LED screens, now common in European football, as a means of stadium perimeter

advertising. It was introduced and commissioned in time for the international rugby tests and at the commencement of the ABSA Currie Cup season. Subsequent to the acquisition and in order to highlight its association with Megapro Marketing, Powerview's name was changed to Megaview (Pty) Limited. It is planned that this medium will be introduced into cricket stadia as well as major football events. It has already proven to be a success for Primedia Sports' sponsors and rights holders.

Subsequent to year-end, Primedia Sport acquired a 70% interest in **Warwick Sport and Media (Pty) Limited**, a key player in the corporate hospitality business, in order to further enhance Primedia Sport's strategic positioning in preparation for the 2010 FIFA World Cup.

Commuter Media Division

Comutanet reaches in excess of 17 million economically active commuters and offers advertisers a bouquet of media platforms ranging from advertising on taxis, trailers, buses and trains to audio advertising, and interactive promotions. Following a year of consolidation in 2005, the division experienced a phenomenal year of growth, with PBIT for 2006 growing by 41%. This was mainly due to strong organic performance from the traditional businesses, helped by the acquisition of GMR, a former competitor, which was one of the businesses acquired as part of the Altmedia transaction.

Cinemark

Cinemark is an advertising sales company representing Ster-Kinekor Theatres and major independent theatre owners, both on-screen and in cinema foyers. 2006 was a challenging, yet exciting year for Cinemark. With the cancellation of its rights to advertise in a major competitor's cinemas from 1 January 2006, Cinemark was extremely challenged in the second half of the fiscal following an excellent performance in the first six months. Despite this loss of footprint, Cinemark was able to retain or replace its Golden Reel clients and still achieved revenue equal to that of the previous fiscal. Cinemark also launched a new in-foyer advertising innovation which involves the branding of the entire foyer of cinemas. In addition, the Leon Schuster hit movie *Mama Jack* enabled Cinemark to launch its product placement business.

Primedia@Home

Primedia@Home is a direct marketing company that specialises in targeted leaflet distribution and consumer promotion and represents the majority of the leading retailers in South Africa, Botswana and Namibia.

Primedia@Home had a difficult year, with increased competition from community newspapers in its core business. The business has been re-structured and is showing promising signs in the 2007 fiscal.



Primedia Publishing

Primedia Publishing is one of the country's leading specialist magazine publishers, with 13 titles in its stable spanning finance, media and marketing, industrial hire, gardening, home and décor, pharmaceutical and information technology. The company's magazine titles service niche areas, communicating with highly targeted groups of readers ranging from engineers to gardening enthusiasts, financial advisors to architects and pharmacy assistants.

Primedia Publishing produced another good set of results, reflecting a significant improvement in margins and PBIT.

PRIMEDIA UNLIMITED ADVERTISING

	2006	2005	%
	R'mil	R'mil	change
Revenue	75,1	31,8	136,2%
EBITDA	12,5	4,7	166,3%
PBIT	10,2	3,9	161,5%
PBIT margin (%)	13,6%	12,3%	

A key feature of Primedia's growth strategy is to enter into growing sectors of the South African media industry that fall outside the group's historical asset base. During 2004, Primedia Unlimited was established to acquire and develop non-traditional media businesses and grow new and innovative sectors of the media industry.

During the period under review, two additional businesses were acquired, which have subsequently been well integrated into the group, namely:

- **X/Procure**, a pharmacy ordering software company that provides unique advertising opportunities for drug manufacturers directly at the point of purchase. The effective date for this acquisition was 1 September 2005 and an expansion of the company's current offering into point of sale and dispensing systems is planned in the next fiscal; and
- **The Letter Corporation**, which provides washroom-advertising opportunities at a range of venues, including cinemas, fitness clubs, sports clubs, nightclubs and bars. The effective date for this acquisition was 1 September 2005 and this business has already innovated through expansion into new venues (student venues, fitting rooms and shopping centres) as well as new products, including Talking Frames.

Subsequent to year-end, **Icon Media** was also acquired, which has secured the rights to an international patent for specialised shopping carts in retail environments. These shopping carts offer the opportunity for advertisers to get their brands closer to the

point of purchase and where shoppers can entertain their kids by a branded racing car or space shuttle cart. Take-up by advertisers and channel partners has been excellent.

In addition, the existing businesses in the division made some notable achievements:

- **Wide Open Platform** further expanded its media holding at airports and launched projections at nightlife venues in the main city centres. Advertising on hoardings and beautifying building sites have also been added to clients' advertising solutions. With effect from 1 July 2005, Primedia Unlimited increased its shareholding in this business to 60%.
- **Primall** started the roll-out of "eye catchers" (plasma screen advertising), developed the C-Through product (a translucent hanging banner) and 3D advertising solutions in mall environments.
- **Primestars**, a start-up business, which commenced operations in 2005, launched the first edutainment channel for entrepreneurs in Ster-Kinekor cinemas and broke even in 2006.
- The acquisition of **Moving Tactics**, a company focused on media targeting university students from 27 universities throughout South Africa. This company has already realised synergies from sister company, Rank TV, through the introduction of Campus TV.

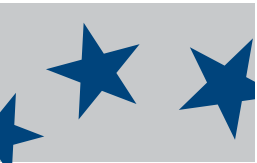
PROSPECTS

The higher interest rate environment and reduced GDP growth has to be factored into our growth prospects for the year ahead. We remain confident, however, that the combination of well executed acquisitions, continued growth in radio advertising and the diversity of our media offerings outside of broadcasting, will enable us to mitigate the impact of any economic slowdown.

K Pillay

Divisional Chief Executive, Advertising Division

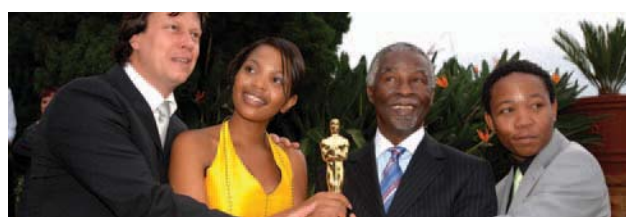
25 October 2006



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Primedia Limited

CONTENT



Ster-Kinekor Theatres increased its black consumer attendance from 14% to 36% following the successful launch of Ster-Kinekor Junction



DIVISIONAL RESULTS*

	2006 R'mil	2005 R'mil	% change
Revenue	1 140,4	933,8	22%
EBITDA	116,5	100,5	16%
PBIT	87,6	75,0	17%
PBIT margin (%)	7,7%	8,0%	

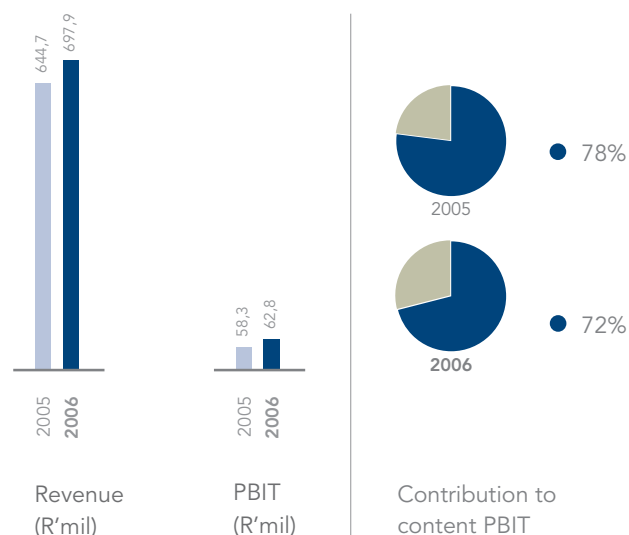
* Excluding Primedia Unlimited Content

OVERVIEW

This is the first full year of reporting for Primedia's content division, a new division designed to ramp up and diversify the group's content businesses. The content division currently comprises cinema exhibition, film distribution, video and DVD distribution, electronic games distribution and mobile content.

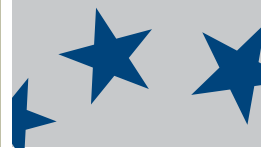
Excluding the new businesses developed by Primedia Unlimited Content, the division posted an impressive performance with revenue increasing by 22% to R1,1 billion and PBIT increasing by 17% to R87,6 million. The November 2005 resolution of product supply problems at Ster-Kinekor Theatres assisted that division to deliver an impressive second half performance. This performance was also positively impacted by good cost improvements due to benefits derived from prior-period expenditure on technology and systems. Ster-Kinekor Games performed very strongly.

FILMED ENTERTAINMENT



Ster-Kinekor Theatres

Ster-Kinekor Theatres operates 14 Ster-Kinekor Classic, 26 Ster-Kinekor Junction and 5 Cinema Nouveau cinemas in South Africa as well as cinemas in Namibia, Zimbabwe and Zambia.



In November 2005 a negotiated compromise with a major distributor allowed Ster-Kinekor Theatres to show movies at all of its Ster-Kinekor Junction cinemas, where cinema ticket prices have been lowered significantly. For the year, Ster-Kinekor Theatres increased its overall theatre attendance by 12% to 18,2 million and total revenue by 9% to R477,9 million. The black consumer attendances as a percentage of total attendances grew from 14% in June 2005 to 36% in June 2006. Revenue at Ster-Kinekor Junction sites increased by 42% subsequent to the resolution of the product supply problems, as compared to the corresponding prior period. Taking into account the slower rate of revenue growth at the Ster-Kinekor Classic sites, Ster-Kinekor Theatres' overall revenue increased by 20% over the same period.

A key component of Ster-Kinekor's successful Junction rollout is the delivery of "accessible cinema" to all South Africans. Following a tender process, Ster-Kinekor was selected to build a 10-screen Junction cinema in Maponya Mall, a 65 000m² shopping and entertainment mall in Soweto, scheduled to open in November 2007. We are confident that the Maponya Mall will enable us to build further on the affordable cinema strategy.

Tangible innovations resulting from the implementation of Ster-Kinekor's technology system can be seen with the rollout of the Self Service Terminals ("SSTs"). SSTs have contributed to the increase in total revenue as the reduction in time spent by patrons at the box office results in more time being spent at the catering counters. As 40% of all tickets are now bought at the SSTs, further savings in operating costs should be realised going forward. Other exciting innovations for the new year include catering purchases at SSTs, movie ticket subscription plans and enhanced loyalty/partner offerings. The new systems will also enable enhanced cost management leading to cost reductions over the next 12 to 18 months.

Ster-Kinekor Product Distribution

Ster-Kinekor Product Distribution continues to maintain excellent relationships with its Hollywood studios, Sony Pictures Releasing Internationally ("SPRI") and Buena Vista International ("BVI")/Disney. The Ster-Kinekor team remains one of the top performers for both the studios and particular highlights for BVI/Disney include the incredible success of *Cars* and *Pirates of the Caribbean* in the South African market. Exciting releases from SPRI included the long and eagerly awaited *Da Vinci Code*.

A highlight of the year was the success of the Oscar winning, locally made movie, *Tsotsi*. Ster-Kinekor Product Distribution has been working with *Tsotsi*'s producer and director since 2002 and was honoured to have been appointed as the movie's South African distributor for theatrical, home entertainment and television.

Ster-Kinekor Product Distribution's recent support and investment in local content is beginning to pay off and as more local movies make it onto screen, based on the success of *Tsotsi* as a role model for local producers. Ster-Kinekor Product Distribution remains confident that commercial success will soon follow.

Ster-Kinekor Home Entertainment

Ster-Kinekor Home Entertainment is the appointed distributor for Universal, DreamWorks and Sony Pictures Home Entertainment and from 1 July 2006, it has secured a new licence from Paramount Home Entertainment, Paramount Pictures Corporation, DreamWorks Live Action and DreamWorks Animation. Ster-Kinekor Home Entertainment looks forward to the opportunity to distribute Paramount product, with its extensive award-winning catalogue and forthcoming blockbusters, which include *Mission Impossible 3*, *Failure To Launch* and *Last Holiday*. Paramount's strong catalogue and exciting future line up will complement the product distributed by Ster-Kinekor Home Entertainment from Sony Pictures (which includes MGM), Universal Pictures and DreamWorks.

Ster-Kinekor Home Entertainment recently received Sony's Distribution Partner of the Year award. Ster-Kinekor Home Entertainment competed against distribution from 32 other countries on criteria such as sales volumes, reporting process and royalties generated.

The introduction of the UMD (universal media disk) format into the market for Sony PlayStation was successfully executed with an attachment sales ratio of UMDs to Sony PlayStation Portables ("PSP") equivalent to the best in the world. To date 38 000 units have been sold into the market.

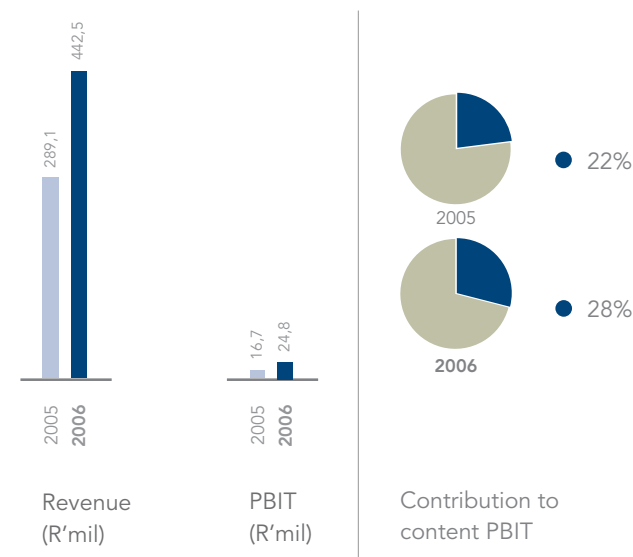
The retail business continues to enjoy growth, largely because of increased DVD ownership. This is particularly evident in sales of children's product given their access to DVDs and tendency to watch them repeatedly from "home libraries".

Parallel importing (the importing of genuine product from one country to another without the permission of the intellectual property rights owner) is becoming as big a threat to the home entertainment industry as piracy. South African distributors and the Southern African Federation Against Copyright Theft ("SAFACT") are in discussions with the Films Publication Board ("FPB") to play a more active role in ensuring that all DVDs, including parallel imported DVDs, are registered with the FPB. The cost and time spent in registering all parallel DVDs by "parallel importers" will assist in ensuring the playing fields are level for all distributors in the market.

SAFACT's strategy of managing the piracy problem at source, lobbying for harsher sentences and focusing on convictions has shown results. However, piracy continues to be Ster-Kinekor Home Entertainment's number one challenge.

The launch of Blue-ray and Hi-Def in November 2006 and cellular phone adaptable movie memory cards (launched in September 2006) will create new excitement in the home entertainment industry. The new technologies should assist in the fight against piracy and also ensure that the customer experience is taken to new heights.

ELECTRONIC GAMES



Ster-Kinekor Games delivered a 53% increase in revenue due to excellent sales of PlayStation II consoles ("PS2") consoles and games and the launch of PlayStation II portable ("PSP"). PBIT also increased by a very satisfactory 51%.

Ster-Kinekor Games sold 151 000 PS2 consoles and 46 100 PSP consoles in the period under review, with more than 536 000 PS2 consoles now in the South African market.

With the ongoing reduction in prices, particularly of PS2, Ster-Kinekor Games has successfully taken this product to the wider consumer market in South Africa. With PSP launching in the second quarter of the financial year, Sony PlayStation has cemented its dominance of the console gaming market in South Africa. PSP is a handheld Sony PlayStation device that takes console gaming to the highly mobile youth market.

Ster-Kinekor Games's drive to be the preferred distributor for PS2, PSP and PC games for the major studios continued and Ster-Kinekor Games now represents 15 gaming studios in South Africa, with the majority of these on all three platforms, PS2, PSP and PC. Key titles released during the year included *Grand Theft Auto San Andreas*, *WWE 2006* and *Rise and Fall: Civilisations at War*.

Ster-Kinekor Games was awarded the distributor territory of the year for Sony PlayStation, which is a clear indication that Ster-Kinekor Games is managing the PlayStation business in South Africa with the total support and recognition of our rights holder.

SAFACT continued the fight against the piracy of games. The PC gaming market is particularly plagued by piracy and more and more pirated PS2 games are being found in the South African market. With the support of Sony, SAFACT has continued its drive to get to the source of the pirated goods.

PRIMEDIA UNLIMITED CONTENT

	2006 R'mil	2005 R'mil	% change
Revenue	1,9	1,7	11,8%
EBITDA	(7,1)	(0,5)	n/a
PBIT	(7,9)	(1,1)	n/a

Primedia Unlimited Content reported a loss of R7,9 million in the fiscal (2005: loss of R1,1 million), mainly due to the R4,4 million loss incurred by Book4Golf, the online golf booking business and a loss of R1,6 million incurred by the video and DVD business targeted at the township areas. The video and DVD business has been sold due to insufficient availability of suitable outlet sites. Book4Golf was not considered viable and has been closed.

Subsequent to year-end, and recognising the opportunities in the mobile content market, the acquisition of a controlling stake in eXactmobile made the group the leading provider of mobile content in the South African market. Further consolidation is expected in this market through synergies.

Given the product distribution competencies of Ster-Kinekor and our excellent relationships with the major Hollywood studios, we see "richer" content via mobile phones growing this market exponentially over the next few years.



INDUSTRY FORUMS

Ster-Kinekor remains an "influential" member of SAFACT, with four representative members and one board member on SAFACT. Ster-Kinekor continues to give advice and resources to SAFACT, in particular in the areas of human resources management, financial management, marketing and legal. With the new CEO at the helm of SAFACT, we are confident that consumer awareness and legal enforcement remain the key strategies that will help win the fight against piracy.

Ster-Kinekor is also represented on the board of SAFTA, the industry body organising the South African Oscars, as we believe that the recognition of local talent in film and television is critical to the establishment of a vibrant and successful local industry.

PROSPECTS

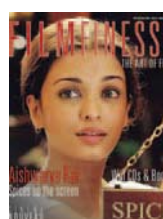
The division remains committed to an accelerated expansion into new media sectors, with an increased exposure to content based media as well as realising the full benefit of Ster-Kinekor Theatres' low price ticket strategy. The group's objective to increase its earnings contribution from content and drive scale from recent acquisitions will further position the division for sustainable growth.

We are confident and optimistic about the future prospects for the division. Once approval has been received from the Competition Commission for the group's recent acquisition of eXactmobile (expected before the end of December 2006), the Primedia Unlimited Content division should start to contribute positively to Primedia's results.

F Gazendam

Divisional Chief Executive, Content Division

25 October 2006



Group operating profit before depreciation up by 28% to R531,4 million

SUMMARISED GROUP INCOME STATEMENT

	2006 R'mil	2005 R'mil	% change
Revenue	2 387,2	1 937,8	23%
EBITDA	531,4	415,0	28%
Depreciation and software amortisation	(70,4)	(61,8)	14%
PBIT	461,0	353,2	31%
Amortisation of intangibles	(4,0)	–	
Share option expense	(7,6)	(3,9)	
Unrealised foreign exchange	(5,2)	0,1	
Exceptional items	20,6	16,4	
Exceptional item – BEE cost	(108,4)	–	
Operating profit	356,4	365,8	(3%)
Net finance cost	(49,1)	(39,8)	
Interest rate swap revaluation	1,5	(7,5)	
Associates' profit	–	0,4	
Profit before tax	308,8	318,9	(3%)
Taxation	(102,0)	(87,4)	
Discontinued operations	0,2	0,2	
Profit for the year	207,0	231,7	(11%)
Headline earnings	173,4	211,4	(18%)
Normalised headline earnings*	281,8	211,4	33%
Normalised HEPS*	125	95	32%

* Excluding BEE cost

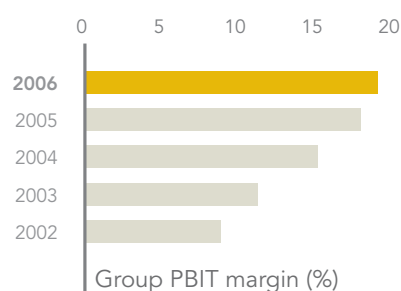
Group operating performance

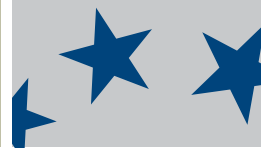
The group performed exceptionally well during the year. Total group revenue increased by 23% to R2,4 billion (2005: R1,9 billion), impacted positively by the group's growth strategies, buoyant economic conditions, as well as the various acquisitions made during the year.

Group operating profit before depreciation rose by 28% to R531,4 million (2005: R415,0 million). Depreciation and software amortisation increased by 14% to R70,4 million.

Operating profit before the amortisation of intangibles other than software, unrealised foreign exchange and exceptional items, as well as IFRS 2 share based expenses ("PBIT"), increased by 31% to R461,0 million (2005: R353,2 million). Organic growth in group revenues and PBIT amounted to a very satisfactory 19% and 24% respectively.

Good margin control was seen across most of the group's businesses, with PBIT margin increasing to 19,3% (2005: 18,2%), continuing the five-year trend of improvement in this ratio.





Most of the advertising businesses reported improved margins, contributing to the division's 32% year on year increase in PBIT. 94.7 Highveld Stereo's contribution to group PBIT before group central costs reduced from 40% in 2005 to 37%. The broadcasting division's overall contribution to group PBIT grew to 55% (2005: 54%) mainly as a result of the inclusion of 94.5 Kfm's results for the full year as compared to the nine-month contribution in 2005. The contribution of non-broadcasting businesses to group PBIT remained unchanged at 30%.

Notwithstanding the negative impact of the Ster-Kinekor product supply dispute during the first five months of the year, total PBIT for the content division (excluding Primedia Unlimited) grew by 17% to R87,6 million. The content division businesses suffered a drop in margins, largely as a result of the phenomenal increase in sales of the low-margin Sony PlayStation consoles.

Primedia Unlimited's Book4Golf and DVD City incurred operating losses of R4,4 million and R1,6 million respectively and following a reassessment of their future prospects, both have been exited during the year.

The one to one division's 81% PBIT improvement was due to the excellent performance by Knowledge Factory during the year.

Operating profit

Operating profit before the BEE share expense increased by 27% to R464,8 million (2005: R365,8 million).

Foreign currency transactions are carried out principally by the Ster-Kinekor Home Entertainment and Ster-Kinekor Games businesses. The group takes out forward exchange cover, which is recorded at fair value with the resultant mark-to-market gain or loss recognised in the income statement in accordance with IAS 39. The R10,8 million foreign exchange loss realised in the year was partly recouped at an operating profit level through the sale of inventory at selling prices based on forward exchange rates as compared with the cost of sales, which are recorded at the average spot rates ruling at the relevant transaction dates. Due to the higher than anticipated level of PSP stock at year-end, a portion of the realised foreign exchange loss was not recouped and this contributed to the overall drop in reported margins of the filmed entertainment division. At year-end, an additional R5,2 million foreign exchange loss was recognised on the translation of foreign trade creditors and receivables in compliance with IAS 39.

The R4,0 million amortisation of intangibles related to current year acquisitions.

The group has adopted IFRS 2 share based payment in the current year. The valuation of the share option expense was derived by Alexander Forbes, using a binomial actuarial valuation, which has been applied to options granted after 7 November 2002, which vest after 1 January 2005. Following the issue of the international interpretation IFRIC 8, the scope of IFRS 2 has been extended to include the 8 million Primedia N ordinary shares issued to Mineworkers Investment Company (MIC) at par value, as part of the group's BEE initiative. Consequently, the fair value of the transaction has been reflected as a R108,4 million expense with a corresponding increase in equity.

The other exceptional items of R20,6 million include profits of R18,4 million arising from the disposal of various assets and investments and the net reversal of impairment losses of R2,2 million.

Net finance cost

The R49,1 million net finance cost for the year is in line with the group's borrowings. The R1,5 million fair value adjustment relates to the interest rate swap taken out on 1 July 2004, which is due to mature in three years. The group's interest cover remains high at 9,4 times excluding the non-cash BEE expense (2005: 8,9 times).

Profit before tax

Profit before tax declined by 3% to R308,8 million. This was notwithstanding the R108,4 million expense relating to the BEE share issue and the group's increased financing costs. Excluding the BEE expense, profit before tax increased by 31% to R417,2 million.

Taxation

Taxation rose by 17% to R102,0 million as a result of higher profits and increased disallowable expenditure, including the IFRS 2 BEE and share option expenses, as well as the losses from discontinued operations. Offset against these were non-taxable income relating to the recoupment of investments previously written off as well as properties disposed of. The reduction in the effective tax rate (before BEE and share option expenses) from 27% in the prior year to 24% was further impacted by adjustments relating to amounts over-provided in prior years and deferred tax assets raised in respect of assessed losses.

Profit for the year

Profit for the year decreased by 11% to R207,0 million (2005: R231,7 million). Minority interests increased as a result of the increased profitability of existing businesses and the various acquisitions made during the year.



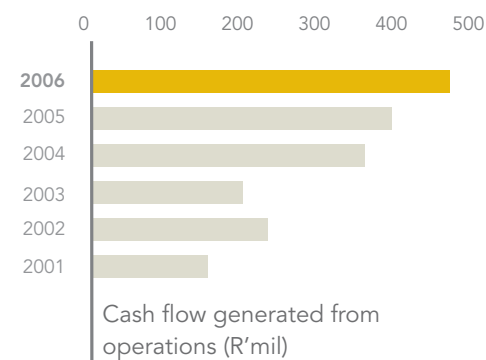
In the year under review, the company raised R150,0 million in preference share capital, at a coupon rate equivalent to 75% of the prime lending rate. R1,6 million of the current year's profit is attributable to preference shareholders, with the balance of R182,2 million (2005: R214,3 million) attributable to ordinary shareholders, representing a 15% decline. Adjusting for the R108,4 million BEE share expense, retained earnings attributable to ordinary shareholders increased by 36%.

Headline earnings

Headline earnings decreased by 18% to R173,4 million (2005: R211,4 million). Adding back the BEE expense, headline earnings increased by 33% to R281,8 million. Headline earnings per share (HEPS) grew by 32% to 125 cents (2005: 95 cents), after adding back the R108,4 million BEE expense.

CASH FLOW

Cash generated from operations increased by 23% to R480,4 million (2005: R389,9 million) and has grown at a compound annual rate of 21% since 2002. Working capital increased by R63,1 million in line with the group's increased trading activity.



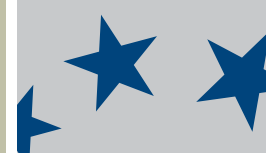
Operating cash flow after interest and tax payments grew by 25% to R363,1 million (2005: R289,6 million), which was mainly deployed in acquisitions of new businesses and further interests in underlying subsidiaries (R142,8 million), maintenance and expansionary capital expenditure of R88,7 million and loan repayments to minorities of R5,8 million. The group raised R150,0 million by way of preference

share capital and incurred issue costs of R11,2 million on both the preference and BEE share issues. Cash of R166,9 million was returned to shareholders by way of distributions out of share premium and a further R123,0 million in share buy-backs resulting in 100% of the group's earnings (before the BEE expense) being returned to shareholders.

ACQUISITIONS AND DISPOSALS

The group made a number of acquisitions in the current year at a total cost of R259,9 million, funded by way of cash of R142,8 million and the issue of 5 962 385 Primedia N ordinary shares, fair valued at R91,2 million as well as outstanding vendor loans at year-end of R25,9 million. The acquisitions concluded in the current year were as follows:

- With effect from 1 July 2005:
 - o An additional 10% stake in Wide Open Platform;
 - o 50% shareholding in Airgames;
 - o 50,1% shareholding in Book4Golf; and
 - o 29% interest in Metropolis.
- With effect from 1 September 2005:
 - o The entire interest in Altmedia, comprising 100% of GMR, Indiza and 95% of The Letter Corporation; and
 - o 80% shareholding in X/Procure.
- With effect from 1 October 2005, an additional 5% interest in Primedia Sport;
- With effect from 1 March 2006, a 60% interest in Moving Tactics (now renamed Primedia Campus Media); and
- With effect from 1 June 2006:
 - o 100% of 365 Digital; and
 - o 90% of Powerview (now renamed Megaview).
- With effect from 14 June 2006, a further 14% interest in Africa on Air for R102,7 million, which was settled by the issue of 5 962 385 Primedia N ordinary shares on 4 October 2006 and cash of R11,5 million.



During the year, the group disposed of its interests in African Media Entertainment (AME) (R9,7 million) and VVV (R4,0 million). It also received additional proceeds from the prior year sale of its interest in Wheel (R6,1 million) and recovered additional amounts in respect of Ster Century Europe and Ster Century Middle East (R9,8 million).

BALANCE SHEET

Total assets (excluding cash) grew by R261,9 million to R1,6 billion, with the main movements being in respect of acquisitions made in the current year, which increased goodwill and intangibles (excluding software) by R200,0 million. Total additions to property, plant and equipment and software (R88,7 million), including expansionary capital expenditure of R26,2 million were higher than the depreciation and amortisation in respect thereof (R70,4 million). Capital items fair-valued at R15,6 million were acquired with new businesses during the period.

Notwithstanding the significant level of outflows in the current period, interest bearing debt declined by R39,4 million to R282,6 million (2005: R322,0 million).

The group remains comfortably within its loan covenants and at year-end, the net debt to EBITDA ratio, which is the most appropriate measure of the group's borrowing capacity, was at 0,8, well below the limit of 1,4 imposed by the group's bankers.

SHAREHOLDERS' FUNDS

The movement in shareholder funds is set out in the statement of changes in equity and mostly relates to the following:

- The retained income of R207,0 million for the year;
- Cash distribution to shareholders of R166,9 million;
- Proceeds of the preference share issue of R150,0 million, less share issue costs of R11,2 million;
- Net movement in treasury shares of R105,7 million; and
- Movement in respect of the acquisition of the Africa on Air minority interest of R51,8 million.

IFRS ADOPTION

Following the adoption last year of three new or revised accounting standards, the group prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") and interpretations of those standards.

The effect of the changes on opening retained earnings was as follows:

	As at 1 July 2004 R'mil	As at 2005 fiscal R'mil	As at 30 June 2005 R'mil
IFRS 2			
Share based expense	(4,1)	(3,9)	(8,0)
IAS 16			
Property, plant and equipment	12,3	2,7	15,0
SA GAAP			
Reversal of deferred tax asset	(6,7)	-	(6,7)
Net adjustments to current year opening retained income	1,5	(1,2)	(0,3)

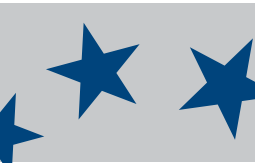
In preparing the financial statements in terms of IFRS, use has been made of certain accounting estimates and assumptions that have an effect on the group's reported financial results. There is considered to be no significant risk of material misstatement of the group's results and the carrying value of its assets and liabilities arising as a consequence of the estimates and assumptions used.

POST BALANCE SHEET EVENTS

Acquisitions

Subsequent to the year-end, the group has concluded the following acquisitions for a total consideration of R129,0 million:

- 50% shareholding in eXactmobile. This transaction is subject to regulatory approval, which is expected before the end of the current calendar year;
- 70% shareholding in Warwick Sport and Media with effect from 1 September 2006;
- An additional 10% interest in X/Procure with effect from 1 July 2006; and
- 74% shareholding in Icon Media with effect from 1 September 2006.



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Primedia Limited

FINANCIAL REVIEW



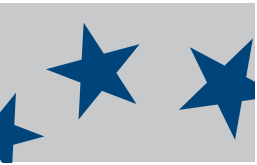
Africa on Air trademarks

Subsequent to year-end, the South African Revenue Services ("SARS") has threatened to issue an assessment in respect of expenditure incurred by the group in acquiring the Africa on Air trademarks, which the group claimed as an allowance in terms of the Income Tax Act. This expenditure was previously allowed as a deduction by SARS in terms of assessments previously raised, after specific queries to this effect. At this stage, the quantum of the group's exposure, if any, cannot be ascertained with any degree of certainty. However, the group does not believe that the grounds put forward by SARS for reopening assessments previously raised, have any legal merit and appropriate steps are being taken to defend the group's position.

O Ighodaro

Chief Financial Officer

25 October 2006



Key criteria for group projects are that they impact positively on the upliftment of the historically disadvantaged, with an emphasis on the youth



OVERVIEW

Primedia is involved in a number of group CSI projects, which are overseen by the Primedia Foundation. The key criteria for these group projects are that they impact positively on the upliftment of the historically disadvantaged, with an emphasis on the youth, and that they are visible, measurable and ultimately self-sustainable.

Some of these projects are funded by unsold inventory, and movie and console gaming products, which the Primedia Foundation and individual group companies convert into cash, relevant products or services. The company also enters into partnerships with outside parties in joint ventures when necessary.

A full report of all CSI projects, both those of the group and of individual Primedia companies, can be found in the *Primedia Foundation: Corporate Social Investment Report 2006*.

GROUP PROJECTS

The Primedia Foundation oversees five group projects, listed below.

Primedia Skills Development

Primedia Skills Development is a company that was established as a community development project through seed funding by Primedia Limited. It has Public Benefit Organisation (PBO) status, and operates from the Alexandra Motswedi Centre in Alexandra Township in Johannesburg. The Foundation is looking into developing a similar centre in Cape Town. The project was established to assist young, unemployed adults to enter the

mainstream of society, through the provision of vocational training, job placement and career guidance services in building and construction.

Since its establishment, Primedia Skills Development has trained in excess of 1 100 people, the majority of whom have been drawn from Alexandra, in skills such as bricklaying, carpentry, plumbing, painting and decorating, plastering, tiling and paving. Trainees are given on the job experience and mentoring, as well as the opportunity to complete a computer literacy course, funded by the Ackerman Pick 'n Pay Foundation.

Aside from partnering with a number of organisations to provide vocational training services, Primedia Skills Development will shortly be entering into a partnership with Cape Town based Men on the Side of the Road (MSR), a non-profit organisation which gives basic skills training to unemployed men standing at the side of the road looking for work. The partnership will see MSR providing training services in the northern Johannesburg area.

The company has again been recognised by the Impumelelo Innovations Awards Trust, receiving the Silver Award in recognition of its contribution to poverty reduction and community development in South Africa.

The Chair of Holocaust and Genocide Studies

In August 2005, the Primedia Foundation received a proposal from UNISA to establish a Chair of Holocaust and Genocide Studies.



The group agreed to fund the Chair, which is the first of its kind in Africa, with a grant of R5 million over five years.

After advertising extensively in South Africa and internationally, UNISA appointed Professor Abebe Zegeye as Chairman to head the department, and Dr AM Court as Senior Research Fellow.

Primedia Bursary Programmes

The Primedia Foundation awards bursaries to deserving candidates studying at recognised universities with which it has signed agreements. In the period under review, the Foundation significantly increased the number of bursaries awarded, from 15 in the previous year to 43.

Universities now taking part in the programme include the University of Johannesburg, the University of the Free State, the University of South Africa (UNISA), the University of Limpopo and the University of Fort Hare.

The Nelson Mandela Metropolitan University and the University of the Western Cape have confirmed they will be going ahead with Primedia bursary schemes. Negotiations are in progress with a number of other universities that have shown interest in joining the programme.

The Primedia Foundation also awards bursaries to a number of lower paid employees' children, to study at recognised tertiary institutions. Following an awareness campaign within the group, the Group Staff Bursary Programme received better response this year, and three additional staff bursaries were awarded.

The Sangoni Project

The additions being funded by the Primedia Foundation at Sangoni senior secondary school in Lusikisiki in the Eastern Cape have reached completion. This project came into being after former President Nelson Mandela invited Primedia to help build or renovate a school in the area.

The Primedia Foundation's commitment of R3 million to this project enabled the erection of six new classrooms, computer and science laboratories, and an administration block with a staffroom, reception, strongroom and storeroom.

The much improved school was handed over to the Department of Education at the end of August 2006, with the formal opening scheduled for the end of November 2006.

The Tipa Project

Tipa (Techno-agricultural Innovation for Poverty Alleviation) is a drip irrigation agricultural project established by the Israeli Embassy, together with Ikamva Labantu and the JD Group. The Primedia Foundation has introduced the concept into three projects in which it is actively involved.

The Phelang School takes care of the special educational needs of disadvantaged children, all with some degree of mental handicap. To this end it has planted a small vegetable garden. The Tipa programme will enhance yield, and provide proper training for the parents, staff and learners who will care for the garden.

The land secured for the Foundation's agricultural project in Olifantsvlei, south of Johannesburg, has been developed and the drip irrigation piping has been laid out. The first crop is expected this summer.

The Diepsloot project has been set up on a five-hectare strip of land close to the Diepsloot informal settlement just north of Johannesburg. This land, which makes up the first phase of the project, has been prepared. An adjacent strip has been earmarked for the second phase of the project.

COMPANY PROJECTS

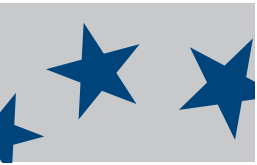
In addition to the many activities of the Primedia Foundation, individual companies within the Primedia group also set up and manage their own CSI programmes.

Each year, Primedia gives recognition to those group companies that have gone the extra mile in giving back to their community and society. Primedia's CSI Award emphasises the importance of corporate social investment within the group, and recognises the company that has made the greatest contribution to the communities within which it operates.

Primedia Broadcasting, Ster-Kinekor and Megapro Marketing were nominated for the award this year. For the significant contributions made by its four radio stations, Primedia Broadcasting took home the trophy.

Cinemark

Cinemark screened a number of commercials promoting worthy causes, donating over R5,3 million worth of screen time to Let's Play, Nkosi's Haven, the SA Guide-dogs Association, Bandana Day, Operation Hunger and LoveLife, amongst others.



Together with SuperSport, Cinemark has also been instrumental in the creation of the Let's Play initiative, a project aimed at encouraging participation in sport or other physical activity amongst the youth. Cinemark has assisted the initiative by promoting it on-screen, to the value of over R4,7 million in the period under review.

Cinemark also facilitated donations from its clients to the Cotlands Baby Sanctuary, supported Smile Education's play days for disadvantaged and disabled children, and took part in Bandana Day to help raise money for leukemia patients. Involvement in HIV/Aids relief included handing out candles with a World Aids Day message, and collecting non-perishable foodstuffs for the Selby Park Hospital, an Aids relief organisation, for distribution over the festive season.

Comutanet

Comutanet continues to make a sizable contribution to the Putco Foundation, which supports a number of projects, bursaries and charities. Comutanet channels a percentage of the revenue it receives from bus advertising to the Foundation – more than R800 000 was donated this fiscal.

By selling hotdogs to advertising and media agencies on 'Hotdog Day', an annual event given a new spin each year, Comutanet raised R10 000 for the SA Guide-dogs Association.

Comutanet once again sponsored soccer kit for the Soweto Young Stars, and assisted in the distribution of blankets and foodstuffs to underprivileged communities.

iafrica.com

This Internet portal hosted, managed and updated websites for the Nkosi Johnson Aids Foundation, the Desmond Tutu Peace Centre, the Carel du Toit Centre for deaf children, Township Patterns, the Advertising Benevolent Fund, and the Sizanani Home. It also ran advertising campaigns valued at over R71 000 for EcoAccess, which aims to include disabled people into society and promote their access to South Africa's natural heritage, and for Kids Haven, a shelter for street children in Benoni.

Kaizer Chiefs

With over 12 million supporters who are key to the club's success, Kaizer Chiefs is very community-oriented, with a strong focus on corporate social investment. Initiatives included donations to the Carroll Shaw Memorial Centre, and mealie meal to the Takalani Home for the Physically and Mentally Disabled. It endorsed and distributed Khomanani HIV/Aids pledge cards at various events during the year, and players attended a Nike Aids Ribbon function to pledge their support in the fight against HIV/Aids.

Kaizer Chiefs also hosted children from the Reach For A Dream Foundation in KwaZulu-Natal, and distributed hundreds of match day tickets to disadvantaged learners.

Knowledge Factory

Knowledge Factory participates in a number of internships for students from disadvantaged backgrounds, offering workplace experiential learning to students in the fields of geographic information systems (GIS), mathematics and statistics, and to IT technicians in the CIDA ICT Academy/Isett Seta Learnership. This year, the company also introduced a bursary scheme, granting a bursary to one high performing student from the mathematical sciences group doing vacation work with the company.

Knowledge Factory donated data sets to, amongst others, a PhD student at the University of Pretoria conducting research into crime. It donated computers to the Lepelle Secondary School in Marble Hall, Limpopo, and continued to provide golf training for intellectually challenged children in its Play Factory programme.

Knowledge Factory has also helped support the United Cerebral Palsy Association of SA, Oliver's House, and Action for Blind and Disabled Children, by purchasing their corporate gift sets which contribute to the funding of these organisations.

Megapro Marketing and Signet Licensing

A nominee for the Primedia CSI Award 2006, Megapro Marketing and Signet Licensing continued their support of Doornbosch Primary School in Magaliesberg, assisting the school's initiatives to provide adult education. The companies modified the classrooms that they had renovated the previous year, to better suit the new adult students.

Also part of Megapro's corporate social investment is the support of the Bapsfontein Football Club. The company provides kit and equipment for the U15 and U19 teams.

Primedia Broadcasting

The four stations that make up Primedia Broadcasting have had another active year in the CSI arena, with their combined efforts to improve the lot of their respective communities winning the Primedia CSI Award for 2006.

Notable projects for Talk Radio 702 included the 702 Birthday Build, where it built seven houses in Soweto for Habitat for Humanity, and the launch of the 702 FNB Housing Initiative, which will see 702 houses in the government-subsidised Cosmo City housing development being made available to successful applicants.



The station and the Primedia Foundation handed over the old 702 Crisis Centre in Berea, Johannesburg, to the Sisters of Mercy organisation, creating Mercy Centre, a safe house for abused women and children. Those in need were also benefited by the 702 World Aids Day Fundraiser, which raised over R1,5 million in cash pledges, and around R650 000 in goods for SOS Children's Villages.

Other initiatives included the station's second birthday wish promotion, which made a difference in the lives of numerous listeners, and the popular 702 Mother's Day Concert at the Zoo, which raised funds for the upkeep and upgrading of various animal facilities.

The station rounded off its CSI activity by dedicating over R980 000 to flighting public service announcements, and over R1,9 million on social responsibility interviews.

Key CSI initiatives for 94.7 Highveld Stereo included the Pick 'n Pay 94.7 Cycle Challenge, which raised R280 000 for the event's beneficiary charity, the Homeless Talk Pre-School/Crèche, and a 12-hour initiative to raise funds for HIV/Aids village, Sparrow Village – over R1,5 million was generated, as well as an additional R500 000 in goods and services.

Christmas again saw the station granting wishes to needy people. Over 50 wishes were fulfilled, at a total cost of more than R2 million. Other wishes, this time for the ability to hear, were granted by the 94.7 Highveld Stereo and Bidvest Hear For Life Trust, which, in the first six months of 2006, facilitated cochlear implants totalling almost R400 000 for three hearing impaired people.

Other initiatives included the collection of over 81 tons of clothing and blankets in 94.7 Highveld Stereo's Operation Ground Cover, and the running of a radiothon for the Tomorrow Trust, with over R5,2 million in pledges being received. The station also raised over R240 000 for Kids Haven at a special performance of the Moscow Circus for the Rude Awakening show's 10th anniversary.

On top of these and other projects not listed here, 94.7 Highveld Stereo also aired a number of live reads and promotional spots for charities during the financial year, and flighted public service announcements for numerous charities, valued at over R1,2 million.

Primedia Broadcasting's Cape Town-based talk station, 567 CapeTalk, was involved in projects such as the Big Build, where it built three Habitat for Humanity houses, and the CapeTalk Fire Relief Fund, which generated pledges worth over R1,2 million to help various organisations fighting the fires on Table Mountain.

Its "Silence the Violence" initiative saw over 3 000 people taking to the streets in a silent march, protesting against escalating levels of violence in the city.

The CapeTalk Christmas Garden Party spread goodwill and cheer over the festive season to the children of the Ndlovu Crèche in Monwabisi Park, with each child receiving a gift and a new party outfit, while the crèche itself received donations of appliances, furniture, blankets and clothing.

The station also raised substantial sums of money for the Animal Rescue Foundation and the National Sea Rescue Institute, and helped promote the Cape Town International Kite Festival, which benefits the Cape Mental Health Society.

The flighting of public service announcements and social responsibility interviews, together valued at over R3,3 million, provided a platform for many other needy individuals, charities and organisations.

Finally, 94.5 Kfm ran several CSI initiatives, including a Christmas wish list promotion, which saw the 94.5 Kfm Breakfast Show team granting 40 wishes, ranging from requests for food for underprivileged families at Christmas time, to a request for a glass eye.

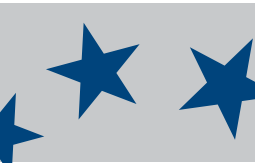
Another big event was the 94.5 Kfm Big Dig, which gives 1 000 people the chance to dig up a section of the Muizenberg Main Beach, looking for the keys to a new car. The event raised R100 000 for the Haven Night Shelter in Kalk Bay, and non-governmental organisation, OIL. OIL is a dynamic, non-profit, community development organisation playing a key role in the transformation of communities, encouraging the youth to take Ownership of their lives, to own who they are, to Invest in their lives and to Live their lives to the maximum.

94.5 Kfm's annual Youth Day Experience provided an opportunity for Grade 11 and 12 learners to learn more about broadcasting, as they ran the station on June 16.

Finally, the station flighted numerous public service announcements and social responsibility interviews. Including features, events and outside broadcasts with a CSI aim, these totalled over R4,4 million.

Primedia Face2Face

Primedia Face2Face adopted Carryou Ministry, an NGO that cares for the homebound, sick and elderly, as well as people affected by HIV/Aids. This year, Primedia Face2Face hosted a Christmas party



for the 250 orphans at Carryou Ministry. On top of gifts for the children, Primedia Face2Face also collected toiletries and clothes for them.

The company organised a three-month supply of a nutritional drink manufactured by one of its clients, to help the charity feed needy people, and also teamed up with Carryou to take the Easter Bunny to several schools in the Randfontein area.

Primedia Instore

Primedia Instore's CSI campaign – "Helpless Today, Empowered Tomorrow" – is aimed at driving home the need to take care of those who are unable to fend for themselves, the children of South Africa. The company plays a pivotal role in driving clients' CSI campaigns, which are executed in-store using its media services. Clients' campaigns are afforded added value in the form of free media space, which means increased reach, greater visibility, and longer periods in which to communicate their CSI messages, thus driving up donations for targeted charities.

Primedia Instore offered two of its clients, whose CSI intentions echoed its own CSI mandate, the use of its Shopper Stopper media for their brands' "buy-and-donate" campaigns. R2,7 million worth of free media space enabled both Danone Clover and Koo to support their respective CSI charities, raising funds for CHOC Childhood Cancer Foundation and supporting the Unite Against Hunger Fund respectively.

Primedia Outdoor

Primedia Outdoor's corporate social investment totalled over R2,7 million, and included ongoing involvement in the Tswelopele project, as well as running outdoor ads for charities.

The Tswelopele project has created jobs and empowered previously disadvantaged individuals. Primedia Outdoor supplies billboard PVC flex faces to Tswelopele, to be transformed into products such as garden furniture covers and sports bags, which are then sold.

The company also offered a number of charities the use of its billboard and bus shelter media, to raise awareness and encourage donations. These charities included the SA Guide-dogs Association, Childline Gauteng, Door of Hope, the "We are Capable" home in Germiston, the Alexandra Home for the Disabled, and the SPCA.

Primedia Publishing

A number of Primedia Publishing's magazines donated advertising space valued at R526 000 to charitable organisations, including the Nedbank Green Affinity Trust, the Endangered Wildlife Trust, and the Ackerman Pick 'n Pay Foundation (in exchange for computer equipment for the Alexandra Motswedi Centre, home to Primedia Skills Development). Promotional features were run for a CANSA

fund raising evening, and for Miele's Christmas in July evening, which raised money for the Johannesburg Children's Home.

The company provided the equipment and materials needed for classes held at the Teboho Trust's Saturday School workshops, which offer educational programmes to orphaned and vulnerable adolescents affected by HIV/Aids. Publishing's staff members also financed the teenagers' transport to these workshops.

Primedia Publishing also furthers education by offering the South African Life College office space, as well as IT support.

Ster-Kinekor

Ster-Kinekor's key CSI project is the Ster-Kinekor Eye Care project, part of its greater Vision Mission initiative. The Eye Care project seeks to improve eyesight in Grade 1, 2 and 3 learners, giving them eye examinations and corrective glasses where needed. Over 1 000 learners have already benefited from this ongoing project.

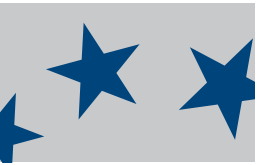
The company, which was a nominee for the Primedia CSI Award 2006, placed nine graduates from non-profit educational institution, CIDA City Campus, in its two-month internship programme. It subsequently employed two, and gave a third graduate a three-month temporary contract.

On top of various ad hoc initiatives, such as hosting a development day for teachers, Ster-Kinekor also supports LoveLife through the sponsorship of free screenings, and it continued its support of the Variety Club, which raises funds for disadvantaged children. Furthermore, it contributed towards skills development by recruiting 10 unemployed people into its learnership programme.

Finally, Ster-Kinekor Games donated PlayStation consoles, valued at almost R10 000, to several charitable causes.

I Kirsh
Chairman

The Primedia Foundation
25 October 2006



CORPORATE GOVERNANCE COMPLIANCE STATEMENT



The directors of Primedia Limited are responsible and accountable to shareholders for ensuring compliance with the highest standards of corporate governance and for maintaining an effective system of internal controls. The board remains fully committed to the principles of integrity, transparency and accountability in its dealings with its shareholders and other stakeholders. It endorses and ensures that the company remains compliant with the Code of Corporate Practices and Conduct, as stipulated in the King II Report.

BOARD OF DIRECTORS

The board is responsible to shareholders for setting the direction of Primedia through the establishment of strategic objectives and key policies. The board accepts that it is ultimately accountable and responsible for the performance and affairs of Primedia and that the chief executive and executive directors are responsible for the management of the day-to-day affairs of the company. The board considers issues of strategic direction by setting long-term strategic objectives, approving major acquisitions, disposals and capital expenditure, determining risk parameters, approving budgets and other matters having a material effect on Primedia.

Structure

Primedia has a unitary board of fifteen directors. The board consists of an appropriate mix of executive and non-executive directors, with five executive directors, four non-executive directors and six independent non-executive directors. It is therefore able to ensure that no one individual has unfettered powers of decision and authority. The composition of the board reflects the demographic and gender diversity of the country, with 60% of the current directors being black, and 33% black females. The role of the chairman and the chief executive are separated and a non-executive director acts as chairman.

Skills and experience of the board

Primedia's directors have a wide range of expertise as well as significant experience in financial and commercial activities. All directors have access to management and to such information as is needed to carry out their duties and responsibilities fully and effectively. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Primedia, at the company's expense. The board undertakes a self-assessment annually to review its mix of skills, performance during the year, the contribution of individual directors and the effectiveness of its committees.

Selection, appointment and rotation of directors

Appointment of directors are considered by the remuneration and nominations committee and after due consideration to the satisfaction of the committee, the appointments are recommended to the full board for approval. All new appointments are subjected to "fit and proper" tests as required by the JSE Limited listings requirements. Newly appointed directors are subjected to a

detailed induction process which covers business and regulatory issues, corporate governance, minutes, charters, policies and procedures and administrative matters.

All directors are subject to election by shareholders at the first opportunity following their appointment and, subsequently, at each three-year interval in accordance with Primedia's articles of association. In total, at least one-third of the directors retire by rotation annually.

Accountability, responsibility and delegation of authority

Subject to specific matters reserved for its decision, the board delegates certain responsibilities to management and a number of standing committees, which operate within defined terms of reference laid down by the board. The formal delegation of authority is not intended to mitigate or discharge either the board or individual directors' responsibilities.

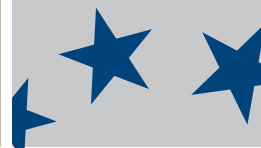
Board committees have clearly defined, written terms of reference setting out their role and function, term, responsibility, scope of authority and procedures for reporting to the board of directors. The committees fulfil an essential role in assisting the board in the performance of its duties. The committees are each chaired by an independent non-executive director except for the executive committee and the remuneration and nominations committee, which are chaired by an executive director and a non-executive director respectively.

The board has expressly included in its charter an annual review of the composition and chairmanship of its various committees to ensure their continued relevance.

Board charter

A formal charter setting out the board's responsibilities has been adopted by the board. The key principles of the charter are:

- The composition and role of the board;
- Duties of directors;
- Appointment of directors and the chief executive;
- Induction, training and self assessments;
- Monitoring of key risks, compliance and internal controls;
- Approval of the group's strategic plan, annual budget and quarterly forecasts;



- Approval of levels of authority and responsibility of the sub-committees of the board; and
- Corporate governance.

Board meetings

The board meets on a regular basis, at least four times a year. During the 2006 financial year, five board meetings were held. In terms of the articles of association, the chairman of the board is required to be elected annually and in this regard Mr AP Nkuna was elected by the directors for a term ending on 30 November 2006. Directors are timeously informed of matters to be discussed at board meetings and provided with the relevant agenda and supporting documentation.

Board meetings are attended by a majority of directors and the chairmen of the board committees attend the annual general meeting and any general meetings held during the year to answer questions.

Directors' attendance at board meetings:

	26/08/05	25/11/05	24/02/06	08/06/06	09/06/06
AP Nkuna (Chairman)	✓	✓	✓	✓	✓
W Kirsh	✓	✓	✓	✓	✓
O Ighodaro	✓	✓	✓	✓	✓
FA Gazendam	A	✓	✓	✓	✓
K Pillay	✓	✓	✓	✓	✓
MN Lekota ¹					✓
I Kirsh	A	✓	✓	✓	✓
HM Madima	✓	✓	✓	✓	✓
P Maw	✓	✓	✓	✓	✓
MJ Bosman	A	✓	✓	✓	✓
NJM Canca	A	✓	A	✓	✓
HM Khoza	✓	A	✓	✓	✓
K Motaung ²	✓	A	A	A	
CS Seabrooke	✓	✓	✓	✓	✓
BJT Shongwe	✓	✓	✓	✓	A
SV Zilwa	✓	✓	✓	✓	✓

¹ Appointed 09 June 2006

² Resigned 09 June 2006

A Apology

EXECUTIVE COMMITTEE

The chief executive, William Kirsh, chairs the executive committee, which includes all the executive directors of the company. The committee is empowered and responsible for implementing the strategies and policies determined by the board, managing the business and affairs of the company, prioritising the allocation of

capital, technical and human resources and establishing best management practices. The committee is also responsible for appointing and monitoring the performance of senior managers.

The committee comprises William Kirsh (Chairman), Ferdi Gazendam, Kuben Pillay, Funke Ighodaro and Melody Lekota. The committee met regularly each month during the year under review.

REMUNERATION AND NOMINATIONS COMMITTEE

The remuneration and nominations committee met twice during the year and comprises four non-executive directors, namely Paul Nkuna, Mike Bosman, Humphrey Khoza and Chris Seabrooke. All members, with the exception of Paul Nkuna, are independent non-executive directors. The committee receives advice from the group HR Director as well as specialist remuneration consultants from time to time. The committee has a formal charter that has been approved by the board.

The remuneration and nominations committee members' attendance at meetings:

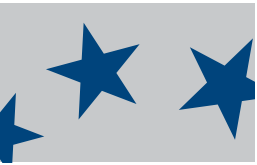
	31/10/05	07/06/06
AP Nkuna (Chairman)	✓	✓
MJ Bosman	✓	✓
HM Khoza	✓	✓
CS Seabrooke	✓	✓

The committee is responsible for determining the remuneration philosophy for Primedia, including short and long-term incentive plans and for agreeing the individual remuneration package (salary, bonuses and share options) of the group's top executive management.

The committee provides assistance to the board of directors in fulfilling its responsibility to shareholders and the investment community and in ensuring that the company's senior executives are compensated in accordance with the company's total remuneration goals. It also advises and recommends compensation strategies, policies and salary packages necessary to support group strategic objectives.

The committee makes recommendations to the board on the appointment of new executive and non-executive directors, the composition of the board generally and the balance between executive and non-executive directors.

The committee also co-ordinates an annual written review of the performance of all the board committees and the board itself, and performs an appraisal of the chief executive and chairman.



CORPORATE GOVERNANCE COMPLIANCE STATEMENT



Remuneration philosophy

In terms of the group's remuneration philosophy, guaranteed salary packages are reviewed annually in the context of individual and business performance and benchmarked for senior executives at the 75% quartile of market trends.

Incentive bonuses are payable to executives based on a combination of individual, divisional and group performance. Incentive criteria are agreed early in the group's financial year when objectives are set out in contract form. During the past year, key measures included the achievement of growth objectives encompassing organic growth and innovation, demonstrating leadership competency and meeting transformation scorecard targets.

In order to align the interests of staff with those of shareholders, share options are awarded to senior employees as well as employees who are identified as key talent. The annual allocation of share options to selected employees is based on a percentage of each individual's annual salary package. Share options are granted at market price. Share options issued in December 2002, December 2003 and June 2006 vest in three tranches from the second anniversary of the date the share options were granted. Share options issued in May 2005 and December 2005 vest in four tranches from the second anniversary of the date the share options were granted. All share options granted, except those granted during 2005, are valid for five years. The share options granted in May and December 2005 are valid for six years.

Note 37 of the annual financial statements provides details of the remuneration, fees and share options paid and allocated to directors during the financial year.

AUDIT AND GOVERNANCE COMMITTEE

The primary role of the audit committee is to ensure the integrity of financial reporting and the audit process, and to ensure that a sound internal control system is maintained.

In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the audit committee reviews the accounting principles, policies and practices adopted in the preparation of public financial information and examines documentation relating to the annual report, interim report and preliminary announcement. The clarity of disclosures included in the financial statements is reviewed by the audit committee, as well as the basis for significant estimates and judgements. In assessing the accounting treatment of major transactions open to different approaches, the committee considered written reports by management and the external auditors.

The financial directors of all of the group's major operations have provided confirmation that financial and accounting control

frameworks operate satisfactorily. The audit committee considered summaries of the significant risk and control issues arising from these reports as well as the regular reports received from the internal and external auditors.

The audit committee approved the external auditors' terms of engagement, scope of work, the process for the 2006 interim and year-end audits and the applicable levels of materiality. Based on written reports submitted, the audit committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters were satisfactorily resolved.

The audit committee considered information pertaining to non-audit work performed by the external auditors during 2006 and has concluded that the nature and extent of non-audit work do not present a threat to the external auditors' independence.

Based on its assessment of the external auditors' performance and independence, the audit committee has recommended the reappointment of Deloitte & Touche as auditors until the conclusion of the annual general meeting in 2006.

The internal audit function reports directly to the audit committee. The mandate and annual coverage plans of the internal audit function were approved by the audit committee, which also considered the results of the internal audit work.

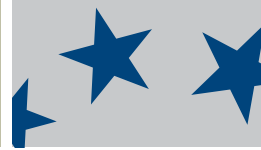
The audit committee comprises an equal number of independent non-executive and non-executive directors, namely Chris Seabrooke, Tshidi Madima, Peter Maw and Sindi Zilwa. The group's chief financial officer, Funke Ighodaro, and head of internal audit, Henry Enslin, attend all audit committee meetings by invitation.

As required by its terms of reference, the audit committee, chaired by an independent non-executive director, met four times during the year to coincide with key dates within the financial reporting and auditing cycle. Two of their meetings were followed by discussions, independent of management, with the external audit partners and the head of internal audit.

The audit and governance committee members' attendance at meetings:

	19/08/05	18/11/05	17/02/06	26/05/06
CS Seabrooke (Chairman)	A	✓	✓	✓
HM Madima	✓	✓	✓	✓
P Maw	✓	✓	✓	✓
SV Zilwa	✓	✓	✓	✓

A Apology



RISK COMMITTEE

The risk committee currently comprises Bheki Shongwe, Ferdi Gazendam, Funke Ighodaro, William Kirsh, Peter Maw and Kuben Pillay. The committee is chaired by an independent non-executive director and met three times during the financial year.

The risk committee members' attendance at meetings:

	21/07/05	22/11/05	05/06/06
BJT Shongwe (Chairman)	✓	✓	A
FA Gazendam	✓	✓	✓
O Ighodaro	✓	✓	✓
W Kirsh	✓	✓	✓
P Maw	✓	✓	A
K Pillay	✓	✓	✓

A Apology

The board is responsible for the process of risk management and has mandated the risk committee to ensure that significant risks are identified, evaluated and managed on an ongoing basis. Management is accountable to the board for designing, implementing and monitoring the process of risk management.

The board's policy on risk management encompasses all significant business risks to the group, including financial, operational and compliance risks, which could undermine the achievement of the group's business objectives. Managers are supported in giving effect to their risk responsibilities through policies and guidelines on risk and control management. The risk assessment and reporting criteria are designed to ensure that risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business and also that the individual and collective impact of the identified risks on the group as a whole is taken into consideration. In this regard, subsidiary company boards and senior managers carry out an annual assessment of risk as part of their strategic review process, to identify and assess the impact of critical risks facing their individual business units and the adequacy and effectiveness of control factors at all levels. These risks are then ranked on the basis of probability and impact, and action plans are put in place to address them and responsibilities allocated.

The risk committee reviews the activities and effectiveness of the group's risk management activities twice a year and ensures that those risks which impact on the group as a whole, are adequately addressed.

The system of internal control, which is embedded in all key operations, provides reasonable assurance that the group's business objectives will be achieved within acceptable risk tolerance levels. These risk tolerance levels are set in each business unit and vary

depending on the nature, scope and size of the business. In addition, the board receives assurance from the audit committee, which relies on regular internal and external audit reports, on risk and controls throughout the group.

The board has determined that the risk committee has satisfied its responsibilities for the year under review in compliance with its terms of reference.

TRANSFORMATION COMMITTEE

The transformation committee met twice during the year and consists of executive, non-executive and independent non-executive directors. Humphrey Khoza, an independent non-executive director, chairs the meetings. The other committee members are Ferdi Gazendam, Funke Ighodaro, William Kirsh, Paul Nkuna, Kuben Pillay and Sindi Zilwa.

The group human resource director, Melody Lekota, attends the meetings by invitation.

The transformation committee members' attendance at meetings:

	08/11/05	01/06/06
HM Khoza (Chairman)	✓	✓
FA Gazendam	✓	✓
O Ighodaro	A	✓
W Kirsh	✓	✓
AP Nkuna	✓	✓
K Pillay	✓	✓
SV Zilwa	✓	✓

A Apology

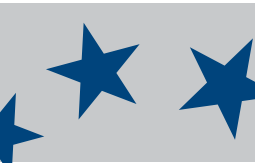
Primedia recognises that transformation is a key business imperative and accordingly has implemented a range of strategies to ensure the successful transformation of Primedia, including employment equity, equity ownership, skills and enterprise development, preferential procurement and social development. In this regard, the group's transformation objectives are governed by a charter which is monitored on an ongoing basis by the group transformation committee.

Primedia is once again proud to have been ranked 1st in the media sector and 34th overall during the 2006 Financial Mail/Empowerdex Top Empowerment survey.

Our progress to date against our transformation objectives has been as follows:

Employment equity

Employment equity ("EE") in the workplace is an important aspect of transformation within the group and is also a key objective of our



CORPORATE GOVERNANCE COMPLIANCE STATEMENT



recruitment strategy. Primedia strives to provide an environment which promotes diversity, redresses past imbalances in the group's staffing structure and eliminates all forms of discrimination, whether based on race, religion or gender. In this regard, the group has a published employment equity policy and submits employment equity reports and plans to the Department of Labour on an annual basis. The group's progress in achieving its employment equity targets is reflected as follows:

	Target for			
	Sept '06	Dec '04	June '05	June '06
	AIC	AIC	AIC	AIC
Executive management	40%	35%	35%	39%
Senior management	40%	33%	40%	38%
Middle management	45%	33%	32%	38%
Junior management	58%	53%	57%	62%
Staff	73%	86%	87%	85%

* AIC – African, Indian, Coloured.

Primedia has performed well against all set targets. Both the advertising and content divisions have had notable improvements over the year, with an increase in black representation at the majority of the management levels. A differentiation strategy is being driven to attract and retain employees, particularly at the middle to senior management levels.

Skills development

All the companies within the group comply fully with the Skills Development Act. The group spends in excess of 2% of total payroll towards skills development, of which over 60% is directed towards historically disadvantaged employees. There continues to be a strong focus on management and leadership development evidenced by the various courses conducted within the divisional companies as well as the leadership seminars facilitated by group human capital.

Equity ownership

Over the years, Primedia's direct financial support to empowerment entities has been significant, including over R400 million of own capital invested to enable empowerment companies to acquire stakes in a number of our businesses, including Ster-Kinekor and Africa on Air. In addition, Primedia has created significant value for its empowerment partners including the value unlocked by the former minority shareholders in Africa on Air.

As part of its ongoing commitment to broad-based black economic empowerment, Primedia recently facilitated the increase in its BEE economic shareholding from 6% to 18%, by Mineworkers Investment Company ("MIC"). Primedia has identified MIC as its strategic BEE partner due to MIC's commercial background,

understanding of the media section, its broad-based nature, current shareholding and existing relationship with Primedia.

Preferential procurement

Primedia is committed to adopting and developing supportive procurement policies to facilitate and leverage the growth of historically disadvantaged South African companies. Wherever possible, Primedia will ensure that preferred supplier status is accorded to such suppliers. Most group companies have instituted informal systems to track procurement expenditure and have started the accreditation process with Empowerdex which has ensured that preferential procurement spend in these entities is audited and confirmed. Approximately 21% of the total procurement expenditure is directed towards black owned and black empowered suppliers as defined by the Department of Trade and Industry.

RELATIONS WITH SHAREHOLDERS

During the year, there have been regular presentations and meetings with institutional investors to communicate the strategy and performance of Primedia. Executive directors attend such presentations and meetings. The company's website (www.primedia.co.za) provides the latest and historical financial and other information on Primedia, including such presentations.

Shareholders will have the opportunity at the annual general meeting, notice of which is enclosed herewith, to put questions to the board.

ACCOUNTABILITY AND INTERNAL CONTROL

Company law requires the board to prepare financial statements for each year, which fairly present the financial position, the results of operations and cash flow information for the group.

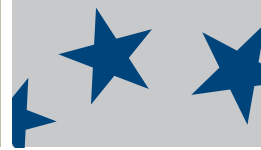
In addition, the board is responsible for maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the company and the group and enable the board to ensure that the financial statements comply with International Financial Reporting Standards and the Companies Act 61 of 1973, as amended.

The board also has the general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the group and detect fraud and other irregularities.

Key procedures that have been established to provide effective financial control can be described under the following headings:

Internal controls and accounting records

The internal audit department is an independent appraisal function that reviews the adequacy and effectiveness of internal controls, and the systems that support them. These include controls and systems



at the operating entities and also the business and financial risks that could have an adverse effect on the group. Weaknesses identified by the internal auditors are brought to the attention of the directors and management.

The external auditors provide an independent assessment of internal controls and systems through the audit work that they perform. They complement the work of the internal auditors and review all internal audit reports on a regular basis. The external auditors are also responsible for reporting on whether the financial statements are fairly presented and their report is presented on page 45.

Financial reporting

There are comprehensive management reporting disciplines that include the preparation and adoption of an annual budget against an approved strategy by all subsidiaries.

Monthly results are reported against approved budget and prior year actual results, with updated forecasts to the end of the financial year also being presented on a quarterly basis. The group has a clearly defined framework for capital expenditure, including approved budgets and appropriate authorisation levels, beyond which such expenditure requires the approval of the board of the subsidiary and, for larger capital projects or acquisitions, the board of Primedia.

The board has reviewed the effectiveness of the systems of internal financial control for the accounting year and the period to the date of the approval of the accounts. In so doing, it considered the major business risks and the control environment.

Nothing has come to the attention of the directors, or to the attention of the internal or external auditors, to indicate that any material breakdown in the functioning of the above-mentioned controls and systems has occurred during the year under review.

The board confirms that it is satisfied that the group has adequate resources to continue business for the foreseeable future. For this reason, the company has continued to adopt the going-concern basis in preparing the financial statements.

CODE OF CONDUCT

The group's directors, management and employees are committed to maintaining the highest ethical standards in their dealings with each other and with the group's stakeholders.

All group employees are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which, in all circumstances, is above reproach. This is enforced by the uniform Code of Conduct which has been adopted by the group.

PRICE-SENSITIVE INFORMATION AND CLOSED PERIODS

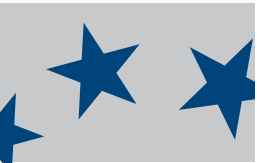
In accordance with the JSE Limited's guidelines on price-sensitive information, the company has adopted a policy on information determined to be price-sensitive, confidentiality undertakings and discussions with the press, institutional investors and analysts. Only the chairman, the chief executive and the chief financial officer may discuss with third parties matters which may involve price-sensitive information.

The company follows a "closed period" principle, during which period employees and directors are prohibited from dealing in the company's shares. The closed period as determined by the board includes the period between the end of the month of each interim and financial year-end and the publication of the results for such periods. Where appropriate, dealing in the company shares is also restricted during sensitive periods when major transactions are being negotiated and a public announcement is imminent. Directors are required to obtain approval from the chairman of the company prior to dealing in shares or share options. Directors and officers notify the company secretary of all dealings in shares of the company whether traded directly or indirectly by them and a report on shares traded is tabled at each board meeting.

COMPANY SECRETARY

The group company secretary, appointed by the board in terms of section 268A of the Companies Act, is required to provide the directors of the company, collectively and individually, with guidance as to their duties, responsibilities and powers. All directors have access to the advice and services of the group company secretary.

The secretary is also required to ensure that minutes of all shareholders' meetings, directors' meetings and the meetings of various committees of the board are properly recorded in accordance with section 242 of the Companies Act. These minutes are circulated to members of the board and board sub-committees



DEFINITIONS

**Capital employed**

Total shareholders' funds and long-term borrowings, including current portion of long-term borrowings.

Net interest-bearing debt

Long-term borrowings, current portion of long-term borrowings, bank overdrafts less bank balances and cash.

Market capitalisation

Share price multiplied by the number of shares in issue at 30 June.

PBIT

Operating profit before amortisation of intangibles (other than software), share option expense, unrealised foreign exchange and exceptional items.

Shareholder distributions paid

Distributions to shareholders out of share premium.

Earnings yield

Earnings per share divided by the share price at 30 June.

PE ratio

Share price divided by earnings per share at 30 June.

Return on assets

Operating profit before depreciation (EBITDA) divided by average total assets, excluding bank balances and cash.

Return on shareholders' equity

Earnings attributable to ordinary shareholders divided by average shareholders' equity.

Return on capital employed

Operating profit divided by average capital employed.

Operating margin

PBIT expressed as a percentage of revenue.

Interest cover

PBIT divided by net finance cost.

Current ratio

Current assets divided by current liabilities.

Net debt to EBITDA ratio

Net interest-bearing debt divided by operating profit before depreciation (EBITDA).