

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
1. REVENUE				
Continuing operations				
– Sale of goods	837 444	628 037	–	–
– Services rendered	1 549 766	1 309 732	–	–
	2 387 210	1 937 769	–	–
Discontinued operations				
– Services rendered (note 18)	40 102	42 539	–	–
	2 427 312	1 980 308	–	–
2. EXCEPTIONAL ITEMS				
IFRS 2 expense relating to BEE ownership transaction	(108 398)	–	(108 398)	–
Net profit on disposal of assets and investments	13 902	3 063	–	–
Reversal of loan impairment	4 700	14 910	–	3 970
Profit on disposal of listed investment and intellectual property	4 430	–	3 840	–
Impairment of assets and equity investments	(3 308)	(578)	(4)	26 405
Reversal of onerous lease provisions	811	3 334	–	–
Revaluation of listed investment	–	1 165	–	1 165
Charitable donation to The Nelson Mandela Foundation	–	(3 000)	–	–
Costs relating to The Museum of Television and Radio				
International Council meeting	–	(2 846)	–	–
Write-back of costs previously written off	–	320	–	–
Gross exceptional items	(87 863)	16 368	(104 562)	31 540
Taxation (included in note 7)	(3 067)	485	–	–
Net exceptional items	(90 930)	16 853	(104 562)	31 540
3. OPERATING PROFIT/(LOSS)				
Operating profit/(loss) is arrived at after taking into account the following items not disclosed elsewhere:				
Income				
Foreign exchange gain – realised	1 311	23	–	–
Foreign exchange gain – unrealised	1 252	1 682	–	1
Profit on disposal of property, plant and equipment	746	1 258	–	–
Management fee received	632	514	–	–
Expenses				
Auditors' remuneration				
– current year	7 113	5 617	660	536
– prior year	(113)	348	–	–
– other services	591	1 209	22	165
	7 591	7 174	682	701

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for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
3. OPERATING PROFIT/(LOSS) (continued)				
Fees paid to consultants	20 029	14 148	–	387
Foreign exchange loss – realised	10 781	2 241	–	–
Foreign exchange loss – unrealised	6 452	1 565	–	26
Loss on disposal of property, plant and equipment	851	1 052	–	–
Impairment of property, plant, equipment and intangible assets	212	544	–	–
Operating lease rentals				
– premises	68 220	67 659	–	–
– plant and equipment	5 066	4 094	–	–
	73 286	71 753	–	–
Research and development costs	3 815	3 437	–	–
Employee costs	387 103	313 811	–	–
Directors' emoluments – executive directors				
– current year			18 602	13 743
– less: paid by subsidiary companies			(18 602)	(13 743)
			–	–
Directors' emoluments – non-executive directors				
– board and committee fees			4 105	3 369
– other services as directors			304	718
			4 409	4 087
– less: paid by subsidiary companies			(111)	(114)
			4 298	3 973
4. INVESTMENT INCOME				
Dividends received from subsidiary companies			943	–
Interest received from subsidiary companies			21 424	9 567
Interest received from bankers	8 264	6 894	–	–
Interest received from South African Revenue Service	2 154	127	264	–
Revaluation of interest rate swap	1 463	–	1 463	–
Other interest received	940	718	–	492
	12 821	7 739	24 094	10 059

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for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
5. FINANCE COSTS				
Bank overdrafts and borrowings	(24 934)	(10 338)	(15 931)	(5 892)
Term loans and finance leases	(33 284)	(34 809)	-	-
Revaluation of interest rate swap	-	(7 518)	-	(7 518)
South African Revenue Service	(113)	(657)	-	(1 603)
Amounts owed to vendors	(191)	(38)	-	-
Interest paid to subsidiary companies			(6 162)	-
Other finance costs	(1 822)	(1 713)	(976)	-
	(60 344)	(55 073)	(23 069)	(15 013)
6. SHARE OF ASSOCIATED COMPANIES' PROFITS				
Unlisted investment	-	457		
7. INCOME TAX (EXPENSE)/CREDIT				
South African normal taxation				
- Current year	(92 528)	(55 058)	-	(516)
- Prior year	7 810	641	221	(4)
Foreign taxation				
- Current year	(1 101)	696		
- Prior year	(156)	-		
Secondary taxation on companies	(112)	-	-	-
South African deferred taxation				
- Current year	(28 116)	(30 485)	1 029	1 136
- Prior year	12 498	(454)	(587)	-
- Statutory tax rate change	-	(2 328)	-	(17)
Foreign deferred tax				
- Current year	(340)	(389)		
- Prior year	(10)	-		
	(102 055)	(87 377)	663	599

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	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
7. INCOME TAX (EXPENSE)/CREDIT (continued)				
Reconciliation of rate of taxation:	%	%	%	%
South African normal tax rate	29,0	29,0	29,0	29,0
Permanent differences	9,8	(0,1)	(28,1)	(31,3)
Prior year (under)/over provision	(1,9)	0,1	(0,3)	–
Deferred tax not raised on assessed losses	0,4	0,1	–	–
Deferred tax asset raised on prior year assessed losses	(4,6)	(2,4)	–	–
Secondary tax on companies and other taxes	0,3	–	–	–
Effect of statutory rate change	–	0,7	–	–
Effective tax rate per income statement	33,0	27,4	0,6	(2,3)

In addition to the income tax expense charged to profit or loss, a deferred tax charge of R0,5 million (2005: a credit of R2,8 million) has been recognised in equity during the year.

8. EARNINGS PER SHARE**8.1 Number of shares ('000)**

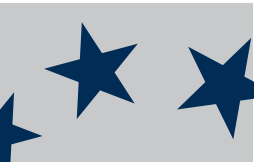
Ordinary shares	52 086	52 086
N ordinary shares	184 542	176 542
Total number of shares in issue	236 628	228 628
Treasury shares		
– Ordinary shares	(465)	(379)
– N ordinary shares	(10 168)	(6 501)
Total number of shares in issue (net of treasury shares)	225 995	221 748
Weighted average number of shares	225 891	223 032
Unexercised share options	6 408	5 462
Diluted weighted average number of shares	232 299	228 494



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

		Group	
		2006 R'000	2005 R'000
8. EARNINGS PER SHARE (continued)			
8.2 Earnings per share			
Profit for the year attributable to ordinary shareholders		182 177	214 320
Profit for the year from discontinued operations		(204)	(148)
Profit for the year attributable to ordinary shareholders from continuing operations		181 973	214 172
Earnings per share attributable to ordinary shareholders			
– Basic	cents	81	96
– Diluted	cents	78	94
Earnings per share from continuing operations attributable to ordinary shareholders			
– Basic	cents	81	96
– Diluted	cents	78	94
8.3 Headline earnings per share			
Profit for the year attributable to ordinary shareholders		182 177	214 320
Adjusted for:			
Net loss/(profit) on disposal of property, plant and equipment		105	(206)
Exceptional items:			
– Impairment of assets and equity investments		3 308	578
– Profit on disposal of assets and investments		(13 902)	(3 063)
– Write back of costs previously written off		–	(320)
		171 688	211 309
Tax effect of non-headline earnings items		1 688	95
Headline earnings		173 376	211 404
Headline earnings per share			
– Basic	cents	77	95
– Diluted	cents	75	93
8.4 Normalised headline earnings per share			
Headline earnings		173 376	211 404
IFRS 2 expense relating to BEE ownership transaction		108 398	–
Normalised headline earnings		281 774	211 404
Normalised headline earnings per share			
– Basic	cents	125	95
– Diluted	cents	121	93



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for the year ended 30 June 2006

8. EARNINGS PER SHARE (continued)

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders for the year by the weighted average number of shares in issue during the period, net of the shares held by The Primedia Trust.

Diluted earnings per share is calculated by adjusting the weighted average number of shares in issue by the number of shares that would have been issued at fair value in respect of options granted but not exercised, as well as shares issued subsequent to year-end. The dilution did not affect earnings.

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

Diluted headline earnings per share is calculated by adjusting the weighted average number of shares in issue by the number of shares that would have been issued at fair value in respect of options granted but not exercised, as well as shares issued subsequent to year-end. The dilution did not affect earnings.

Basic and diluted earnings per share for the discontinued operation are 0,1 cent per share (2005: 0,1 cent per share), based on profit for the year from the discontinued operation of R0,2 million (2005: R0,1 million).

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for the year ended 30 June 2006

	Land and buildings R'000	Advertising structures R'000	Leased assets and leasehold improve- ments R'000	Motor vehicles, plant and equipment R'000	Office furniture, equipment, décor and computers R'000	Total R'000
9. PROPERTY, PLANT AND EQUIPMENT						
Group – at 30 June 2006						
Cost	12 426	194 189	53 650	147 559	258 151	665 975
Accumulated depreciation and impairments	(5 533)	(104 190)	(10 974)	(86 069)	(143 485)	(350 251)
Net carrying value	6 893	89 999	42 676	61 490	114 666	315 724
<i>Movement summary</i>						
Opening net carrying value	11 683	85 616	45 143	42 777	120 866	306 085
Additions	186	22 817	280	22 135	29 782	75 200
Acquisition of businesses	–	2 271	267	11 062	1 969	15 569
Disposal of businesses	–	–	–	–	(1 014)	(1 014)
Disposals – at cost	(5 764)	(2 525)	–	(8 203)	(46 287)	(62 779)
Disposals – accumulated depreciation	822	2 094	–	7 389	44 367	54 672
Depreciation (continuing operations)	(560)	(19 987)	(2 260)	(13 151)	(29 363)	(65 321)
Depreciation (discontinued operations)	–	–	–	–	(864)	(864)
Reclassified as held for sale	–	–	–	–	(1 550)	(1 550)
Exchange rate adjustments	–	397	(1)	(19)	98	475
Reclassifications to intangible assets	526	(684)	(753)	(500)	(3 338)	(4 749)
Closing net carrying value	6 893	89 999	42 676	61 490	114 666	315 724
Group – at 30 June 2005						
Cost	14 179	170 025	51 633	118 096	292 011	645 944
Accumulated depreciation and impairments	(2 496)	(84 409)	(6 490)	(75 319)	(171 145)	(339 859)
Net carrying value	11 683	85 616	45 143	42 777	120 866	306 085
<i>Movement summary</i>						
Opening net carrying value as previously reported	9 386	78 389	45 585	32 077	83 482	248 919
IAS 16 restatement (note 35)	5 462	2 997	517	3 499	10 377	22 852
Opening net carrying value as restated	14 848	81 386	46 102	35 576	93 859	271 771
Additions	–	15 809	257	16 953	53 368	86 387
Acquisition of businesses	–	6 309	–	1 547	2 400	10 256
Disposals – at cost	(1 885)	(3 130)	(195)	(2 543)	(15 036)	(22 789)
Disposals – accumulated depreciation	18	1 900	195	2 347	14 561	19 021
Depreciation (continuing operations)	(950)	(16 678)	(1 214)	(11 057)	(27 252)	(57 151)
Depreciation (discontinued operations)	–	–	–	(69)	(951)	(1 020)
Impairment	–	–	–	–	(544)	(544)
Exchange rate adjustments	–	20	(2)	13	123	154
Reclassifications	(348)	–	–	10	338	–
Closing net carrying value	11 683	85 616	45 143	42 777	120 866	306 085

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

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

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for the year ended 30 June 2006

	Goodwill R'000	Tradenames, copyrights and trademarks R'000	Licence R'000	Intangible rights R'000	Software R'000	Total R'000
10. GOODWILL AND INTANGIBLE ASSETS						
Group – at 30 June 2006						
Cost	414 313	183 496	25 904	13 793	48 315	685 821
Accumulated amortisation and impairments	(212)	(102)	–	(4 032)	(28 149)	(32 495)
Net carrying value	414 101	183 394	25 904	9 761	20 166	653 326
<i>Movement summary</i>						
Opening net carrying value	223 790	183 407	25 904	–	8 532	441 633
Additions	62 657	–	–	–	13 535	76 192
Disposals – at cost	–	–	–	–	(2 209)	(2 209)
Disposals – accumulated depreciation	–	–	–	–	1 449	1 449
Acquisition of businesses	129 785	–	–	13 793	31	143 609
Disposal of businesses	(1 919)	–	–	–	(830)	(2 749)
Amortisation	–	(13)	–	(4 032)	(5 091)	(9 136)
Impairment	(212)	–	–	–	–	(212)
Reclassifications from property, plant and equipment	–	–	–	–	4 749	4 749
Closing net carrying value	414 101	183 394	25 904	9 761	20 166	653 326
Group – at 30 June 2005						
Cost	223 790	183 496	25 904	–	39 843	473 033
Accumulated amortisation and impairments	–	(89)	–	–	(31 311)	(31 400)
Net carrying value	223 790	183 407	25 904	–	8 532	441 633
<i>Movement summary</i>						
Opening net carrying value as previously reported	82 446	110	–	–	10 231	92 787
IFRS restatement (note 35)	–	–	–	–	(959)	(959)
Opening net carrying value as restated	82 446	110	–	–	9 272	91 828
Additions	68 991	–	–	–	4 108	73 099
Disposals	–	–	–	–	(171)	(171)
Acquisition of businesses	69 461	183 310	25 904	–	11	278 686
Amortisation	–	(13)	–	–	(4 688)	(4 701)
Negative goodwill released	2 892	–	–	–	–	2 892
Closing net carrying value	223 790	183 407	25 904	–	8 532	441 633

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
10. GOODWILL AND INTANGIBLE ASSETS (continued)				
The following intangible assets were assessed as having indefinite lives:				
Tradenames	183 248	179 634		
Licence	25 904	25 904		
	209 152	205 538		
Goodwill and other intangibles with indefinite lives are tested for impairment as disclosed in note 36.				
11. INVESTMENTS IN SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES (ANNEXURE 2)				
11.1 Investments in subsidiaries				
Shares at cost			511 068	496 570
Loans to subsidiaries			2 315 007	2 291 009
Loans from subsidiaries			(187 898)	(188 372)
			2 638 177	2 599 207
Write-down of investments against share premium			(2 292 656)	(2 292 656)
Recoupment of amounts previously written off against share premium			328 028	264 204
			673 549	570 755
11.2 Investments in jointly controlled entities (note 33)				
Loan from jointly controlled entity			(24 617)	(22 693)
12. INVESTMENTS IN ASSOCIATED COMPANIES (ANNEXURE 1)				
Balance at beginning of year	10 940	8 062		
Share of associated companies' profits	–	457		
Reversal of impairment of investments and loans	4 614	10 940		
Repayment of loans advanced	(9 822)	–		
Loans advanced	–	81		
Reclassification from associate to subsidiary	–	(8 600)		
Balance at end of year	5 732	10 940		
<i>Analysis of closing balance:</i>				
Unlisted investments				
– Shares at cost (net of goodwill amortised)	420 616	420 616		
– Share of reserves	(246 169)	(246 169)		
Loans owing by associated companies	102 537	112 359		
Impairment of investments	(271 252)	(275 866)		
	5 732	10 940		

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	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
13. OTHER INVESTMENTS AND LOANS				
Loan granted to a director on exercise of share options	2 656	2 656	–	–
Loan granted to V&A Waterfront	1 500	2 000	–	–
Loan granted to jointly controlled entity	1 250	–	–	–
Disposal proceeds due	1 032	–	–	–
Preference share funding to empowerment partner ⁽¹⁾	–	–	81 359	81 359
Listed shares ⁽²⁾	–	5 879	–	5 879
Unlisted investment				
– VVV Productions (Pty) Limited	–	3 970	–	3 970
Other	191	98	–	–
	6 629	14 603	81 359	91 208

⁽¹⁾ The preference shares bear cumulative dividends at variable rates linked to the prime bank rate.

⁽²⁾ The listed investment comprised 624 125 ordinary shares in African Media Entertainment Limited which was carried at fair value.

14. DEFERRED TAX				
Balance at beginning of year – as previously reported	58 445	172 990	13 657	12 538
SA GAAP restatement and reclassification (note 35)	–	(10 739)	–	–
IFRS restatement (note 35)	–	(8 981)	–	–
Balance at beginning of year – as restated	58 445	153 270	13 657	12 538
Charge to income statement	(15 968)	(33 656)	442	1 119
Adjustment to equity arising on changes to tax value				
– of trademarks	555	(2 756)	–	–
Exchange rate adjustments	(279)	(455)	–	–
Acquisition of businesses	(3 498)	(57 958)	–	–
Balance at end of year	39 255	58 445	14 099	13 657
Deferred tax asset	116 944	124 025	14 099	13 657
Deferred tax liability	(77 689)	(65 580)	–	–
Analysis of closing balance:				
– Capital allowances	(18 595)	(18 266)	–	–
– Prepayments	(22 047)	(22 444)	–	–
– Provisions	56 292	46 334	–	587
– Effect of tax losses	24 886	32 416	1 009	–
– Trademarks, licences and intangible rights	(17 298)	1 514	–	–
– STC credits	14 965	17 840	12 036	12 036
– Other	1 052	1 051	1 054	1 034
	39 255	58 445	14 099	13 657

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for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
14. DEFERRED TAX (continued)				
Tax losses at the end of the year				
– South African	191 688	269 423	3 481	–
– Foreign	3 865	3 921	–	–
Utilised to raise deferred tax asset	(85 815)	(111 779)	(3 481)	–
Available to reduce future taxable income	109 738	161 565	–	–
Deferred tax not raised due to the uncertainty of future income streams against which the asset can be realised	31 824	46 854	–	–
15. INVENTORIES				
Finished goods*	46 781	37 534	–	–
Merchandise	6 295	8 407	–	–
Raw materials and components	4 123	3 489	–	–
Consumables and maintenance spares	2 108	2 337	–	–
	59 307	51 767	–	–

* Includes inventories of R13,0 million (2005: R3,0 million) carried at net realisable value.

16. TRADE AND OTHER RECEIVABLES				
Trade receivables	358 434	293 854	–	–
Prepaid film royalties	32 305	59 481	–	–
Prepayments	12 740	15 687	124	–
Tax overpaid	230	350	–	–
Financial instrument asset	1 084	–	–	–
Other	39 174	36 417	143	353
	443 967	405 789	267	353

The financial instrument asset relates to the unrealised loss on open foreign exchange contracts in respect of purchased currency (note 34.2) and the mark-to-market revaluation of an embedded derivative instrument (note 34.3).

Accounts receivable of R265,9 million (2005: R201,6 million) have been encumbered to secure long-term borrowings as recorded in note 21.

The directors consider the carrying amount of trade and other receivables to approximate their fair value.

17. BANK BALANCES AND CASH				
Bank balances and cash	60 740	4 368	–	–

Bank balances and cash comprise cash held by the group and short-term deposits with an original maturity date of three months or less. The carrying amount of these assets approximate their fair value.

Bank balances and cash to the value of R44,6 million (2005: R46,2 million) have been encumbered to secure long-term borrowings as recorded in note 21.

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for the year ended 30 June 2006

18. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

During 2005, the board of directors resolved to dispose of The Database Group, the UK one to one marketing business owned by the group. Subsequent to year-end, assets and liabilities of the business have been sold and are presented separately on the balance sheet. The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities. Unrecognised actuarial losses on the business' defined benefit plan amounted to GBP 849 000 (2005: GBP 952 000) (note 27).

	Group	
	2006	
	R'000	
The major classes of assets and liabilities are as follows:		
Non-current assets		
– Property, plant and equipment		1 550
Current assets		
– Trade and other receivables		13 521
		15 071
Current liabilities		
– Provisions		2 066
– Trade and other payables		7 813
		9 879
	Group	
	2006	2005
	R'000	R'000
Abridged income statement		
Revenue	40 102	42 539
Expenses	(39 011)	(40 867)
Operating profit before depreciation	1 091	1 672
Depreciation	(864)	(1 020)
Operating profit after depreciation	227	652
Exceptional items	(45)	(447)
Net finance costs	(12)	69
Profit before tax	170	274
Income tax credit/(expense)	34	(126)
Profit for the year	204	148
Abridged cashflow statement		
Cash flow from/(utilised in) operating activities	1 238	(1 078)
Cash flow utilised in investing activities	(738)	(519)
Cash flow from financing activities	852	745
Increase/(decrease) in cash and cash equivalents	1 352	(852)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
19. SHARE CAPITAL AND PREMIUM				
19.1 Share capital				
<i>Authorised share capital:</i>				
100 000 000 ordinary shares of 2 cents each	2 000	2 000	2 000	2 000
200 000 000 N ordinary shares of 0,02 cents each	40	40	40	40
5 000 000 non-redeemable, cumulative, non-participating preference shares of 0,02 cents each	1	–	1	–
	2 041	2 040	2 041	2 040
<i>Issued share capital:</i>				
52 086 276 (2005: 52 086 276) ordinary shares of 2 cents each	1 042	1 042	1 042	1 042
184 541 569 (2005: 176 541 569) N ordinary shares of 0,02 cents each	37	35	37	35
1 500 000 non-redeemable, cumulative, non-participating preference shares of 0,02 cents each	–	–	–	–
	1 079	1 077	1 079	1 077
Less: shares held in The Primedia Trust				
464 830 (2005: 379 307) ordinary shares of 2 cents each	(9)	(8)		
10 168 475 (2005: 6 501 417) N ordinary shares of 0,02 cents each	(2)	(1)		
Total share capital	1 068	1 068	1 079	1 077
19.2 Share premium				
Gross premium, less issue expenses and intangibles written off	649 479	506 688	649 479	506 688
Premium on share buy-back	(16 476)	(16 476)	(16 476)	(16 476)
Distribution to shareholders	(371 548)	(199 170)	(371 548)	(199 170)
Premium on shares held in The Primedia Trust	(58 572)	(22 895)		
Distribution received by The Primedia Trust	11 002	5 502		
Total share premium	213 885	273 649	261 455	291 042
Total share capital and premium	214 953	274 717	262 534	292 119
20. NON-DISTRIBUTABLE RESERVES				
Tax relief on intangible assets written off against share premium	232 409	231 854		
Foreign currency translation reserve	12 668	10 739		
Shares held in The Primedia Trust	(110 845)	(63 056)		
Goodwill and trademarks disposed of by subsidiary companies previously written off against share premium	5 291	5 291		
Minority share of intangibles written off against share premium	66 445	70 894		
Recoupment of investments and loans to subsidiaries previously written off against share premium			286 387	222 563
Other	1 062	1 062	8 010	8 010
	207 030	256 784	294 397	230 573

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for the year ended 30 June 2006

	Group	
	2006 R'000	2005 R'000
21. INTEREST-BEARING BORROWINGS		
Secured borrowings:		
– Term loans	147 175	233 776
– Finance leases	54 781	58 157
Total secured borrowings	201 956	291 933
Less: current portion included in bank overdrafts and short-term borrowings (note 26)		
– Term loans	(96 659)	(90 757)
– Finance leases	(10 319)	(8 431)
	94 978	192 745

The term loans bear interest at three-month JIBAR plus a margin of 2,65%. The effective interest rate for the period to 30 June 2006 was approximately 9,7% (2005: 10,3%). Repayments on these loans commenced on 3 January 2005 and will continue until 31 October 2007.

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

All the interest-bearing borrowings are denominated in South African Rand.

	Group	
	2006 R'000	2005 R'000
Secured over assets with a carrying value of:		
Land and buildings	38 140	39 758
Advertising structures	5 559	3 503
Office furniture, equipment, décor and computers	2 139	1 672
Accounts receivable	265 894	201 613
Bank balances and cash	44 645	46 197
	356 377	292 743

Certain companies in the group have provided cross guarantees and suretyships in respect of the term loans.

	2007 R'000	2008 R'000	2009 R'000	2010 R'000	2011 onwards R'000	Total R'000
Repayment terms						
Term loans	96 659	50 516	–	–	–	147 175
Finance leases	10 319	12 510	792	1 643	29 517	54 781
	106 978	63 026	792	1 643	29 517	201 956
Finance leases						
Future minimum lease payments	20 248	19 615	5 771	6 069	43 651	95 354
Finance costs	(9 929)	(7 105)	(4 979)	(4 426)	(14 134)	(40 573)
	10 319	12 510	792	1 643	29 517	54 781

The directors consider the carrying amount of interest-bearing borrowings to approximate their fair value.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group	
	2006 R'000	2005 R'000
22. LANDLORD INDUCEMENT PREMIUM		
Total premium	16 572	23 642
Less: current portion included in bank overdrafts and short-term borrowings (note 26)	(1 870)	(2 258)
	14 702	21 384

A subsidiary company has entered into an agreement with the landlord of a cinema complex, in terms of which the landlord has provided an equipped cinema complex. The monthly lease payments in terms of the agreement are based on the level of customer attendances experienced by the complex and extend for a period of six years to 2012. The landlord has encumbered rights to the assets acquired with a value of R11,6 million (2005: R12,7 million) and the imputed interest cost in respect of the premium has been charged to finance costs.

The directors consider the carrying amount of the landlord inducement premium to approximate its fair value.

23. MINORITY SHAREHOLDER LOANS		
Loans from minority shareholders	25 498	27 147

These loans are interest-free, have no fixed repayment terms and relate to funding provided by minority shareholders to group subsidiary companies.

	Post- retirement medical benefit R'000	Leave pay R'000	Bonus R'000	Onerous leases R'000	Other R'000	Total R'000
24. PROVISIONS						
Group – at 30 June 2006						
Balance at beginning of year	15 712	12 926	52 513	811	11 043	93 005
Additional provisions raised	1 300	12 544	62 076	764	5 115	81 799
Provisions reversed	(564)	(131)	(179)	(811)	(4 327)	(6 012)
Payments against provisions	–	(9 977)	(56 923)	–	(1 921)	(68 821)
Acquisition of businesses	–	211	–	–	–	211
Reclassifications from accounts payable	–	–	–	–	4 781	4 781
Reclassification to liabilities associated with assets classified as held for sale	–	–	–	–	(2 066)	(2 066)
Exchange rate adjustment	–	–	8	–	316	324
Balance at end of year	16 448	15 573	57 495	764	12 941	103 221
Less: current portion	(1 300)	(15 573)	(57 495)	(764)	(7 990)	(83 122)
Long-term provisions	15 148	–	–	–	4 951	20 099

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Post-retirement medical benefit R'000	Leave pay R'000	Bonus R'000	Onerous leases R'000	Other R'000	Total R'000
24. PROVISIONS (continued)						
Group – at 30 June 2005						
Balance at beginning of year as previously reported	15 025	11 092	44 320	4 145	24 988	99 570
IFRS restatement (note 35)	–	–	–	–	584	584
Opening balance as restated	15 025	11 092	44 320	4 145	25 572	100 154
Additional provisions raised	868	8 193	50 122	–	929	60 112
Provisions reversed	(181)	(988)	(382)	(3 334)	(1 781)	(6 666)
Payments against provisions	–	(6 347)	(41 596)	–	(16 827)	(64 770)
Acquisition of businesses	–	978	60	–	2 994	4 032
Exchange rate adjustment	–	(2)	(11)	–	156	143
Balance at end of year	15 712	12 926	52 513	811	11 043	93 005
Less: current portion	(1 418)	(6 796)	(52 513)	(811)	(8 768)	(70 306)
Long-term provisions	14 294	6 130	–	–	2 275	22 699
Company – at 30 June 2006						
Balance at beginning of year	–	–	–	–	–	–
Reclassification from accounts payable	–	–	–	–	3 633	3 633
Balance at end of year	–	–	–	–	3 633	3 633
Less: current portion	–	–	–	–	–	–
Long-term provisions	–	–	–	–	3 633	3 633

Post-retirement medical benefit

The group's policy is not to provide post-retirement medical benefits for employees. The obligation in respect of future post-retirement medical benefits payable to pensioners and employees of certain subsidiary companies relating to the period before the new policy become effective is accounted for as a defined benefit.

Leave pay

The leave pay provision relates to vested leave pay to which employees may become entitled upon leaving the employment of the group. The provision is utilised when employees who are entitled to leave pay leave the employment of the group or when accrued leave is utilised.

Bonus

The bonus provision consists of a performance bonus based on the achievement of predetermined financial and qualitative targets.

Onerous leases

The provision relates to lease contracts on which the unavoidable costs of meeting the obligations in respect thereof exceed the economic benefits expected to accrue from the lease.

Other

These include provisions for interest, refunds, rebates and sales commission.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
25. TRADE AND OTHER PAYABLES				
Trade payables and accruals	318 834	334 836	13 630	17 313
Deferred income	35 881	9 031	-	-
Amounts owed to vendors ⁽¹⁾	113 322	7 704	2 247	-
Financial instruments liability ⁽²⁾	6 055	11 380	-	-
	474 092	362 951	15 877	17 313

⁽¹⁾ This includes 5 962 385 N ordinary shares, fair valued at R91,2 million, due to be issued to Mineworkers Investment Company (Pty) Limited and cash of R22,1 million (2005: R7,7 million) owed to various vendors.

⁽²⁾ The financial instruments liability arises from the fair value revaluation of an interest rate swap (note 34.6), unrealised losses on open foreign exchange contracts in respect of purchased currency (note 34.2) and the liability arising as a result of the valuation of the embedded derivative (note 34.3).

The directors consider the carrying amount of trade payables and accruals to approximate their fair value.

26. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS				
Current portion of long-term borrowings (note 21)	106 978	99 188	-	-
Current portion of landlord inducement premium (note 22)	1 870	2 258	-	-
Bank overdrafts	124 776	10 779	153 437	103 550
	233 624	112 225	153 437	103 550

The directors consider the carrying amount of bank overdrafts and short-term borrowings to approximate their fair value.

27. RETIREMENT BENEFIT FUNDS

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

The total cost charged to income of R22,7 million (2005: R17,4 million) represents the contributions payable to these schemes by the group at rates specified in the rules of the schemes. All funds, with the exception of the Database Group Pension Fund, were confirmed as being financially sound as at their last valuation.

During prior years, the United Kingdom based Database Group Pension Fund, a defined benefit fund, was discontinued. Based on the latest actuarial valuation conducted as at 30 June 2006, the fund had a GBP 1 103 000 (2005: GBP 1 131 000) deficit, being the differential between the market value of plan assets of GBP 4 201 000 (2005: GBP 3 819 000) and the present value of plan liabilities of GBP 5 304 000 (2005: GBP 4 950 000). In accordance with the accounting treatment detailed in IAS 19 Employee Benefits, an amount of GBP 254 000 (2005: GBP 179 000) has been raised as a liability, with the balance of GBP 849 000 (2005: GBP 952 000) representing unrecognised actuarial losses to be amortised over the remaining working lives of the participating employees.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	2006 %	2005 %
27. RETIREMENT BENEFIT FUNDS (continued)		
The key assumptions used in valuing the Database Group Pension Fund were as follows:		
Discount rate	5,50	5,50
Expected rate of inflation	2,90	2,75
Expected rate of return on plan assets		
– equities	8,10	8,60
– bonds	5,00	4,75
– cash	4,50	4,75
Future pension increases	2,90	2,75

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

	Valuation interval	Latest valuation date
⁽¹⁾ Primovie Pension Fund	3 years	30 June 2002
⁽¹⁾ Alexander Forbes Pension Fund No.2	3 years	30 April 2003

The assets of the South African defined benefit funds are held mainly in cash and interest bearing stocks and currently show a surplus of R63.1 million (2005: R57,9 million). Retirement fund surpluses are required to be apportioned in terms of the Pension Funds Second Amendment Act, 2001 and a surplus apportionment implementation process has been instituted for the Primovie retirement funds. As this process has not yet been completed, the group has adopted a prudent view in recognising none of the surplus that will possibly accrue to it.

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

	2006 %	2005 %
Discount rate	8,00	9,00
Expected rate of salary increases	6,00	5,50
Expected rate of return on plan assets	8,50	10,50
⁽²⁾ Future pension increases	3,35	3,56

⁽¹⁾ These statutory valuations will be submitted to the Financial Services Board during 2006.

⁽²⁾ The fund's pension increases are determined by Sanlam. In light of proposed legislation, the funds will be required to set an increase policy targeting a percentage of CPI, but this will be limited to the actual increases declared by Sanlam.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group	
	2006	2005
	R'000	R'000
27. RETIREMENT BENEFIT FUNDS (continued)		
Amounts recognised in the income statement in respect of the defined benefit plans are as follows:		
Current service cost	127	119
Expected return on plan assets	(12 525)	(12 936)
Interest on obligation	6 249	6 750
Unrecognised asset	6 479	6 420
	330	353
Amounts recognised in the balance sheet in respect of the defined benefit plans are as follows:		
Present value of funded obligations	110 909	97 692
Fair value of plan assets	(159 428)	(141 726)
	(48 519)	(44 034)
Unrecognised actuarial gains or losses	(36 243)	(9 133)
Unrecognised asset	88 126	56 616
Net liability recognised in the balance sheet	3 364	3 449
Changes in the present value of the defined benefit obligation were as follows:		
Opening defined benefit obligation	97 692	87 775
Service costs	127	119
Interest costs	6 249	6 750
Actuarial losses	5 625	3 376
Exchange differences	5 682	4 644
Risk premiums	(19)	(26)
Benefits paid	(4 447)	(4 946)
	110 909	97 692
Changes in the fair value of plan assets were as follows:		
Opening fair value of plan assets	141 726	126 142
Expected return	12 525	12 936
Actuarial gains	4 361	1 371
Contributions by employer	692	66
Exchange differences	4 590	6 183
Risk premiums	(19)	(26)
Benefits paid	(4 447)	(4 946)
	159 428	141 726
Fair value of plan assets at balance sheet date is analysed as follows:		
Equity instruments	86 731	78 336
Debt instruments	27 879	23 445
Other assets	44 818	39 945
	159 428	141 726

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
28. RECONCILIATION OF OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION TO CASH GENERATED FROM/ (UTILISED IN) OPERATIONS				
Operating profit/(loss) before depreciation				
– Continuing operations	531 449	415 039	(5 532)	(343)
– Discontinued operations	1 091	1 672	–	–
Adjustments relating to exceptional items	–	(3 758)	–	–
	532 540	412 953	(5 532)	(343)
Adjustments for:				
Profit/(loss) on disposal of assets and investments	105	(4 263)	–	–
Provisions charged to the income statement	82 662	58 546	–	–
(Payments)/recoveries against provisions	(70 222)	(65 005)	(1 603)	1 603
Bad debts written off	2 033	2 969	–	–
Impairment of property, plant equipment and intangible assets	212	544	–	–
Accruals and other non-cash flow items	(3 850)	(7 177)	(2 027)	–
Operating profit/(loss) before working capital changes	543 480	398 567	(9 162)	1 260
(Increase)/decrease in trade and other receivables	(38 463)	(48 452)	103	(165)
(Decrease)/increase in other current liabilities	(14 409)	54 432	2 311	(1 318)
Increase in inventories	(10 235)	(14 697)	–	–
Cash generated from/(utilised in) operations	480 373	389 850	(6 748)	(223)
Provisions charged to the income statement				
As stated above	82 662	58 546	–	–
Included in current assets				
– Provision for bad and doubtful debts	(2 623)	(1 629)	–	–
– Provision for stock obsolescence	(4 252)	(3 471)	–	–
Additional provisions raised (note 24)	75 787	53 446	–	–
Payments against provisions				
As stated above	(70 222)	(65 005)	–	–
Included in current assets				
– Provision for bad and doubtful debts	(184)	244	–	–
– Provision for stock obsolescence	1 585	(9)	–	–
Payments against provisions (note 24)	(68 821)	(64 770)	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
29. TAX PAID				
Current tax liabilities	(41 951)	(50 389)	(516)	(1 601)
Tax overpaid	350	652	-	-
Amounts unpaid at beginning of year	(41 601)	(49 737)	(516)	(1 601)
Prior year over/(under) provided	7 810	641	221	(4)
Provision for South African current tax	(92 528)	(55 058)	-	(516)
Provision for secondary taxation on companies	(112)	-	-	-
Provision for foreign tax	(1 257)	696	-	-
Subsidiary companies and businesses acquired	(3 009)	(6 629)	-	-
Exchange rate adjustments	(1)	(753)	-	-
Other movements	2 030	(126)	-	-
Amounts unpaid at end of year	54 903	41 601	-	516
	(73 765)	(69 365)	(295)	(1 605)
Amounts unpaid at end of year				
Current tax liabilities	55 133	41 951	-	516
Tax overpaid	(230)	(350)	-	-
	54 903	41 601	-	516

30. ACQUISITION/(DISPOSAL) OF BUSINESSES

The following companies were acquired and consolidated during the period under review.

	Acquisition date	Economic interest acquired
Book4Golf (Pty) Limited	1 July 2005	50,1%
Mobile Games Company (Pty) Limited t/a Airgames	1 July 2005	50,0%
Altmedia (Pty) Limited	1 September 2005	100,0%
Roga Properties (Pty) Limited t/a The Letter Corporation	1 September 2005	95,0%
Xprocure (Pty) Limited	1 September 2005	80,0%
Moving Tactics (Pty) Limited (renamed Primedia Campus Media (Pty) Limited)	1 March 2006	60,0%
365 Digital (Pty) Limited	1 June 2006	100,0%
Powerview (Pty) Limited (renamed Megaview (Pty) Limited)	1 June 2006	80,0%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

30. ACQUISITION/(DISPOSAL) OF BUSINESSES (continued)

The fair value of assets, liabilities and contingent liabilities acquired or disposed of by the group were as follows:

Group – at 30 June 2006	Acquired 2006 R'000	Disposed ⁽¹⁾ 2006 R'000	Acquired 2005 R'000
Non-current assets			
– Property, plant and equipment	15 569	(1 014)	10 256
– Intangible assets	13 824	(2 749)	209 225
– Deferred tax asset	181	–	2 696
Current assets			
– Inventories	20	(83)	–
– Trade and other receivables	17 489	(82)	31 170
– Bank balances and cash	757	(122)	22 660
Non-current liabilities			
– Interest-bearing borrowings	(4 222)	1 135	–
– Long-term provisions	(159)	–	(633)
– Deferred tax liability	(3 679)	–	(60 654)
Current liabilities			
– Current portion of long-term provisions	(52)	–	(3 399)
– Trade and other payables	(16 897)	1 023	(12 059)
– Current portion of long-term borrowings	(1 149)	–	–
– Taxation	(3 009)	–	(6 629)
Fair value of asset acquired/(disposed)	18 673	(1 892)	192 633
– Minority interest	(3 755)	–	(1 231)
– Capitalised costs	–	–	(101)
– Loss on disposal	–	2 302	–
– Goodwill	129 785	–	69 461
Purchase price	144 703	410	260 762
– Bank balances and cash	(757)	122	(22 660)
Net purchase price	143 946	532	238 102
– Amounts owing ⁽²⁾	(10 777)	(1 135)	(25 432)
– Amounts transferred from investment in associate	–	–	(8 600)
Net cash flow on acquisition/(disposal)	133 169	(603)	204 070

⁽¹⁾ This relates to Book4Golf (Pty) Limited, which was placed into provisional liquidation during May 2006, and the disposal of DVD City, a division of Primedia Pictures (Pty) Limited, in December 2005.

⁽²⁾ The amounts owing are dependent on the achievement of agreed performance criteria.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

Group

2006	2005
R'000	R'000

30. ACQUISITION OF BUSINESSES (continued)

The following summarises the combined results of the group as though the acquisition date for all acquisitions had been the beginning of the financial year.

Contribution of new businesses to revenue

Revenue for the financial year	91 861	162 148
Revenue recognised since acquisition	(63 914)	(120 263)
	27 947	41 885

Contribution of new businesses to net profit after tax

Net profit for the financial year	19 198	48 582
Net profit recognised since acquisition	(7 705)	(39 811)
	11 493	8 771

Goodwill arising on the acquisitions is attributable to the anticipated profitability of the distribution of the group's products and services in new markets and the anticipated future operating synergies from the combination.

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
31. COMMITMENTS				
31.1 Capital commitments				
Capital expenditure authorised, but not yet contracted	108 014	96 870	-	-
31.2 Financial commitments				
Film rights	72 436	56 049	-	-
Less: Amounts recoverable from third party	(21 495)	(13 581)	-	-
	50 941	42 468	-	-
31.3 Operating lease commitments				
Premises and site rentals				
Future lease payments expiring within:				
- One year	93 806	93 249	-	-
- Two to five years	189 533	192 833	-	-
- After five years	52 344	60 927	-	-
	335 683	347 009	-	-
Office equipment				
Future lease payments expiring within:				
- One year	4 184	3 086	-	-
- Two to five years	3 173	5 049	-	-
	7 357	8 135	-	-

The commitments will be financed by cash flows from operations and group borrowings.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

	Group		Company	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
32. CONTINGENT LIABILITIES				
32.1 Contingencies	7 953	4 720	–	–
32.2 Parent company guarantees:				
Ster Century Middle East	46 675	53 470	46 675	53 470
Ster Century Europe				
– Bank guarantees	5 182	4 785	5 182	4 785
– Lease guarantees	150 401	151 209	150 401	151 209
Total contingent liabilities	202 258	209 464	202 258	209 464
Less: Indemnities obtained from purchasers of SCE and SCME cinema operations	(202 258)	(155 994)	(202 258)	(155 994)
Unindemnified contingent liabilities	–	53 470	–	53 470

32.3 Africa on Air trademarks

Subsequent to the 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

33. INTEREST IN JOINTLY CONTROLLED ENTITIES

The group has the following interests in joint ventures:

	Economic interest	
	2006 %	2005 %
Kfm Radio (Pty) Limited	92,2	92,2
Clidet No 522 (Pty) Limited (renamed Property Dot Go (Pty) Limited)	50,0	50,0
Mobile Games Company (Pty) Limited t/a Airgames	50,0	–
	Group	
	2006 R'000	2005 R'000
The group's proportionate share of assets and liabilities:		
Property, plant and equipment	8 614	2 846
Intangible assets	205 568	205 549
Deferred tax asset	428	53
Other non-current assets	6 697	6 623
Current assets	30 887	35 601
Total assets	252 194	250 672
Non-current liabilities	2 866	60 940
Current liabilities	24 069	13 415
Total liabilities	26 935	74 355
The group's proportionate share of income and expenses:		
Revenue	115 341	79 016
Expenses	(39 512)	(31 068)
Profit before tax	75 829	47 948
Income tax expense	(21 772)	(13 604)
Net profit after tax	54 057	34 344
The group's proportionate share of cash flows:		
Cash flow from operating activities	59 282	44 269
Cash flow utilised in investing activities	(7 212)	(1 401)
Cash flow utilised in financing activities	(61 276)	–
(Decrease)/increase in cash and cash equivalents	(9 206)	42 868
Capital commitments	953	585
Other commitments	8 693	8 716
	9 646	9 301

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

34. FINANCIAL RISK MANAGEMENT

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

34.1 Treasury risk management

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

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

34.2 Foreign currency risk management

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

The following open foreign exchange contracts relating to purchased currency, maturing from 1 July 2006 to 28 September 2006, existed at year-end:

	Foreign amount '000	Average rate	Contract value R'000	Market value R'000	Fair value R'000
Group – at 30 June 2006					
Euros	2 675	9,010	24 102	24 581	479
US\$	2 410	6,930	16 701	17 208	507
Group – at 30 June 2005					
Euros	29 664	8,302	246 277	243 917	(2 360)
US\$	611	6,422	3 924	4 102	178
GBP	276	12,351	3 409	3 309	(100)

The resultant profit and losses detailed above have been recognised in the income statement.

Included in trade and other payables are amounts denominated in foreign currencies amounting to R36,0 million.

34.3 Embedded derivative

The group is entitled to receive payments for certain film rights which are determined and invoiced in US\$, which is the reporting currency neither of the group nor of the third party. This gives rise to an embedded derivative in terms of IAS 39 Financial Instruments Recognition and Measurement. This embedded derivative has been fair valued and the resultant adjustment of R0,1 million (2005: R1,6 million) has been expensed in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

34. FINANCIAL RISK MANAGEMENT (continued)**34.4 Credit risk management**

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

Provision is made for specific bad debts and at the year-end, in management's view, there is no material credit risk exposure that has not already been covered by the bad debt provision or credit guarantee insurance.

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

34.5 Liquidity risk management

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

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

Total borrowings comprise:

	Group	
	2006 R'000	2005 R'000
Interest-bearing borrowings	218 528	315 575
Bank overdrafts	124 776	10 779
Unindemnified contingent liabilities (note 32)	–	53 470

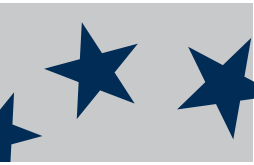
The group has unutilised borrowing facilities of R255,2 million (2005: R132,9 million). These facilities are secured as detailed in note 21.

34.6 Interest rate management

The company entered into an interest rate swap agreement on 1 July 2004 that entitles or obliges it to pay interest at a fixed rate on notional principal amounts and entitles or obliges it to receive interest at floating rates on the same notional principal amounts. The interest rate swap allows the company to swap long-term borrowings from floating rates into fixed rates that are lower or higher than those available if it had borrowed at fixed rates directly. Under this interest rate swap, the company agrees with other parties to receive, at specific quarterly intervals, interest at floating rates and pay interest at semi-annual intervals at fixed rates with reference to the agreed notional payments.

	Group	
	2006 R'000	2005 R'000
Fair value of interest rate swap liability	6 055	7 518

The fair value of the interest rate swap liability is represented by a notional principal amount of R100,0 million at a fixed rate of 10,0% and average floating rate of 9,735% (2005: 10,264%), based on three-month JIBAR plus a 2,65% margin for the year.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

35. RESTATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The group is reporting under IFRS for the first time for the year ended 30 June 2006. Comparative information previously published under SA GAAP has been restated to the equivalent basis under IFRS. The effective date of transition to IFRS is 1 July 2004, which represents the start of the earliest period of comparative information presented. The restatement follows the guidelines set out in IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1).

The accounting policies used in the preparation of the annual financial statements are compliant with IFRS and are consistent with those applied in the previous financial period, except as disclosed below.

IFRS 2 Share based payment

In accordance with the provisions of this standard, the group now recognises the fair value of share options granted to employees after 7 November 2002, which had not vested on 1 January 2005, as an expense in the income statement with a corresponding credit to equity. The fair value of options granted has been estimated on the grant date using an actuarial binomial option pricing model.

Following the early adoption of interpretation IFRIC 8 Scope of IFRS 2, the group is extending the scope of IFRS 2 to include the group's black economic empowerment initiative. Consequently, the fair value of the 8 000 000 shares issued at par to Mineworkers Investment Company (Pty) Limited has been expensed in the income statement.

IAS 16 (Revised) Property, plant and equipment

In terms of the transitional election made under IFRS 1, certain items of property, plant and equipment were recognised at deemed cost, being the fair value on 1 July 2004. In subsequent periods, these items have been measured at deemed cost less accumulated depreciation and impairment losses. Residual values and useful lives of assets were re-assessed, and where applicable, restated as required by IAS 16.

IFRS 3 Business combinations

During the previous financial year, the fair values of assets, liabilities and contingent liabilities of certain acquisitions were provisionally determined. These fair values have been adjusted as a result of completing the initial accounting of the business combination. These adjustments resulted in balance sheet reclassifications with no effect on profit.

SA GAAP adjustment

An adjustment was made in terms of SA GAAP to reduce the carrying value of the deferred tax asset incorrectly recognised in respect of the group's obligation to provide medical aid benefits to certain pensioners. The deferred tax asset was initially raised against opening accumulated losses in 2003 and consequently, the subsequent reversal thereof has also been written against accumulated reserves.

Reclassification

In the 2005 annual financial statements, realised foreign exchange gains and losses were reported separately and excluded from operating profit. The group now includes these gains and losses in operating profit as this better represents the financial performance of the group.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

35. RESTATEMENTS (continued)

The aforementioned restatements did not have any effect on the group's cashflow or minority interests.

	Previously reported	IFRS 2	IAS 16	IFRS 3	SA GAAP adjustment	Dis-continued operation	Reclassification	Restated
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group balance sheet – 1 July 2004								
Property, plant and equipment	248 919	–	22 852	–	–	–	–	271 771
Goodwill and intangible assets	115 787	–	(959)	–	–	–	–	114 828
Net deferred tax asset	172 990	–	(8 981)	–	(6 718)	–	(4 021)	153 270
Share based payment reserve	–	(4 128)	–	–	–	–	–	(4 128)
Non-distributable reserves	(305 119)	–	–	–	–	–	4 021	(301 098)
Accumulated profit/(loss)	339 322	4 128	(12 328)	–	6 718	–	–	337 840
Minority interest								
– Equity	–	–	–	–	–	–	(40)	(40)
– Other	(16 238)	–	–	–	–	–	40	(16 198)
Other current liabilities	(552 896)	–	(584)	–	–	–	–	(553 480)
Group balance sheet – 30 June 2005								
Property, plant and equipment	279 718	–	26 367	–	–	–	–	306 085
Goodwill and intangible assets	456 326	–	(959)	9 266	–	–	(23 000)	441 633
Net deferred tax asset	151 417	–	(8 435)	(8 218)	(6 718)	–	(4 021)	124 025
Investments and loans	12 603	–	–	–	–	–	2 000	14 603
Trade and other receivables	407 789	–	–	–	–	–	(2 000)	405 789
Non-distributable reserves	(260 805)	–	–	–	–	–	4 021	(256 784)
Share based payment reserve	–	(8 034)	–	–	–	–	–	(8 034)
Accumulated profit/(loss)	128 323	8 034	(14 982)	–	6 718	–	–	128 093
Minority interest								
– Equity	–	–	–	–	–	–	(30 780)	(30 780)
– Other	(80 927)	–	–	–	–	–	53 780	(27 147)
Deferred tax liability	(63 125)	–	(1 407)	(1 048)	–	–	–	(65 580)
Bank overdrafts and short-term borrowings	(10 779)	–	–	–	–	–	(101 446)	(112 225)
Other current liabilities	(576 070)	–	(584)	–	–	–	101 446	(475 208)
Group income statement – 30 June 2005								
Revenue	1 980 308	–	–	–	–	(42 539)	–	1 937 769
Cost of sales	(855 492)	–	–	–	–	5 203	–	(850 289)
Other operating income	17 730	–	–	–	–	–	23	17 753
Other operating expenses	(723 617)	–	–	–	–	35 664	(2 241)	(690 194)
Depreciation	(62 680)	–	4 509	–	–	1 020	–	(57 151)
Amortisation of software	(4 688)	–	–	–	–	–	–	(4 688)
Amortisation of other intangible assets	(13)	–	–	–	–	–	–	(13)
Net finance costs	(47 265)	–	–	–	–	(69)	–	(47 334)
Share option expense	–	(3 906)	–	–	–	–	–	(3 906)
Foreign exchange (losses)/gains	(2 101)	–	–	–	–	–	2 218	117
Exceptional items	16 915	–	(994)	–	–	447	–	16 368
Share of associated companies' profits	457	–	–	–	–	–	–	457
Income tax (expense)/credit	(86 642)	–	(861)	–	–	126	–	(87 377)
Profit/(loss) for the year from continuing operations	232 912	(3 906)	2 654	–	–	(148)	–	231 512

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

35. RESTATEMENTS (continued)

Effect on earnings per share – 30 June 2005	Previously reported cent	IFRS 2 cent	IAS 16 cent	IFRS 3 cent	SA GAAP adjustment cent	Dis- continued operation cent	Reclassifi- cation cent	Restated cent
– Basic	97	(2)	1	–	–	–	–	96
– Diluted	94	(2)	2	–	–	–	–	94
– Headline earnings	95	(2)	2	–	–	–	–	95
– Fully diluted headline earnings	93	(2)	2	–	–	–	–	93

Company balance sheet – 1 July 2004	Previously reported R'000	IFRS 2 R'000	Restated R'000
Investments in subsidiaries	418 088	4 128	422 216
Share based payment reserve	–	(4 128)	(4 128)
Company balance sheet – 30 June 2005			
Investments in subsidiaries	562 721	8 034	570 755
Share based payment reserve	–	(8 034)	(8 034)

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective:

IFRS 6 Exploration for and Evaluation of Mineral Resources

IFRS 7 Financial Instruments: Disclosures

IFRIC 4 Determining whether an Arrangement contains a Lease

IFRIC 5 Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 10 Interim Financial Reporting and Impairments

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group.

36. GOODWILL IMPAIRMENT REVIEW

In accordance with IFRS 3 Business Combinations, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

The recoverable amount of goodwill relating to all subsidiaries, associates and jointly controlled entities has been determined on the basis of value in use calculations. All these companies operate in the same economic environment for which the same key assumptions have been used. These calculations used cash flow projections based on financial budgets approved by management covering a five year period and a discount rate of 11,4% (2005: 13,9%) for all cash generating units. Cash flows beyond the five year period were extrapolated using a steady 3% nominal growth rate. Management believes that this growth rate does not exceed the long-term average growth rate for the market in which the companies operate. Any changes in revenue or costs are based on past practices and expectations of future changes in the market.

Management believes that changes in any of these key assumptions would not cause any significant additional impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

37. DIRECTORS' REMUNERATION AND INTERESTS**37.1 Directors' remuneration**

Directors' remuneration, including direct and indirect benefits, for the year ended 30 June 2006 is as follows:

Executive directors	Salary R'000	Retirement and medical contributions R'000	Bonus R'000	Benefit in respect of share options R'000	2006 Total R'000
FA Gazendam	1 429	221	2 100	3 090	6 840
O Ighodaro	1 380	270	2 500	2 239	6 389
W Kirsh	1 778	322	3 250	7 149	12 499
M Lekota (appointed 9 June 2006)	62	13	1 127	–	1 202
K Pillay	1 353	297	2 500	1 545	5 695
	6 002	1 123	11 477	14 023	32 625
Benefit in respect of share options exercised not charged to the income statement					(14 023)
Charge to the income statement					18 602
Non-executive directors			Board and committee fees R'000	Other services as directors ⁽¹⁾ R'000	2006 Total R'000
MJ Bosman			220	–	220
NJM Canca			143	–	143
I Kirsh			1 127	–	1 127
HM Khoza			429	–	429
HM Madima ⁽²⁾			200	–	200
P Maw			297	137	434
K Motaung (resigned 9 June 2006)			143	–	143
AP Nkuna ⁽²⁾			600	–	600
CS Seabrooke			363	152	515
BJT Shongwe			286	15	301
SV Zilwa			297	–	297
			4 105	304	4 409

⁽¹⁾ Fees paid for time spent on group affairs in their capacity as directors outside of board or committee forums.⁽²⁾ These amounts were paid to Mineworkers Investment Company (Pty) Limited.

All the above amounts were approved by the Remuneration and Nominations Committee in the 2006 financial year.

None of the directors have service agreements with Primedia Limited extending beyond 1 July 2007.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

37. DIRECTORS' REMUNERATION AND INTEREST (continued)**37.1 Directors' remuneration (continued)**

Directors' remuneration, including direct and indirect benefits, for the year ended 30 June 2005 was as follows:

Executive directors	Salary R'000	Retirement and medical contributions R'000	Bonus R'000	Benefit in respect of share options R'000	2005 Total R'000
FA Gazendam	1 293	208	1 000	1 228	3 729
O Ighodaro	1 262	238	1 963	1 593	5 056
W Kirsh	1 647	173	2 305	–	4 125
K Pillay	1 234	266	2 154	1 078	4 732
	5 436	885	7 422	3 899	17 642
Benefit in respect of share options exercised not charged to the income statement					(3 899)
Charge to the income statement					13 743

Non-executive directors	Board and committee fees R'000	Other services as directors ⁽¹⁾ R'000	Benefit in respect of share options R'000	2005 Total R'000	
MJ Bosman	200	–	–	200	
NJM Canca	130	–	–	130	
I Kirsh	460	515	2 895	3 870	
HM Khoza	414	–	–	414	
HM Madima ⁽²⁾	200	–	–	200	
P Maw	270	173	2 562	3 005	
K Motaung (appointed 25 February 2005)	65	–	–	65	
AP Nkuna ⁽²⁾	600	–	–	600	
CS Seabrooke	363	152	–	515	
BJT Shongwe	260	15	–	275	
SV Zilwa	270	–	–	270	
	3 232	855	5 457	9 544	
Benefit in respect of share options exercised not charged to the income statement					(5 457)
Charge to the income statement					4 087

⁽¹⁾ Fees paid for time spent on group affairs in their capacity as directors outside of board or committee forums.⁽²⁾ These amounts were paid to Mineworkers Investment Company (Pty) Limited.

All the above amounts were approved by the Remuneration and Nominations Committee in the 2005 financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

37. DIRECTORS' REMUNERATION AND INTERESTS (continued)**37.2 Interests of directors in contracts**

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

37.3 Interests of directors in share options

30 June 2006

Name	Type	Number of options at 30 June 2005	Options granted during the year	Options exercised during the year	Exercise price (cents)	Number of options at 30 June 2006	Option price (cents)	Date from which exercisable	Expiry date
FA Gazendam	N	258 542	–	(129 270)	1 380	129 272	361	02/12/04	01/12/08
	N	173 840	–	(57 946)	1 380	115 894	604	01/12/05	30/11/09
	Ordinary	167 000	–	(167 000)	1 392	–	600	01/01/03	–
	N	137 112	–	–	–	137 112	1 094	20/05/07	19/05/11
	N	–	117 321	–	–	117 321	1 699	26/06/08	25/06/12
O Ighodaro	N	83 334	–	(83 334)	1 370	–	411	30/08/03	–
	N	203 140	–	(101 569)	1 375	101 571	361	02/12/04	01/12/08
	N	159 561	–	(53 187)	1 375	106 374	604	01/12/05	30/11/09
	N	197 603	–	–	–	197 603	1 094	20/05/07	19/05/11
	N	–	117 321	–	–	117 321	1 699	26/06/08	25/06/12
W Kirsh	N	44 534	–	(44 534)	1 765	–	425	01/07/02	–
	N	470 914	–	(313 942)	1 744	156 972	361	02/12/04	01/12/08
	N	301 325	–	(100 441)	1 620	200 884	604	01/12/05	30/11/09
	Ordinary	11 134	–	(11 134)	1 901	–	425	01/07/02	–
	Ordinary	79 605	–	(79 605)	1 901	–	613	18/09/02	–
	N	249 362	–	–	–	249 362	1 094	20/05/07	19/05/11
	N	–	149 317	–	–	149 317	1 699	26/06/08	25/06/12
MN Lekota (appointed 9 June 2006)	N	44 702	–	(14 900)	1 400	29 802	604	01/12/05	03/11/09
	N	229 420	–	–	–	229 420	1 094	20/05/07	19/05/11
	N	–	63 993	–	–	63 993	1 699	26/06/08	25/06/12
K Pillay	N	221 607	–	(110 803)	1 360	110 804	361	02/12/04	01/12/08
	N	173 841	–	(57 947)	1 360	115 894	604	01/12/05	03/11/09
	N	265 670	–	–	–	265 670	1 094	20/05/07	19/05/11
	N	–	117 321	–	–	117 321	1 699	26/06/08	25/06/12

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

37. DIRECTORS' REMUNERATION AND INTERESTS (continued)

37.3 Interests of directors in share options (continued)

30 June 2005

Name	Type	Number of options at 30 June 2004	Options granted during the year	Options lapsed during the year	Options exercised during the year	Exercise price (cents)	Number of options at 30 June 2005	Option price (cents)	Date from which exercisable	Expiry date
FA Gazendam	N	387 812	–	–	(129 270)	1 120	258 542	361	02/12/04	01/12/08
	N	173 840	–	–	–	–	173 840	604	01/12/05	30/11/09
	Ordinary	66 800	–	–	(66 800)	970	–	600	01/07/02	–
	Ordinary	167 000	–	–	–	–	167 000	600	01/01/03	31/12/06
	N	–	137 112	–	–	–	137 112	1 094	20/05/07	19/05/11
O Ighodaro	N	250 000	–	–	(166 666)	910	83 334	411	30/08/03	29/08/07
	N	304 709	–	–	(101 569)	1 110	203 140	361	02/12/04	01/12/08
	N	159 561	–	–	–	–	159 561	604	01/12/05	30/11/09
	N	–	197 603	–	–	–	197 603	1 094	20/05/07	19/05/11
I Kirsh	Ordinary	500 000	–	–	(500 000)	1 179	–	600	01/07/02	–
W Kirsh	N	158 632	–	(158 632)	–	–	–	585	01/07/02	–
	N	44 534	–	–	–	–	44 534	425	01/07/02	30/06/06
	N	470 914	–	–	–	–	470 914	361	02/12/04	01/12/08
	N	301 325	–	–	–	–	301 325	604	01/12/05	30/11/09
	Ordinary	11 134	–	–	–	–	11 134	425	01/07/02	30/06/06
	Ordinary	79 605	–	–	–	–	79 605	613	18/09/02	17/09/06
	N	–	249 362	–	–	–	249 362	1 094	20/05/07	19/05/11
P Maw	N	136 581	–	(136 581)	–	–	–	585	01/07/02	–
	N	43 420	–	–	(43 420)	920	–	425	01/07/02	–
	Ordinary	400 000	–	–	(400 000)	920	–	400	01/05/02	–
	Ordinary	16 700	–	–	(16 700)	920	–	425	01/07/02	–
	Ordinary	60 009	–	–	(60 009)	920	–	613	18/09/02	–
K Pillay	N	332 410	–	–	(110 803)	1 145	221 607	361	02/12/04	01/12/08
	N	173 841	–	–	–	–	173 841	604	01/12/05	03/11/09
	Ordinary	48 987	–	–	(48 987)	1 041	–	613	18/09/02	–
	N	–	265 670	–	–	–	265 670	1 094	20/05/07	19/05/11

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

38. SHARE OPTION SCHEME

The company has a share option scheme available to executive directors and staff enabling them to participate in the growth of the company. As at 30 June 2006, the number of ordinary shares and N ordinary shares on hand, and thus available to the scheme, was 10 633 305 (2005: 6 880 724). The Primedia Trust was approved at a general meeting of the company held on 25 August 1995.

The following rights and options over allocated ordinary shares and N ordinary shares have been granted and were outstanding in terms of The Primedia Trust at 30 June 2006.

Date of grant	Expiry date	Subscription price (cents)	N ordinary shares
02/12/02	01/12/08	361	2 858 374
01/12/03	30/11/09	604	2 474 135
20/05/05	19/05/11	1 094	9 268 400
09/12/05	19/05/11	1 361	35 101
26/06/06	25/06/12	1 699	4 206 400
			18 842 410
Options exercisable at 30 June 2006			540 507

	Ordinary shares	Weighted average price	N ordinary shares	Weighted average price
Movement during the year:				
Balance at beginning of year	257 739	596	19 287 311	785
New options granted	–	–	4 241 501	1 696
Options relinquished	–	–	(1 042 780)	858
Options exercised	(257 739)	1 571	(3 643 622)	1 459
Balance at end of year	–	–	18 842 410	1 054

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 on 20 May 2005 and 9 December 2005 vest in four tranches from the second anniversary of the date the share options were granted. All options granted, except those granted during 2005, are valid for five years. The options granted on 25 May 2005 and 9 December 2005 are valid for six years.

The group accounts for share option expenses in accordance with IFRS 2, share based payment, which requires the fair value of share options granted to employees to be valued at grant date and expensed through the income statement over the vesting term of the option. This has been applied to all options granted after 7 November 2002, which had not vested on 1 January 2005.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

38. SHARE OPTION SCHEME (continued)

The fair value of options granted has been estimated on the grant date using an actuarial binomial option pricing model. The assumptions used in determining the fair value of the options are as follows:

	02/12/02	01/12/03	Options granted on 20/05/05	09/12/05	26/06/06
Expected life of options (years)	2,49 – 4,09	2,49 – 4,09	2,97 – 5,21	3,04 – 5,17	3,46 – 4,6
Risk-free interest rate (%)	10,59 – 10,62	7,27 – 8,29	7,54 – 8,01	7,27 – 7,35	8,50 – 8,44
Volatility (%)	40,75	35,60	27,61	21,22	20,99
Dividend yield (%)	5,50	5,50	5,50	5,50	5,50

The volatility was estimated by considering the volatility of the 400-day closing share prices prior to the grant date. The expected life of each grant was estimated by considering each of the tranches within that grant. The implied yield on a SA zero-coupon government bond issued for the appropriate expected lifetime was used to estimate the risk-free interest rate.

39. EVENTS SUBSEQUENT TO FINANCIAL YEAR-END

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

- 50% shareholding in eXactmobile (Pty) Limited, a wireless application service provider (WASP) and the leading mobile content provider in South Africa. This transaction is subject to suspensive conditions including approval by the Competition Commission, which is expected before the end of the current calendar year;
- 70% shareholding in Warwick Sports and Media (Pty) Limited, a company providing corporate hospitality at major sporting events, event management and outbound sport tours, with effect from 1 September 2006;
- 74% shareholding in Icon Media Group (Pty) Limited, which secured the rights to an international patent for specialised shopping carts in the retail environment, with effect from 1 September 2006;
- An additional 10% interest in Xprocure (Pty) Limited with effect from 1 July 2006.

ANNEXURE 1 – ASSOCIATED COMPANIES

for the year ended 30 June 2006

Name	Nature of business	Effective holding		Group carrying value		Company carrying value	
		2006 %	2005 %	2006 R'000	2005 R'000	2006 R'000	2005 R'000
UNLISTED							
Kaizer Chiefs (Pty) Limited	Soccer club	40,0	40,0	-	-	-	-
Ster Century Europe Limited	Cinema exhibition	37,5	37,5	-	-	-	-
Ster Century Middle East Holdings Limited	Cinema exhibition	50,0	50,0	5 732	10 940	-	-
Total investment in associated companies (note 12)				5 732	10 940	-	-
Loans included above				(5 732)	(10 940)	-	-
Directors' valuation of unlisted associated companies including loan				5 732	10 940	-	-

Kaizer Chiefs (Pty) Limited is incorporated in South Africa, Ster Century Europe Limited in Jersey, Channel Islands and Ster Century Middle East Holdings Limited in Mauritius.

The Group's portion of assets and liabilities of material associated companies:	2006	2005
	R'000	R'000
Revenue	48 884	50 020
Loss for the year	(2 684)	(2 172)
Operating assets	27 472	15 696
Operating liabilities	17 817	9 788

ANNEXURE 2 – SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

for the year ended 30 June 2006

Name	Nature of business	Effective holding		Shares at cost		Amounts owing by/(to)	
		2006 %	2005 %	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Primedia Sport (Pty) Ltd	Sports marketing	85,0	80,0	10 137	6 717	55 532	53 431
Primovie (Pty) Ltd	Investment holding company	87,5	87,5	14 362	13 471	1 614 950	1 637 166
Primedia Pictures (Pty) Ltd	Home entertainment and film distribution	100,0	100,0	–	–	28 603	28 603
Primedia Outdoor (Pty) Ltd	Outdoor advertising	100,0	75,0	5 531	4 718	60 440	49 918
Primedia Broadcasting (Pty) Ltd *	Radio broadcasting	100,0	100,0	9 875	7 653	123 023	327 483
Primedia @ Home (Pty) Ltd	Direct marketing	100,0	100,0	11 744	12 028	–	6 879
Primedia Cinema & Print (Pty) Ltd	Specialist publishing, cinema advertising and leaflet distribution	100,0	100,0	834	501	67 630	29 767
Primedia Face2Face (Pty) Ltd	Specialist marketing and promotions	100,0	100,0	2 117	1 738	9 368	7 994
Intact Solutions (Pty) Ltd	Database management	–	100,0	–	8	–	(4)
Currie Motors Property Investments (Pty) Ltd	Property company	100,0	100,0	202	202	–	(177)
Northridge Country Club (Pty) Ltd	Property company	100,0	100,0	327	327	(1)	(904)
Fincor Leasing (Pty) Ltd	Management company	100,0	100,0	5 470	3 893	169 455	76 383
Comutanet (Pty) Ltd	Advertising	100,0	100,0	12 555	11 943	134 403	53 261
Cartad In-Store Media (Pty) Ltd	Advertising	100,0	100,0	637	376	4 677	11 148
Primedia Communications Ltd (Jersey)	Investment holding company	100,0	100,0	432 403	432 403	(187 306)	(187 286)
Knowledge Factory (Pty) Ltd	Database management	100,0	100,0	405	231	1 352	1 122
Itransi (Pty) Ltd	Dormant	100,0	100,0	–	–	(591)	(1)
Metropolis Transactive Holdings Ltd	Investment holding company	100,0	71,0	3 952	4	7 148	–
Go Transit (Pty) Ltd (trading as Primedia Unlimited)	Advertising	88,8	88,8	517	357	38 426	7 854
Kfm Radio (Pty) Ltd (Jointly controlled entity)	Radio broadcasting	–	–	–	–	(24 617)	(22 693)
				511 068	496 570	2 102 492	2 079 944

ANNEXURE 2 – SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

for the year ended 30 June 2006

	Amounts owing by/(to)	
	2006 R'000	2005 R'000
Amounts owing by subsidiaries (note 11.1)	2 315 007	2 291 009
Amounts owing to subsidiaries (note 11.1)	(187 898)	(188 372)
Amounts owing to jointly controlled entity (note 11.1)	(24 617)	(22 693)
	2 102 492	2 079 944
Holding company's interest in profit/(loss) after tax:		
– Aggregate profits	70 571	62 021
– Aggregate losses	(8 707)	(3 016)
	61 864	59 005

* Holds indirectly 100% shareholding in Africa on Air (Pty) Limited and Cape Talk (Pty) Limited and 92,2% economic interest in Kfm Radio (Pty) Limited.

Other than Primedia Communications Limited which is incorporated in Jersey, Channel Islands, all other companies are incorporated in South Africa.

The group has pledged its shares in and ceded loans to the abovementioned companies as security for group borrowings (note 21). In respect of the group entities in which the Primedia group does not own 100% of the issued share capital, the Primedia group has the pre-emptive right to acquire the external shareholders' equity in the event they elect to sell their shareholding.

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

SPECIAL RESOLUTIONS

Special resolutions which have been adopted since the date of the previous financial year-end:

Primedia Limited

- 25 November 2005 General approval to acquire company's shares
- 4 May 2006 Amendments to articles of association and creation of preference shares

Primedia Campus Media (Pty) Limited

- 20 April 2006 Increase authorised share capital, change of name and main business

Primedia Education (Pty) Limited

- 18 October 2005 Change of name and main business

ANNEXURE 3 – RELATED PARTY TRANSACTIONS

for the year ended 30 June 2006

Transactions between group subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into transactions with each other. These transactions have been eliminated on consolidation.

Transactions between group and its associates

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

Material related party relationship

Mineworkers Investment Company (Pty) Limited ("MIC") holds 22,3% (2005: 21,7%) of Primedia Limited's ordinary shares and 14,4% (2005: 2,0%) of the N ordinary shares. During the year the group acquired MIC's 14,17% economic interest in Africa on Air (Pty) Limited and 25% interest in Primedia Outdoor (Pty) Limited.

The group paid MIC a service fee of R1,8 million (2005: R1,8 million) (including directors' fees) for the year ended 30 June 2006. These occurred under terms no less favourable than those entered into with third parties.

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the group. No key management personnel had a material interest in any significant contract with any group company during the 2006 financial year.

	Salary R'000	Retirement and medical contributions R'000	Bonus R'000	Benefit in respect of share options R'000	Total R'000
30 June 2006					
Executive directors (note 37)	6 002	1 123	11 477	14 023	32 625
Key management personnel	718	179	–	119	1 016
	6 720	1 302	11 477	14 142	33 641
30 June 2005					
Executive directors (note 37)	5 436	885	7 422	3 899	17 642
Key management personnel	658	134	225	–	1 017
	6 094	1 019	7 647	3 899	18 659

ANNEXURE 4 – INTEREST OF DIRECTORS OF THE COMPANY IN SHARE CAPITAL

for the year ended 30 June 2006

The aggregate direct and indirect, beneficial and non-beneficial holdings as at 30 June 2006 of the directors of the company and their immediate families in the issued share capital of the company are detailed below.

	Ordinary shares 2006	N ordinary shares 2006	Ordinary shares 2005	N ordinary shares 2005	
Executive directors					
W Kirsh	5 506 379	3 588 006	5 348 932	3 208 091	
K Pillay	770	36 504	770	36 504	
Non-executive directors					
M Bosman	1 594	269 708	–	–	
I Kirsh	7 634 420	5 743 533	7 476 973	5 363 618	
P Maw	912 360	618 912	912 360	618 912	
AP Nkuna	–	45 000	–	–	
CS Seabrooke	10 000	40 000	10 000	40 000	
BJT Shongwe	9 400	–	9 400	–	
	14 074 923	10 341 663	13 758 435	9 267 125	
30 June 2006	Direct beneficial	Indirect beneficial	Direct non-beneficial	Indirect non-beneficial	Total
Ordinary shares					
W Kirsh	11 071	76 116	–	5 419 192	5 506 379
K Pillay	–	770	–	–	770
MJ Bosman	–	–	–	1 594	1 594
I Kirsh	90 000	–	–	7 544 420	7 634 420
P Maw	26 733	–	–	885 627	912 360
CS Seabrooke	–	–	–	10 000	10 000
BJT Shongwe	9 400	–	–	–	9 400
	137 204	76 886	–	13 860 833	14 074 923
N ordinary shares					
W Kirsh	11 077	1 402 225	–	2 174 704	3 588 006
K Pillay	–	36 504	–	–	36 504
MJ Bosman	–	–	–	269 708	269 708
I Kirsh	37 295	–	–	5 706 238	5 743 533
P Maw	75 337	–	–	543 575	618 912
AP Nkuna	45 000	–	–	–	45 000
CS Seabrooke	–	–	–	40 000	40 000
	168 709	1 438 729	–	8 734 225	10 341 663

ANNEXURE 4 – INTEREST OF DIRECTORS OF THE COMPANY IN SHARE CAPITAL

for the year ended 30 June 2006

30 June 2005	Direct beneficial	Indirect beneficial	Direct non-beneficial	Indirect non-beneficial	Total
Ordinary shares					
W Kirsh	86 071	76 116	–	5 186 745	5 348 932
K Pillay	–	770	–	–	770
I Kirsh	90 000	–	–	7 386 973	7 476 973
P Maw	15 540	–	–	896 820	912 360
CS Seabrooke	–	–	–	10 000	10 000
BJT Shongwe	9 400	–	–	–	9 400
	201 011	76 886	–	13 480 538	13 758 435
N ordinary shares					
W Kirsh	1 271 940	1 402 225	–	533 926	3 208 091
K Pillay	–	36 504	–	–	36 504
I Kirsh	37 295	–	–	5 326 323	5 363 618
P Maw	75 337	–	–	543 575	618 912
CS Seabrooke	–	–	–	40 000	40 000
	1 384 572	1 438 729	–	6 443 824	9 267 125

ANNEXURE 5 – STOCK EXCHANGE PERFORMANCE AND SHAREHOLDER ANALYSIS

for the year ended 30 June 2006

SHARES AND SHAREHOLDERS

The company's ordinary shares, N ordinary shares and non-redeemable, cumulative, non-participating preference shares are listed on the JSE Limited under the "Broadcasting and Entertainment" sub-sector.

	Ordinary shares 2006	N ordinary shares 2006	Preference shares 2006	Ordinary shares 2005	N ordinary shares 2005
Share code	PMA	PMN	PMAP	PMA	PMN
Total shares in issue	52 086 276	184 541 569	1 500 000	52 086 276	176 541 569
Market capitalisation (R'000)	849 006	2 823 486	154 200	598 992	2 083 191

Listed below are analyses of holdings from the register of ordinary, N ordinary and preference shareholders at 30 June 2006.

Stock exchange performance

Total number of shares traded ('000)	21 713	97 104	285	4 539	75 012
Total number of shares traded as a percentage of total shares (%)	41,7	52,6	19,0	8,7	42,5
Total value of shares traded (R'000)	311 056	1 461 584	29 162	53 118	769 054

Prices (cents)

Closing	1 630	1 530	10 280	1 150	1 180
High	1 920	1 875	10 500	1 235	1 200
Low	1 150	1 110	10 100	855	830
Percentage of shares held by non-public shareholders (%)	44,1	24,1	–	75,6	22,2
Percentage of shares held by public shareholders (%)	55,9	75,9	100,0	24,4	77,8

Major shareholders

The following are the principal shareholders whose holding, directly or indirectly, including asset managers' investment funds, in the company total more than 5% of the issued share capital as at 30 June 2006:

	Ordinary shares 2006	N ordinary shares 2006	Preference shares 2006	Ordinary shares 2005	N ordinary shares 2005
Coronation Fund Managers	94 245	41 195 893	–	119 430	36 050 804
Allan Gray Investment Council	816 586	18 806 984	–	968 837	31 379 808
Investec Asset Management	–	12 209 553	–	716 891	10 439 343
Stanlib Asset Management	1 516 698	10 537 577	–	1 134 286	10 060 876
Old Mutual Asset Managers	17 268 552	8 099 933	–	–	3 208 462
Active Value Advisors Limited	–	–	–	17 115 242	21 278 220
Coltell Investments Limited	5 768 610	4 902 319	–	5 614 351	5 061 819
Mineworkers Investment Company (Pty) Limited	11 634 448	26 617 635	–	11 325 930	3 617 635
William Kirsh Family Trust	4 878 026	1 101 363	–	4 648 767	–
Capricorn Capital Partners Holdings	–	–	80 000	–	–
Silver Cluster	–	–	80 000	–	–
Hollard Insurance Company Limited	–	–	80 000	–	–
Tantalum MNC Fund	–	–	85 000	–	–
Broker Proprietary	–	–	634 955	–	–

ANNEXURE 5 – STOCK EXCHANGE PERFORMANCE AND SHAREHOLDER ANALYSIS

the year ended 30 June 2006

SHARES AND SHAREHOLDERS (continued)

Shareholder spread	Ordinary shares				N ordinary shares				Non-redeemable, cumulative, non-participating preference shares			
	Number of shares '000	Number of share-holders %	Number of share-holders %	%	Number of shares '000	Number of share-holders %	Number of share-holders %	%	Number of shares '000	Number of share-holders %	Number of share-holders %	%
Non-public	22 281	42,8	3	0,1	32 621	17,7	3	0,1	–	–	–	–
Directors	203	0,4	5	0,2	1 576	0,9	5	0,1	–	–	–	–
Other – The Primedia Trust	465	0,9	1	0,1	10 168	5,5	1	–	–	–	–	–
Total non-public	22 949	44,1	9	0,4	44 365	24,1	9	0,2	–	–	–	–
Public	29 137	55,9	2 198	99,6	140 177	75,9	3 629	99,8	1 500	100,0	75	100,0
	52 086	100,0	2 207	100,0	184 542	100,0	3 638	100,0	1 500	100,0	75	100,0
Size of holdings												
1–100	59	0,1	1 165	52,8	33	–	1 192	32,8	–	–	–	–
101–1 000	283	0,5	736	33,3	465	0,3	1 147	31,5	33	2,2	35	46,7
1 001–10 000	723	1,4	202	9,2	2 897	1,6	796	21,9	84	5,6	23	30,7
10 001 – 100 000	2 325	4,5	63	2,8	11 269	6,1	309	8,5	747	49,8	15	20,0
100 001 – 1 000 000	10 295	19,8	28	1,3	50 571	27,4	149	4,1	636	42,4	2	2,6
>1 000 000	38 401	73,7	13	0,6	119 307	64,6	45	1,2	–	–	–	–
	52 086	100,0	2 207	100,0	184 542	100,0	3 638	100,0	1 500	100,0	75	100,0