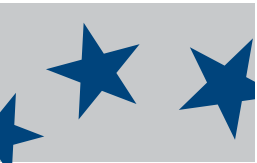




Annual Report

PRIMEDIA'S VISION IS TO BECOME
A WORLD-CLASS MEDIA GROUP.
THIS VISION REQUIRES THE
ACHIEVEMENT OF A NUMBER OF
IMPERATIVES:

- The ownership of leading media types that are responsive and accountable to advertisers
- The ownership, development or licensing of content that will appeal to South African and African consumers
- The effective leveraging of this content over as many media platforms as possible, whether owned or third party
- Adapting traditional media businesses to the new electronic economy
- Leading the media sector in black economic empowerment and employment equity
- Creating strategic insight into our customers to develop loyal relationships through the use of knowledge and information
- Understanding and exploiting the trends impacting on emerging consumers
- Capturing synergies between the group's media businesses to grow our customers
- Ensuring that the group's capital is allocated in a balanced and growth-orientated portfolio of media businesses

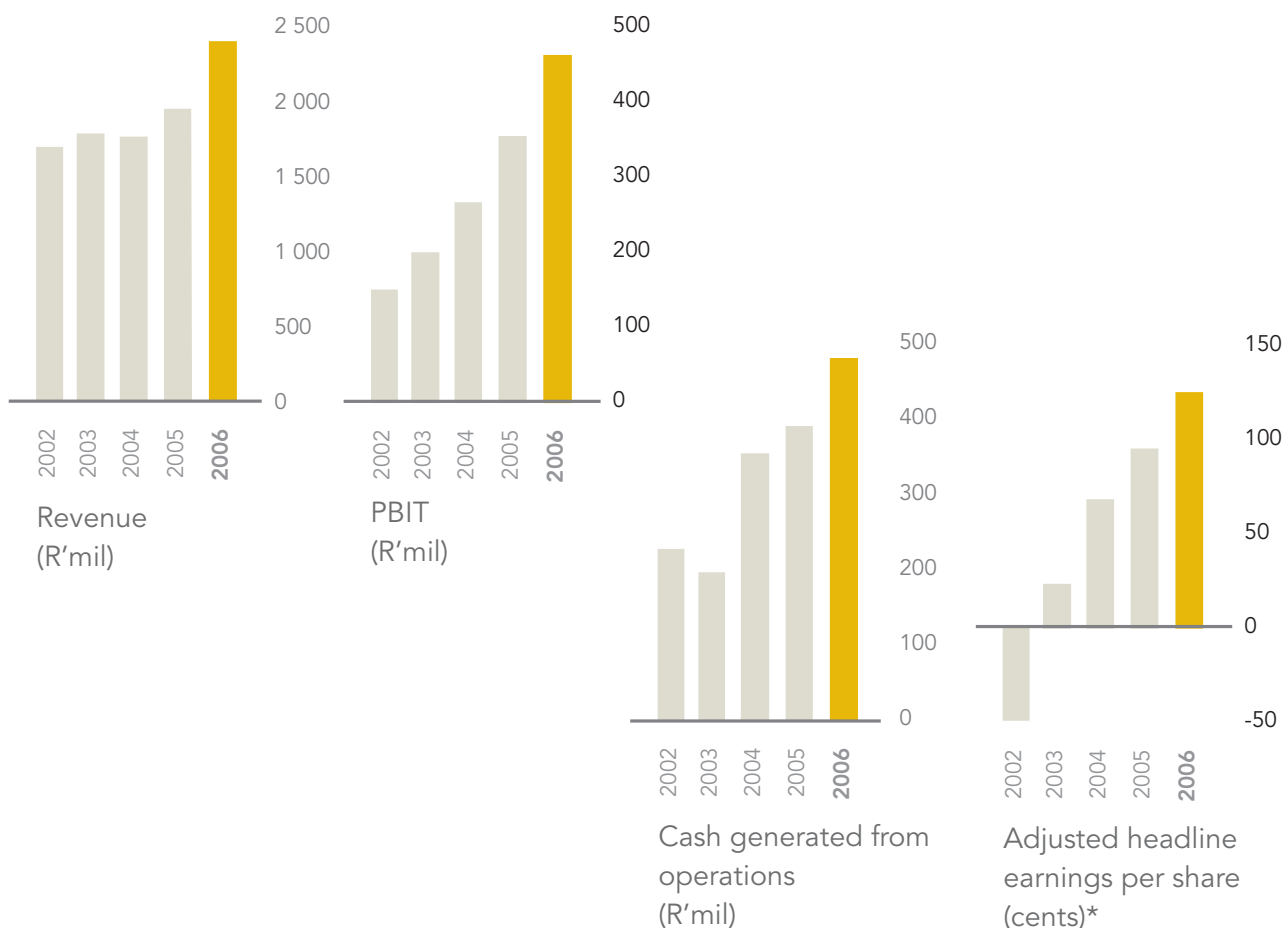


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Primedia Limited

FINANCIAL HIGHLIGHTS

- ★ REVENUE UP 23% TO R2,4 BILLION
- ★ EBITDA UP 28% TO R531,4 MILLION
- ★ PBIT UP 31% TO R461,0 MILLION
- ★ ADJUSTED HEPS* UP 32% TO 125 CENTS
- ★ CASH GENERATED FROM OPERATIONS UP 23% TO R480,4 MILLION
- ★ FREE CASH FLOW PER SHARE UP 32% TO 135 CENTS
- ★ SHAREHOLDER DISTRIBUTIONS PER SHARE UP 52% TO 85 CENTS
- ★ 100% OF ADJUSTED HEADLINE EARNINGS RETURNED TO SHAREHOLDERS*



*Excluding IFRS 2 BEE ownership transaction expense

FIVE YEAR REVIEW

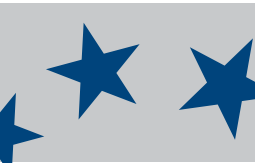
for the year ended	2006 R'000	Restated 2005 R'000	2004 R'000	2003 R'000	2002 R'000
GROUP INCOME STATEMENTS					
Revenue	2 387 210	1 937 769	1 752 387	1 773 430	1 684 310
Operating profit before depreciation (EBITDA)	531 449	415 039	324 700	277 327	224 870
Depreciation and amortisation of software	(70 412)	(61 839)	(59 662)	(78 796)	(75 839)
PBIT	461 037	353 200	265 038	198 531	149 031
Amortisation of intangibles other than software	(4 045)	(13)	(8 620)	(4 393)	(5 316)
Share option expense	(7 570)	(3 906)	–	–	–
Unrealised foreign exchange (losses)/gains	(5 200)	117	1 030	(9 978)	1 081
Exceptional items	(87 863)	16 368	23 308	(13 357)	(343 567)
Operating profit/(loss)	356 359	365 766	280 756	170 803	(198 771)
Net finance costs	(47 523)	(47 334)	(16 462)	(14 659)	(21 237)
Debenture interest paid to shareholders	–	–	–	–	(35 730)
Profit/(loss) after interest	308 836	318 432	264 294	156 144	(255 738)
Share of associate company profits/(losses)	–	457	(331)	(46 464)	(83 434)
Profit/(loss) before tax	308 836	318 889	263 963	109 680	(339 172)
Taxation	(102 055)	(87 377)	(64 032)	(63 889)	(26 034)
Profit/(loss) for the year from continuing operations	206 781	231 512	199 931	45 791	(365 206)
Profit for the year from discontinued operations	204	148	–	–	–
Profit/(loss) for the year	206 985	231 660	199 931	45 791	(365 206)
Attributable to:					
Ordinary shareholders	182 177	214 320	175 528	21 204	(363 053)
Preference shareholders	1 629	–	–	–	–
Minority interest	23 179	17 340	24 403	24 587	(2 153)
GROUP BALANCE SHEETS					
Property, plant and equipment	315 724	306 085	248 919	284 381	298 056
Intangible assets	653 326	441 633	115 787	6 161	20 745
Investment in associate companies	5 732	10 940	8 062	24 217	149 527
Other investments	6 629	14 603	5 524	12 122	3 231
Deferred tax asset	116 944	124 025	173 262	179 736	363 842
Current assets	518 345	457 556	372 901	394 302	385 226
Bank balances and cash	60 740	4 368	65 997	30 712	88 505
Total assets	1 677 440	1 359 210	990 452	931 631	1 309 132
Total shareholders' funds	575 204	411 442	317 159	302 693	420 801
Minority interest	9 637	30 780	16 238	20 245	127 637
Long-term borrowings	138 961	241 276	78 959	87 862	67 059
Long-term provisions	20 099	22 699	24 928	76 477	100 036
Deferred tax liability	77 689	65 580	272	–	–
Current liabilities	508 904	467 504	419 217	395 456	372 927
Amounts owed to vendors	113 322	7 704	129 132	1 000	17 037
Current portion of interest bearing debt	108 848	101 446	4 547	4 538	19 343
Bank overdraft	124 776	10 779	–	43 360	184 292
Total equity and liabilities	1 677 440	1 359 210	990 452	931 631	1 309 132

The previously reported results for 2005 have been restated in accordance with the changes disclosed in note 35.



for the year ended	2006 R'000	Restated 2005 R'000	2004 R'000	2003 R'000	2002 R'000
GROUP CASH FLOW STATEMENTS					
Cash generated from operations	480 373	389 850	353 629	195 386	226 537
Net finance costs paid	(43 422)	(30 845)	(14 550)	(13 092)	(21 237)
Dividends paid to minorities	(94)	–	(1 916)	(863)	–
Tax (paid)/refund	(73 765)	(69 365)	(63 805)	11 014	(17 847)
Net cash flow from operating activities	363 092	289 640	273 358	192 445	187 453
Net investments	(118 626)	(398 181)	(27 335)	(15 029)	(120 816)
Net capital expenditure	(70 775)	(86 604)	(43 227)	(44 753)	(53 992)
Net cash flow utilised in investing activities	(189 401)	(484 785)	(70 562)	(59 782)	(174 808)
Distributions and debenture interest paid to shareholders	(166 878)	(103 289)	(63 729)	(28 336)	(71 474)
Net proceeds from issue of shares	138 762	29 060	–	(34)	50 372
Net share buybacks	(105 724)	(29 106)	(7 540)	(20 148)	(9 129)
Long-term and vendor borrowings (repaid)/raised	(99 866)	225 008	(52 595)	(2 970)	(1 726)
Net cash (out)/in flow from financing activities	(233 706)	121 673	(123 864)	(51 488)	(31 957)
Net cash (out)/in flow	(60 015)	(73 472)	78 932	81 175	(19 312)
JSE STATISTICS					
Traded price – Ordinary shares (cents)					
– close	1 630	1 150	940	440	440
– high	1 920	1 235	950	580	480
– low	1 150	855	400	390	300
Traded price – N ordinary shares (cents)					
– close	1 530	1 180	865	400	374
– high	1 875	1 200	1 000	460	460
– low	1 110	830	400	320	300
Traded price – Preference shares (cents)					
– close	10 280	–	–	–	–
– high	10 500	–	–	–	–
– low	10 100	–	–	–	–
Number of ordinary shares in issue (net of treasury shares) ('000)	225 975	221 747	216 764	216 364	220 763
Weighted average number of shares ('000)	225 891	223 032	216 520	218 229	212 446
Market capitalisation (R'000)	3 826 692	2 682 183	1 975 609	916 269	877 223
KEY SHAREHOLDER RATIOS					
Headline earnings (R'000)	173 376	211 404	147 375	50 126	(103 103)
Adjusted headline earnings per share (cents)	125	95	68	23	(49)
Distributions paid to ordinary shareholders (cents)	85	56	40	26	34
Distributions paid to preference shareholders (cents)	317	–	–	–	–
Earnings yield* (%)	7,6	8,0	8,9	2,3	(41,4)
PE ratio* (times)	13,1	12,5	11,3	43,2	(2,4)
PROFITABILITY RATIOS					
Return on assets (%)	35,8	36,4	35,6	26,1	17,5
Return on shareholders' equity (%)					
– Attributable earnings*	59,2	58,8	56,6	5,9	(70,1)
– Headline earnings*	57,1	58,0	47,6	13,9	(19,9)
Return on capital employed* (%)	58,9	63,3	70,6	37,9	(33,2)
Operating margin (%)	19,3	18,2	15,1	11,2	8,8
SOLVENCY AND LIQUIDITY RATIOS					
Interest cover (times)	9,4	8,9	16,1	13,5	2,6
Current ratio	0,7	0,8	0,8	1,0	0,8
Net debt to EBITDA ratio (times)	0,8	0,8	0,1	0,4	0,8

* Excluding BEE cost



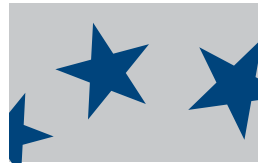
ADVERTISING



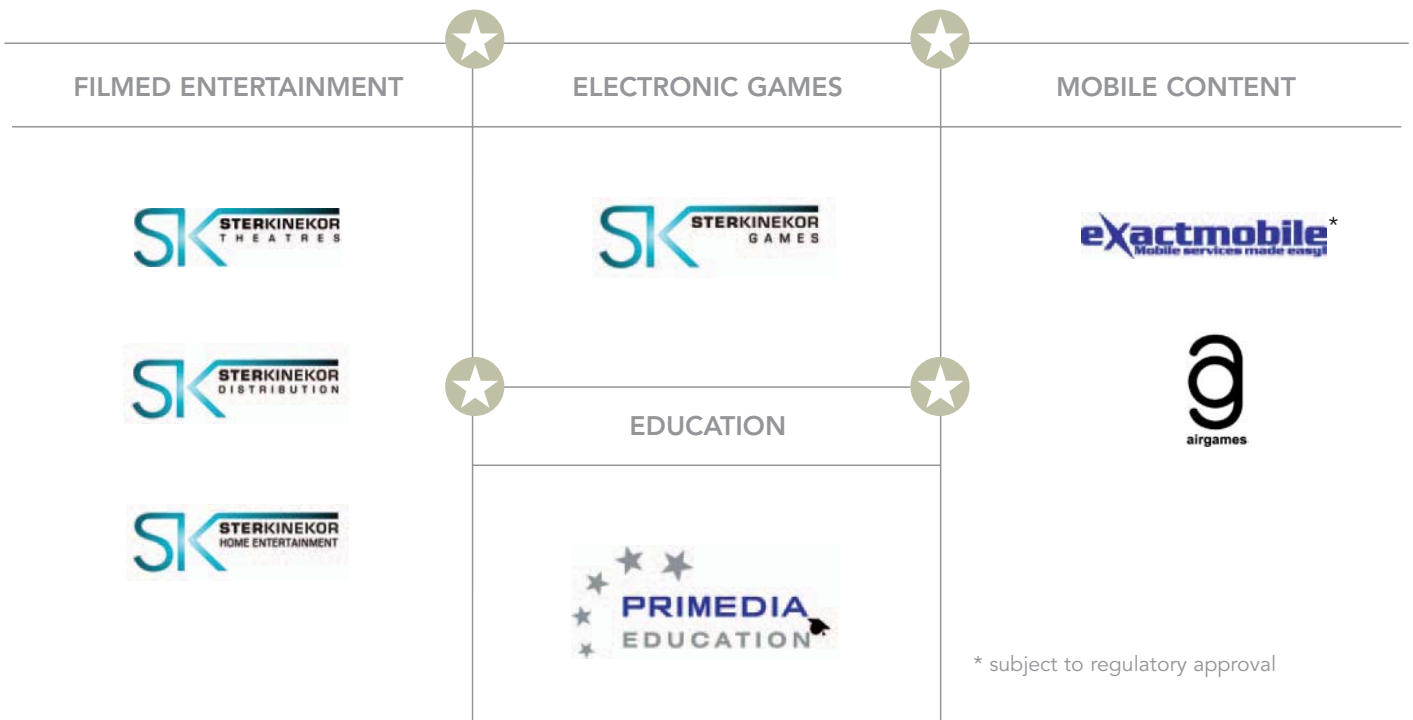
BROADCASTING

NON-BROADCASTING



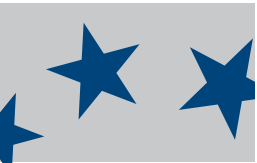


CONTENT



ONE TO ONE MARKETING





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Primedia Limited

DIRECTORATE

PAUL NKUNA 54 NON-EXECUTIVE CHAIRMAN

[South African] Appointed 2000, MAP (Wits Business School)



Paul joined Mineworkers Investment Company in 1997 as executive chairman and in 2003 became chief executive officer, a position he currently holds. He began his career as a teacher before joining the mining industry in 1977. He joined the National Union of Mineworkers in 1984 and later served as Treasurer General and was instrumental in local government negotiations as chairman of the management committee of the Brakpan transitional local council. He also served in a number of executive structures within local government, including the Gauteng Association of Local Government (GALA) and the South African Local Government Association (SALGA). Paul serves as the non-executive chairman of Mathomo Limited and a director of FirstRand Limited. He also serves on the boards of a number of unlisted companies including South African Airways, British Petroleum SA (Pty) Limited, Council for Geological Science, Tracker Investment Holdings (Pty) Limited, Masana (Pty) Limited and Metrofile (Pty) Limited.

WILLIAM KIRSH 45 CHIEF EXECUTIVE

[South African] Appointed 1993, BCom, BAcc, CA(SA), HDip Tax Law



From 1988 to 1991, William worked in the United States for investment bankers, Lehman Brothers, in the mergers and acquisitions division and subsequent to that, founded Primequity in 1993, which later became Primedia. He is the principal founder of Primedia and has been chief executive officer since the group listed on the JSE in April 1995.

FUNKE IGHODARO 43 CHIEF FINANCIAL OFFICER

[Nigerian] Appointed 2001, BSc (Hons), FCA (England and Wales)



Funke joined Primedia in September 2001, as chief financial officer. She was previously managing director of Kagiso Ventures Limited, the private equity arm of Kagiso Trust Investment Company of which she was also executive director. Prior to this, she spent two years in the corporate finance division of Standard Corporate and Merchant Bank and a total of ten years with PriceWaterhouse London.

FERDI GAZENDAM 48 EXECUTIVE DIRECTOR

[South African] Appointed 2000, BCom (Hons), CTA, CA(SA)



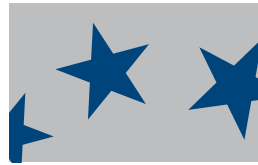
Previously chief operating officer of Primedia and chief executive of Ster-Kinekor Group, Ferdi was appointed chief executive officer of Primedia Content in September 2005. He started his career as an articled clerk with Deloitte & Touche. After three years with Deloitte in London, UK, he was appointed a director of Deloitte & Touche Consulting in South Africa. Before joining Primedia, he spent seven years at Teljoy Limited, the last few years of which he served as managing director of Teljoy Cellular Services: Prepaid & Subscriber Services.

KUBEN PILLAY 45 EXECUTIVE DIRECTOR

[South African] Appointed 1998, BA, LLB, MCJ



Kuben joined Primedia as an executive director in May 2000 and was appointed as chief executive officer of the advertising division of Primedia in September 2002. An attorney by profession, he was the managing financial partner at attorneys Cheadle Thompson and Haysom before joining Mineworkers Investment Company in 1996 as a founding executive director. Kuben previously served on the boards of several public companies in which Mineworkers Investment Company had an interest. He was also a member of the Financial Services Board's Consumer Advisory Panel.



MELODY LEKOTA 35 EXECUTIVE DIRECTOR
[South African] Appointed 2006, MBA

Melody joined Primedia in March 2003 as the human resources executive for the group's advertising business. In July 2004, she was appointed as the group human resources executive, becoming a member of the executive committee at the same time. She is responsible for managing all aspects of human capital development for the group. Prior to joining Primedia, she held various senior positions in human resources at Standard Bank, HSBC and the Bidvest Group.



ISSIE KIRSH 71 NON-EXECUTIVE DIRECTOR
[South African] Appointed 1993

Issie is the founder of Radio 702, which he established in 1980. Radio 702 was one of Primedia's first acquisitions and the catalyst that spearheaded the group's rapid growth as a media company. He was also the group's first chairman and held the position until Paul Nkuna's appointment as chairman in June 2001. Issie is chairman of the Primedia Foundation which co-ordinates the group's various corporate social investment programmes. He also serves as chairman of Primedia Education.



TSHIDI MADIMA 43 NON-EXECUTIVE DIRECTOR
[South African] Appointed 2002, BA (Hons), MA (Accounting and Financial Economics)

Tshidi is currently executive director of Mineworkers Investment Company. Prior to joining Mineworkers Investment Company in September 2000, Tshidi was general manager of Equal Access Consulting and held various financial positions with ABSA Asset Management, RMB Asset Management and Momentum Life. Tshidi is also a non-executive director of Primedia Broadcasting, Africa on Air, Primedia Outdoor, BP Southern Africa and Momentum.



PETER MAW 45 NON-EXECUTIVE DIRECTOR
[South African] Appointed 1993, BCom (Hons), CA(SA), HDip Tax Law

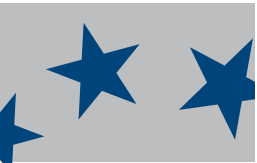
Peter was one of the founders of Primedia and has been with the group from inception. Prior thereto, Peter was with Standard Merchant Bank in Corporate Finance. He was responsible for the Primedia group's corporate finance activities from 1992 to 2004. Peter is also a non-executive director of Massmart and now heads the private equity interests of the Oppenheimer family in South Africa.



MIKE BOSMAN 45 INDEPENDENT NON-EXECUTIVE DIRECTOR
[South African] Appointed 2002, BCom (Hons), LL.M., CA(SA), AMP

Mike was appointed as chief executive officer of One Digital Media in October 2006. From 2004 to 2006 he served as group chief executive of the advertising agency group TBWA in South Africa and Africa. He was previously president and chief operating officer of FCB North America based in New York. Prior to that, he was the chairman and chief executive officer of Lindsay Smithers FCB (now FCB South Africa).





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Primedia Limited

DIRECTORATE



NOMHLE CANCA 41 INDEPENDENT NON-EXECUTIVE DIRECTOR
[South African] Appointed 2003, BA (Political Science and Economics)

Nomhle was a registered investment advisor in the USA. Her work experience has been with the US Government, Merrill Lynch, Smith Barney Harris Upham Brokerage House and Oppenheimer & Co. On her return to South Africa in 1991, she worked for Anglo American. Her entrepreneurial career began in 1994 as a founder of Women Investment Portfolio (WIPHOLD), which she left after ten years to start a private equity company, Canca Financial Services (Pty) Limited. In September 2004, Nomhle took up the position of chief executive officer at Blue IQ Investment Holding (Pty) Limited.



HUMPHREY KHOZA 59 INDEPENDENT NON-EXECUTIVE DIRECTOR
[South African] Appointed 2002, BSc

Humphrey is currently non-executive chairman of Orion Technologies, Nigeria, the licensed operator of the Lagos State Lotteries. He was previously the chief executive officer of Uthingo Management, the licensed operator of the South African National Lottery. Prior to joining Uthingo, Humphrey worked for Shell Oil South Africa for fourteen years and Nestlé South Africa for eleven years as director of corporate services and director of human resources respectively. In 1994, Humphrey was seconded to the Independent Electoral Commission as chief director of communication. Humphrey also previously served as the president of the South African Chamber of Business for two years as well as deputy president of the Black Management Forum.



CHRIS SEABROOKE 53 INDEPENDENT NON-EXECUTIVE DIRECTOR
[South African] Appointed 1993, BCom, BAcc, MBA, FCMA

Chris has been a director of more than twenty JSE listed companies over the years. He is currently the chief executive officer of Sabvest Limited, non-executive chairman of Massmart Holdings, Metrofile Holdings and Setpoint Technologies, a director of Datatec and a director of Nasdaq listed Net1 U.E.P.S Technologies Inc. He is a former chairman of the South African State Theatre, and former deputy chairman of both the inaugural National Arts Council and the founding board of Business & Arts South Africa, BASA.



BHEKI SHONGWE 51 INDEPENDENT NON-EXECUTIVE DIRECTOR
[South African] Appointed 1999, BA (Econ), MBA, ACIS, FCIBM

Bheki is currently managing director of Metrobus (Pty) Limited and was previously deputy managing director of Fleet Africa (Pty) Limited. He has extensive operational experience at senior management levels in various sectors and was previously an executive director of Primedia. He holds non-executive directorships in Highveld Steel and Vanadium Corporation, Sabvest Limited, Air Traffic and Navigation Services Limited and is the founding chairman of Matsamo Global Investment Holdings (Pty) Limited.



SINDI ZILWA 39 INDEPENDENT NON-EXECUTIVE DIRECTOR
[South African] Appointed 2002, BCompt (Hons), CTA, CA(SA)

Sindi is the chief executive officer of Nkonki, one of South Africa's leading black accounting firms, which she co-founded in 1993. Sindi is also a director of Woolworths, Discovery Health, Strate Limited and Ethos Private Equity Limited. She is also a member of the SAICA Education Committee, a member of SAICA Banking Project Group and the GAAP Monitoring Panel and the chairman of the BUSA Standing Committee on Transformation. Her past directorships include The Transkei National Building Society, The South African Mint, The South African Reserve Bank Cell Captive Insurance Company, WIPHOLD, Telkom and the Public Accountants and Auditors Board. In 1998, she won the business woman of the year award presented by The Executive Women's Club.
