



**CONSOLIDATED INCOME STATEMENT**  
YEAR TO 30 JUNE 2000

R'000	2000	1999 RESTATED	CHANGE
Turnover	1,714,383	1,440,798	19%
Operating profit before depreciation	277,622	264,304	5%
Depreciation	(78,170)	(62,846)	24%
Operating profit	199,452	201,458	-1%
Net interest (paid) / received	(3,078)	8,173	-138%
Net income before debenture interest, exceptional items and taxation	196,374	209,631	-6%
Debenture interest	(70,309)	(84,155)	
Exceptional loss	(53,779)	(19,834)	
Profit before associates' results	72,286	105,642	
(Loss) / profit from associates	(35,205)	315	
Profit before taxation	37,081	105,957	
Taxation	(39,091)	(34,056)	
(Loss) / profit after taxation	(2,010)	71,901	
Attributable to outside shareholders	(11,246)	(6,847)	
Attributable (loss) / income	(13,256)	65,054	
Basic headline earnings per combined unit - cents (1)	49	82	-40%
Diluted headline earnings per combined unit - cents (1)	48	82	-41%
Basic earnings per combined unit - cents	28	76	-63%
Diluted earnings per combined unit - cents	28	75	-63%
(1) Determination of headline earnings:			
Attributable (loss) / income	(13,256)	65,054	
Debenture interest distribution	70,309	84,155	
	57,053	149,209	
Less: Net exceptional loss	(42,702)	(12,977)	
Gross exceptional loss	(53,779)	(19,834)	
Less: non headline earnings adjustment	2,390		
Less: taxation and outside shareholders' effects	8,687	6,857	
Headline earnings	99,755	162,186	
Number of units in issue (' 000)	201,693	204,518	-1%
Weighted number of units in issue (' 000)	203,881	196,790	4%
Diluted weighted number of units (' 000)	206,311	198,441	4%

**CONSOLIDATED BALANCE SHEET**  
30 JUNE 2000

R'000	2000	1999 RESTATED
<b>Assets</b>		
Property, plant and equipment	378,981	346,290
Associated companies	291,649	239,573
Other investments	82,973	112,812
Deferred tax asset	324,740	314,554
Current assets	476,362	550,938
Inventory	24,149	25,888
Accounts receivable	411,568	343,808
Cash resources	40,645	181,242
<b>Total assets</b>	<b>1,554,705</b>	<b>1,564,167</b>
<b>Equity and liabilities</b>		
Shareholders' funds	706,182	768,687
Outside shareholders' interest	185,774	186,341
Long term borrowings	44,845	49,066
Current liabilities	617,904	560,073
Debenture interest payable	35,165	38,353
Amounts due to vendors	49,617	54,590
Short term loans	12,748	14,904
Bank borrowings	58,312	40,000
Other current liabilities	462,062	412,226
<b>Total equity and liabilities</b>	<b>1,554,705</b>	<b>1,564,167</b>
<b>Net asset value per combined unit - cents</b>	<b>350</b>	<b>376</b>

**CONSOLIDATED CASH FLOW STATEMENT**  
YEAR TO 30 JUNE 2000

R'000	2000	1999 RESTATED
Operating profit before depreciation	277,622	264,304
Net interest (paid) / received	(3,078)	8,173
Debt interest paid	(73,497)	(78,732)
Interest attributable to outside shareholders	(7,797)	(8,004)
Increase in working capital	(29,148)	(29,488)
Taxation paid	(20,525)	(16,556)
<b>Cash flow from operations</b>	<b>143,577</b>	<b>139,697</b>
Net capital expenditure	(99,070)	(111,119)
- to expand operations	(72,868)	(93,509)
- to maintain operations	(26,202)	(17,610)
Acquisitions net of outside shareholders' interest and vendor financing	(144,011)	(224,672)
Other investments	(33,469)	(197,277)
Loans advanced	-	(21,982)
Proceeds on the disposal of investment	-	7,045
<b>Net funds utilised</b>	<b>(132,973)</b>	<b>(408,308)</b>
Issue of units	80,037	189,708
Repurchase of units	(98,271)	-
Net increase in borrowings	10,610	42,000
<b>Net cash outflow</b>	<b>(140,597)</b>	<b>(176,600)</b>

**STATEMENT OF CHANGES IN EQUITY**

R'000	SUBSCRIBED CAPITAL	NON DISTRIBUTABLE RESERVES	DISTRIBUTABLE RESERVES	TOTAL SHAREHOLDERS' EQUITY
Balance at 30 June 1999	380,815	12,542	61,314	454,671
Changes in accounting policies:				
Deferred tax		342,357	(24,254)	318,103
Consolidation of The Primedia Trust	(58)	(467)	(646)	(1,171)
Depreciation of building		128	(3,044)	(2,916)
Restated balance at 30 June 1999	380,757	354,560	33,370	768,687
Units held in The Primedia Trust	(5,372)	(15,147)		(20,519)
Units issued (net of repurchase)	178			178
Write off of intangibles			(58,011)	(58,011)
Attributable loss			(13,256)	(13,256)
Tax relief on intangible assets		18,117		18,117
Translation reserve movement		10,678		10,678
Transfer to NDR		1,421	(1,421)	-
Other		308		308
<b>Balance at 30 June 2000</b>	<b>375,563</b>	<b>369,937</b>	<b>(39,318)</b>	<b>706,182</b>



R'000	2000	1999 RESTATED
1. Net interest (paid) / received		
Interest paid	(20,720)	(27,833)
Interest received	17,642	36,006
	<b>(3,078)</b>	<b>8,173</b>
2. Taxation		
Current taxation	27,535	19,535
Secondary taxation on companies	1,899	2,138
Associated companies	1,677	2,486
Deferred taxation	7,980	9,897
- current	7,980	17,287
- rate change	-	(7,390)
	<b>39,091</b>	<b>34,056</b>
<p>Companies in the group have trademarks totalling R1 690 million, which are being amortised for tax purposes over defined periods. Discussions are in progress with the Revenue relating to the tax treatment of certain of these, which have not yet been approved.</p>		
3. Associated companies		
Listed company	28,918	70,644
Unlisted companies	262,731	168,929
	<b>291,649</b>	<b>239,573</b>
Market value of listed company at 30 June 2000	59,377	121,454
Market value of listed company at 15 September 2000	31,308	
4. Future lease payments		
<p>The minimum lease payments under non-cancellable operating leases are as follows:</p>		
Within one year	56,595	63,693
Thereafter	346,890	450,800
	<b>403,485</b>	<b>514,493</b>
5. Capital commitments		
Capex	111,457	114,991
- Contracted for	15,718	83,460
- Authorised, but not contracted for	95,739	31,531
Other capital commitments	166,853	92,779
	<b>278,310</b>	<b>207,770</b>
<p>The commitments will be financed by cash flows from operations and the utilisation of cash and borrowings within the accepted gearing profile of the group.</p>		
6. Lease guarantee commitments		
<p>Primedia and Royale Resorts have issued joint and several guarantees in respect of future lease commitments of Ster Century Europe. Primedia and Royale have indemnified each other so as to limit each party's exposure to its pro rata portion of the guarantees based on shareholding. Primedia's 30% share of the guarantees issued in respect of future lease commitments amounts to US\$18m (1999: US\$39m). Primedia and Royale will be released from their guarantee commitments based on Ster Century Europe achieving certain financial milestones, being principally the extent of the paid-up capital of Ster Century Europe. Based on the paid-up capital which is to be invested by Primedia and Royale in terms of the Ster Century Europe business plan, the anticipated commitments in respect of Primedia's guarantee exposure are as follows:</p>		
US\$'000		
Expected release within one year	3,357	26,437
Expected release thereafter	14,642	13,106
Total guarantees	<b>17,999</b>	<b>39,543</b>
7. Guarantee In respect of Metropolis*		
<p>Metropolis**'s balance sheet at 30 June 2000 reflects a shareholders' deficit of R 6,1 million, which will be offset by the profit which will be realised in the event that the conditions in respect of the sale of Mead &amp; McGruther (Pty) Ltd are fulfilled. Primedia has, in the interim, guaranteed the deficit in Metropolis**'s shareholders' funds.</p>		



**RATIOS**  
YEAR TO 30 JUNE 2000

	2000	1999
Operating profit before depreciation margin	16%	18%
Operating profit margin	12%	14%
Tax rate before exceptional items and associated (loss) / earnings	37%	25%
Debenture interest cover	2.8	2.5

**SEGMENTAL REPORTING**  
YEAR TO 30 JUNE 2000

R'000	2000	1999 RESTATED	CHANGE
<b>Turnover</b>			
Outdoor	98,937	80,534	23%
Direct Marketing SA	85,402	83,006	3%
Specialist Marketing	132,873	105,963	25%
Cinema Exhibition	359,648	380,980	-6%
Cinema Advertising	47,338	51,135	-7%
<b>Media Distribution</b>	<b>724,198</b>	<b>701,618</b>	<b>3%</b>
Broadcasting	133,807	133,308	-
Publishing	73,009	66,197	10%
Entertainment	26,961	29,331	-8%
Film Distribution	23,607	15,217	55%
Home Entertainment	197,437	157,518	25%
<b>Entertainment and Information</b>	<b>454,821</b>	<b>401,571</b>	<b>13%</b>
Primecom	609,272	414,554	47%
Central	251	236	6%
Intergroup sales elimination	(74,159)	(77,181)	-4%
<b>Total turnover</b>	<b>1,714,383</b>	<b>1,440,798</b>	<b>19%</b>
<b>PBIT+D</b>			
Outdoor	25,966	26,669	-3%
Direct Marketing SA	16,295	19,478	-16%
Specialist Marketing	40,910	33,724	21%
Cinema Exhibition	62,958	64,351	-2%
Cinema Advertising	10,549	15,345	-31%
<b>Media Distribution</b>	<b>156,678</b>	<b>159,567</b>	<b>-2%</b>
Broadcasting	63,985	65,940	-3%
Publishing	(1,997)	(2,223)	10%
Entertainment	(3,383)	(5,146)	34%
Film Distribution	3,938	(401)	NM
Home Entertainment	12,505	7,224	73%
<b>Entertainment and Information</b>	<b>75,048</b>	<b>65,394</b>	<b>15%</b>
Primecom	64,268	53,930	19%
Central	(18,372)	(14,587)	-26%
<b>TOTAL PBIT+D</b>	<b>277,622</b>	<b>264,304</b>	<b>5%</b>

## 1. STRATEGIC OVERVIEW

Primedia's vision is to become a leading media and communications group. Primedia's interests in cinema and home entertainment, radio broadcasting, direct and specialist marketing, outdoor advertising, publishing, interactive media, film, video and music entertainment and branded sport support the attainment of this vision.

In line with general economic conditions, trading in the second half of the fiscal year remained extremely tight for most of Primedia's South African operations, however some business showed good growth on the prior year. Trading in the UK through Primecom was positive, particularly in the second half of the year.

The continued focus on developing depth of management within the group has borne fruit with the appointment of two Chief Operating Officers, a new Chief Financial Officer, a Group Strategy and Corporate Affairs Director and a General Manager, Group Human Resources.

The group has also undergone a comprehensive strategic review. This has resulted in a number of key initiatives to enhance unitholder value:

- (i) Recognition of the need for a separate identifiable vehicle for Primedia's international activities housed in Primecom.
- (ii) Realignment of Primedia's and Metropolis's internet initiatives to focus on the business to consumer (B2C) field and the consequent discontinuance of Metropolis's business to business (B2B) operations.
- (iii) Entrenchment of black ownership and control in Primedia as a result of Mineworkers Investment Company acquiring a joint controlling stake in Primedia, which will enhance opportunities for the group.
- (iv) Consideration given to the possible disposal of the group's investment in Ster Century Europe.

## 2. BUSINESS REVIEW

### 2.1. OPERATING SEGMENTS

The group continues to be focussed on the four business segments:

- (i) Media Distribution (South Africa) which comprises outdoor, direct marketing, specialist marketing, cinema exhibition and cinema advertising.
- (ii) Entertainment and Information (South Africa) which comprises radio broadcasting, publishing, music, film distribution, video and inter-active games (home entertainment), internet and branded sport. The group's interest in internet media and branded sport are not consolidated but equity accounted.
- (iii) Primecom, which houses the interactive consultancy, solutions and services businesses of the group in the UK.
- (iv) Ster Century which houses the group's cinema interests in the UK, Europe and the Middle East.

The group continued to dispose of non-core businesses and realign assets which do not fit within its vision and mission statement.

### 3. DIVISIONAL REVIEW

#### 3.1. MEDIA DISTRIBUTION

##### 3.1.1. OUTDOOR

Turnover of Outdoor grew by 23% despite the low occupancy in airport advertising and street furniture. These factors combined with rising site rentals to result in a 3% reduction in operating profit before depreciation (PBIT+D).

##### 3.1.2. DIRECT MARKETING SOUTH AFRICA

Turnover was only 3% up on the prior year as a consequence of a general decline in print-based media spend and continued aggressive pricing strategies of new entrants. PBIT+D for the year declined by 16% relative to the prior year. The cost base

of this division has been re-aligned and aggressive marketing and sales initiatives are beginning to bear fruit.

##### 3.1.3. SPECIALIST MARKETING

The non traditional media types in this segment continued to show strong growth with particularly pleasing results from Comutanet, CartAd In-Store Media and Product Marketing Services (PMS).

Overall, the division's turnover grew by 25% while PBIT+D grew by 21%.

##### 3.1.4. CINEMA EXHIBITION

Total cinema attendances in South Africa for the year ended 30 June 2000 are estimated at 23,9 million. Ster-Kinekor Theatres retains its approximate 67% market share with 16,3 million attendances, which was marginally down on the prior year.

The price reduction in off peak ticket sales has not had a marked impact on the average ticket price of the group due to the successful reduction of discounting and complimentary tickets. The net result was that turnover was down 6% for the year.

Management's continued focus on Ster-Kinekor Theatres' operations and cost structure has resulted in improved labour efficiencies, staffing flexibility, staggered show times and confectionery sales and margin. These initiatives reflected the decline in PBIT+D to 2%, despite a significant decline in Ster-Kinekor Theatres' share of revenues from Cinemark.

A strategic decision has been made to decrease the level of investment in new theatres beyond the current build commitments.

As was indicated at the half year, a decision has also been made to discontinue certain cinema operations, primarily those units within Ster-Moribo and certain other under-performing sites. In this regard, a provision of R27,3 million was raised as an exceptional item in this accounting period although, in accordance with generally accepted accounting practice, this does not impact on headline earnings per unit (HEPU). HEPU in future years will be negatively impacted as and when these costs are actually incurred.

##### 3.1.5. CINEMA ADVERTISING

Turnover in Cinemark was 7% below the prior year and PBIT+D was down 31%. The decline in advertising also had a negative impact on Ster-Kinekor Theatres' profits.

The introduction of measurement tools giving greater accountability to advertisers in Cinemark is beginning to have a positive impact which has resulted in an increase in bookings by both new and previous clients. Current indications are that Cinemark will have a significantly stronger fiscal 2001 than 2000.

### 3.2. ENTERTAINMENT AND INFORMATION

#### 3.2.1. BROADCASTING

Despite enduring tough market conditions, 94.7 Highveld Stereo continued to grow its revenues and audience base. A bold new programming strategy has been put in place for 702 Talk Radio with the new talk show line up announced in January now beginning to show a growth in audience numbers. 567 CapeTalk has also been refocussed on key niche opportunities in the Western Cape market.

Overall, Broadcasting recorded static turnover and a 3% decline in PBIT+D.

#### 3.2.2. PUBLISHING

Publishing's turnover grew by 10% and the operating loss before depreciation was 10% lower than in the prior year.

Good progress was made in improving operational management and financial controls. A comprehensive strategic review of all titles has resulted in a focus on B2C titles and certain niche publications in the B2B arena. Consequently the group has undertaken the disposal of certain titles that are considered non-core.

### 3.2.3. ENTERTAINMENT

#### PRIMEDIA PICTURES

The developmental activities of Primedia Pictures have been terminated for the time being.

The remaining passive investments in two profitable production companies may be sold in due course.

#### PRIMEDIA MUSIC

Primedia Music's losses increased slightly on the prior year.

### 3.2.4. FILM DISTRIBUTION

Ster-Kinekor Pictures is a strategic investment allowing the group access to international filmed content and as such is generally a marginal profit contributor. Its profits were, however, boosted by the sale of free to air and pay television rights to television broadcasters.

### 3.2.5. HOME ENTERTAINMENT

Ster-Kinekor Home Entertainment had an outstanding year on the back of improved sales of videos and DVD and continued strong growth in Sony Playstation. During the year, the company also managed to secure the exclusive rights to distribute for two new major studios - Universal and DreamWorks. This significantly bolstered both market share and profitability.

Turnover grew by 25% and PBIT+D was up 73%.

### 3.2.6. METROPOLIS\*

Primedia's 48,7% share of losses from Metropolis\* amounted to R22 million. Total non-recurring B2B losses attributable to Primedia amounted to R19,3 million.

iafrica.com, which remains core to Primedia, reported a loss of R11 million, of which Primedia's share was R5,4 million. iafrica.com's losses are expected to continue in 2001 following further investments into the brand, content and e-commerce capabilities. Primedia's attributable share of these losses are not expected to be materially higher than this year.

iafrica.com remains South Africa's leading consumer portal with currently 17,6 million average monthly page impressions.

### 3.2.7. BRANDED SPORT

Primedia owns a 40% interest in Kaizer Chiefs, South Africa's leading soccer club. Kaizer Chiefs reported a small loss for the year. The recent securing of major team and apparel sponsorship from Vodacom and Nike, respectively, will move this company into a profitable position in the forthcoming year.

### 3.3. PRIMECOM

Primecom is focussed on the following segments:

- Digicom, which advises on and executes interactive channel communications (internet, WAP and interactive television) that facilitate one to one customer interaction. Digicom offers consulting services across commercial, technical and creative business disciplines. It also implements the strategies by drawing on its substantial implementation competencies and resources to deliver large scale interactive solutions.
- IC3, which creates profitable customer relationships for its clients through the provision of interactive multi-channel customer contact and fulfilment solutions.
- Prime Insight, which provides customer insight to the two core business units, IC3 and Digicom.

The Primecom group reported sales growth of 47% to R609,3 million and a 19% increase in PBIT+D to R64,3 million with a significant improvement recorded in the second half. At the interim stage, PBIT+D was down 23%.

### 3.3.1. DIGICOM (pres.co/Foresight)

Foresight has been merged with pres.co to form the largest new media agency in the UK. pres.co/Foresight achieved excellent results for the year under review. Combined PBIT+D was R39,8 million.

### 3.3.2. IC3

The businesses comprising IC3 are in the process of being integrated to form an interactive customer contact business that offers consultancy, e-fulfilment and contact centre support for blue chip companies. The moderate 3% growth in PBIT+D of IC3 was the result of a poor performance from The Customer Contact Company whose profits are improving, and losses from Spark Response in the first half of the year. These companies offset the better performances of the other companies in IC3.

### 3.3.3. PRIME INSIGHT

Prime Insight consists principally of The Database Group and the 30% interest in Dunn Humby. Dunn Humby had a disappointing year with reduced equity accounted profits for the group. The Database Group's concentration on selling more value added services and on cost reduction in the year resulted in PBIT+D growth of 63% on turnover growth of 1%.

The Board of Directors (the Board) is of the opinion that significant unitholder value can be unlocked by creating a pure play investment opportunity for Primedia's unitholders to invest into the activities of Primecom. Accordingly, the Board is considering creating a separately listed vehicle, Primecom SA to be listed on the Johannesburg Stock Exchange, which will own Primedia's interest in Primecom UK. This will be effected by way of a demerger. Alternatively, the group is considering the creation of a tracking share to give effect to the same objectives.

### 3.4. STER CENTURY

Ster Century Europe opened five more sites during the year and now has seven sites trading across UK, Greece, Hungary, Poland and the Czech Republic. Good trading in the first part of the year was offset by soft cinema attendances in the last quarter. A combination of immediately expensing all costs in relation thereto and the amortisation of costs previously capitalised prior to the opening of trading in various regions resulted in Primedia's 30% share of losses increasing from R1,1 million to R14,7 million.

Ster Century Middle East's first site is due to open in January 2001.

### 4. BASIC HEADLINE EARNINGS PER COMBINED UNIT

Primedia's headline earnings per combined unit for the year under review were materially impacted by the developmental losses in Ster Century and Metropolis\*, and the changes in accounting for deferred tax in accordance with AC 102 (revised):

FOR THE YEAR ENDED 30 JUNE

	2000 CENTS	1999 CENTS	CHANGE
Basic headline earnings	49	82	-40%
Core segment (ie excluding Ster Century and Metropolis*)	80	95	-16%
Developmental			
- Ster Century (Note1)	(13)	(2)	
- Metropolis*	(11)	(3)	
Change in deferred tax accounting policy	(7)	(8)	

Note 1 includes notional after tax interest cost on capital invested in Ster Century.

### 5. INCOME STATEMENT

The review of operations more fully sets out the group's business performance.

Year on year turnover growth was 19%. Primedia's South African advertising revenues grew by 10% year on year compared to market growth in traditional advertising revenue of 7% (as reported by Ad Index dated January 2000 and adjusted for

discounts). The implied continued growth in the group's market share underscores the quality of Primedia's media assets.

The 24% increase in depreciation, principally due to capital expenditure in Outdoor, Ster-Kinekor Theatres and Primecom, over the last two years, offsets the 5% increase in operating profit before depreciation to result in a 1% decline in operating profit.

The continued investment in Ster Century resulted in net interest paid of R3,1 million for the year as opposed to net interest received of R8,2 million in the prior year.

The major components of the exceptional loss of R53,8 million are the provision for Ster-Kinekor Theatres cinema closures referred to above (R27,3 million) and Primedia's attributable share of the provision for the discontinued B2B operations of Metropolis\* (R19,7 million).

The loss from associates comprise the following:

	2000	1999
	R'000	R'000
Metropolis*	(22,046)	(2,767)
Ster Century	(14,755)	(1,142)
Other	1,596	4,224
	(35,205)	315

Compliance with the new accounting statement AC 102 (revised) on deferred taxation resulted in a significantly increased deferred tax charge contained in the total tax charge for both the current year and the prior year which has been restated.

## 6. BALANCE SHEET

Shareholders' funds for both 2000 and 1999 have been increased by the creation of deferred tax assets as required by AC 102 (revised).

At year end the group was in a net borrowed position of R75,3 million compared to a net cash position of R77,3 million in the prior year, principally due to the investment into Ster Century. The net investment in Ster Century included in associated companies at year end amounted to R161,2 million (R51,6 million in the prior year).

## 7. CASH FLOW

Cash flow from operations remained strong with a continued focus on working capital management across the group. In addition, capital expenditure of R99,1 million was lower than the R111,1 million expended in the prior year.

R124,3 million of the R144,0 million acquisitions and investments made during the year related to Ster Century. A maximum further \$22,3 million will be invested into Ster Century in the future out of existing bank facilities and internal cash flows.

## 8. CHANGE IN ACCOUNTING POLICIES

8.1. The accounting policies used in the preparation of these statements are consistent with those used in the 1999 Annual Report except for the adoption of AC 102 (revised) on income taxes and AC 416 on treasury shares. These changes in accounting policies have been treated as a prior year adjustment and the results at 30 June 1999 have been restated.

## 8.2. DEFERRED TAX

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences, arising from differences between the book carrying amount of assets and liabilities and the corresponding tax value thereof.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences and accumulated tax losses can be utilised.

Notwithstanding the above, the group's policy is to raise deferred taxation, at the statutory rate, on 50% of the trademark cost for the trademarks that have not yet been assessed by South African Revenue Services and 100% on trademarks that have been assessed.

Previously, deferred tax was provided on the liability method, using the comprehensive basis, on all timing differences. Where the tax effects of timing differences gave rise to a deferred tax asset, the asset was recognised only if there was assurance beyond reasonable doubt that future taxable income will be sufficient to allow the tax benefit to be realised.

## 8.3. TREASURY SHARES

The Primedia Trust, the group's share incentive scheme, is consolidated in accordance with AC 416. The effect of this is to reduce the group's equity by unallocated units that the Trust has on hand at year end.

## 9. DILUTIVE WEIGHTED NUMBER OF COMBINED UNITS IN ISSUE

The weighted number of combined units outstanding has been increased by the weighted average number of share options granted, but not yet exercised. The assumed proceeds from these options are considered to have been received from the issue of the options at fair value. The differences between the number of combined units issued and the number of combined units that would have been issued at fair value to raise the assumed proceeds are treated as an issue of combined units for no consideration.

## 10. YEAR 2000 COMPLIANCE

As anticipated the year 2000 event posed no serious disruption for Primedia's operations. The group has not over invested ahead of the cut over and incurred no significant costs in this regard with most projects managed with in-house resource.

## 11. PROSPECTS

As no material short term improvement is expected in the sectors in which Primedia trades, a modest growth in operating profits is anticipated in the group's South African businesses during the forthcoming year.

Strong growth is expected from Primecom in the forthcoming year.

Metropolis\* losses should decrease due to the restructuring referred to above.

Losses from Ster Century are expected to increase as Primedia's share of Ster Century Europe increases from 30% to 50% and start-up costs of Ster Century Middle East are expensed. A disposal of Ster Century Europe will have a material positive impact on Primedia's earnings.

## 12. CAUTIONARY ANNOUNCEMENT

Unitholders are referred to the cautionary announcement published on 16 August 2000 regarding discussions in respect of the disposal of Ster Century Europe. These discussions are continuing.

In addition, Primedia is considering proposals regarding the listing of Primecom on the Johannesburg Stock Exchange or the creation of a tracking share. Unitholders are advised to exercise caution in their dealings in Primedia units until further notice.

ON BEHALF OF THE BOARD

Issie Kirsh  
*Chairman*

Paul Nkuna  
*Deputy Chairman*

William Kirsh  
*Chief Executive*

18 SEPTEMBER 2000