



UNAUDITED RESULTS FOR THE 6 MONTHS ENDED 31 DECEMBER

ABRIDGED CONSOLIDATED INCOME STATEMENT

	6 months 31 Dec 2005 R'000	Restated 6 months 31 Dec 2004 R'000	% change	Restated 12 months 30 June 2005 R'000
Revenue	1 297 776	1 025 052	27	2 011 592
Operating profit before depreciation ("EBITDA")	276 013	214 495	29	417 027
Depreciation and amortisation of software	(32 990)	(31 341)		(66 589)
Operating profit, before unrealised foreign exchange items, share based expenses and exceptional items ("PBIT")	243 023	183 154	33	350 438
Unrealised foreign exchange (losses)/gains	(7 734)	(3 905)		117
Amortisation of trademarks	(891)	(7)		(13)
Share based expenses	(4 353)	(1 404)		(3 906)
Exceptional items	(96 674)	5 062		14 948
Operating profit	133 371	182 900	(27)	361 584
Investment income	6 222	4 221		7 808
Net finance costs	(30 204)	(34 160)		(55 073)
Share of associated companies' profits	-	457		457
Profit before tax	109 389	153 418	(29)	314 776
Taxation	(59 617)	(46 962)		(86 604)
Net profit	49 772	106 456	(53)	228 172
Attributable to:				
- Primedia Limited's shareholders	36 211	98 825	(63)	210 832
- Minority interests	13 561	7 631	78	17 340
Determination of headline earnings				
Net profit attributable to Primedia Limited's shareholders	36 211	98 825		210 832
Net profit on disposal of assets	(304)	(767)		(206)
Exceptional items:	(3 940)	(33)		(1 832)
- Net (profit)/loss on disposal of assets	(4 483)	167		(2 090)
- Other	543	(200)		258
Tax effect of non-headline earnings items	36	222		95
Headline earnings	32 003	98 247	(67)	208 889
Number of shares ('000)				
- Issued	229 539	225 226		221 747
- Weighted average	223 316	222 595		223 032
- Diluted weighted average	227 533	229 590		228 494
Earnings per share (cents)				
- Adjusted headline earnings *	65	45	45	95
- Headline	14	44	(68)	94
- Basic	16	44	(64)	95
- Diluted headline	14	43	(67)	91
- Diluted basic	16	43	(63)	92
Exceptional items	3 940	33		1 832
Headline reconciling items above	(108 398)	-		-
IFRS 2 expense relating to BEE ownership transaction	5 513	8 550		14 910
Reversal of loan impairments	2 615	-		1 165
Revaluation of listed investments	(344)	(3 521)		(2 959)
Other exceptional items	(96 674)	5 062		14 948
* Excluding IFRS 2 share related costs				

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	6 months 31 Dec 2005 R'000	Restated 6 months 31 Dec 2004 R'000	Restated 12 months 30 June 2005 R'000
OPERATING ACTIVITIES			
Operating profit before depreciation	276 013	214 495	417 027
Exceptional cash items and non-cash movements	(188 524)	(5 446)	(12 000)
Increase in receivables	(32 072)	(94 632)	(48 452)
Increase in inventory	6 1 120	(696)	(14 697)
Increase in payables	(26 176)	74 228	54 432
Decrease in provisions	95 919	(27 821)	(6 440)
Cash generated from operations	(23 074)	160 128	389 850
Net interest paid	(47 640)	(12 861)	(30 845)
Tax paid	25 205	(9 184)	(69 385)
Net cash inflow from operating activities	25 205	138 083	289 640
INVESTING ACTIVITIES			
Net acquisition of subsidiaries, minorities and investments	(116 317)	(360 607)	(395 638)
Net acquisition of fixed assets and software	(36 717)	(26 921)	(86 604)
Other investing activities	2 869	1 049	(2 543)
Net cash outflow from investing activities	(150 165)	(386 479)	(484 785)
FINANCING ACTIVITIES			
(Acquisition)/disposal of shares by The Primedia Share Trust	(31 650)	5 933	(29 106)
Net borrowings raised	22 024	263 817	225 008
Proceeds from share issues net of costs	(4 485)	-	29 060
Other financing activities	(5 092)	(300)	-
Net cash (outflow)/inflow from financing activities	(94 590)	214 454	121 673
Net decrease in cash and cash equivalents	(219 550)	(33 942)	(73 472)
Foreign currency translation	(2 075)	433	1 064
Cash and cash equivalents at beginning of period	(6 411)	65 997	65 997
Cash and cash equivalents at end of period	(228 036)	32 488	(6 411)

NOTES TO THE FINANCIAL STATEMENTS

	6 months 31 Dec 2005 R'000	Restated 6 months 31 Dec 2004 R'000	% change	Restated 12 months 30 June 2005 R'000
REVENUE	586 818	467 879	25	950 288
Advertising	645 846	521 782	24	965 111
Content	34 777	4 828	620	33 467
New media sectors	30 062	30 358	(1)	62 126
One to one marketing	273	205	33	-
Other	1 297 776	1 025 052	27	2 011 592

SEGMENTAL ANALYSIS

	6 months 31 Dec 2005 R'000	Restated 6 months 31 Dec 2004 R'000	% change	Restated 12 months 30 June 2005 R'000
EBITDA	224 891	164 116	37	331 444
Advertising	61 036	60 507	1	93 789
Content	3 145	521	504	3 587
New media sectors	1 409	969	42	3 576
One to one marketing	(14 468)	(11 638)	(24)	(15 369)
Other	276 013	214 495	29	417 027
PBIT	207 797	147 863	41	298 059

- # HIGHLIGHTS
- REVENUE UP 27% to R1 297,8 MILLION
 - EBITDA UP 29% to R276,0 MILLION
 - PBIT UP 33% to R243,0 MILLION
 - HEADLINE EARNINGS PER SHARE BEFORE IFRS 2 COSTS UP 45% TO 65 CENTS*
 - SHAREHOLDER DISTRIBUTIONS PER SHARE UP 82% TO 40 CENTS

*IFRS 2 costs relate to the group's BEE transaction (49 cents) and share options (2 cents)

The group is also making good progress toward its key 2006 strategic priorities, most of which are underpinned by the aforementioned growth strategies:

- Black consumer filmed entertainment:** Black consumer attendances at Ster-Kinekor Theatres continue to increase and now represent 36% (2004: 17%) of total customer attendances. More notably, at a number of Ster-Kinekor Junction ("Junction") sites specifically targeting the black consumer and at which prices have been lowered for the last three years, attendance uplifts are now averaging 200%*, which validates the long-term impact of this strategy.
- Due to the scarcity of viable locations, the decision has been taken to dispose of the group's five-store home entertainment chain in the townships.
- Simulating cinema frequency of the traditional consumer:** Ster-Kinekor Theatres now has 27 low price Junction cinemas and 18 normal price Ster-Kinekor Classic ("Classic") cinemas, which are anticipated to generate approximately 11 million and 8 million attendances respectively this year. Since resolution of the product supply problems, attendances at the Junction sites have increased 46%* year on year, which has more than compensated for the price reduction. Attendances at the Classic sites have however declined by 3%.*
- *Based on results from November 2005 to 31 January 2006

Critical mass for Primedia Unlimited.

Good progress has been made in securing new high growth and scalable acquisitions. The Letter Corporation and XProcure were acquired by Primedia Unlimited Advertising, and Airgames and Book4Golf were acquired by Primedia Unlimited Content.

- Acquisitions made in the prior year are collectively performing well.
- Primedia Unlimited Advertising remains on track to achieve annualised PBIT of R20 million by 30 June 2006, with losses of approximately R7,0 million anticipated to be incurred by Primedia Unlimited Content in the current fiscal.
- Unlocking the value of the group's sport assets.** Megapro Marketing has made good inroads with all sponsors and suppliers that will be involved in Soccer World Cup 2010. Meaningful activity by Megapro to become the preferred media supplier to corporate South Africa for Soccer World Cup 2010 will however only commence after Soccer World Cup 2006 is over.
- Content.**

The group's longer-term objective is to generate 30% to 40% of its operating income from this source which is less sensitive to movements in the economic cycle. Currently, the Content division contributes 20% of the group's operating income, which it aims to increase through the growth of its existing content businesses as well as growth in new content sectors. Strategic plans to achieve this are well advanced.

3. FINANCIAL RESULTS

The group increased revenue by 27% to R1 297,8 million (2004: R1 025,0 million). The group increased revenue by 29% to R276,0 million (2004: R214,5 million). Group EBITDA rose by 29% to R243,0 million (2004: R183,2 million). Acquisitions accounted for R37,0 million of this increase, being mainly KFM which was only included for three months in the comparable prior period. Operating margins increased from 17,9% to 18,7%. The group's near-term operating margin target is 20%.

In line with the group's increased borrowings the net interest expense (excluding the impact of the interest rate swap fair value adjustment) increased from R27,4 million to R24,8 million. Notwithstanding this increase, interest cover increased to a very healthy 9,8 times (2004: 8,6 times).

Profit before taxation dropped 29% to R109,4 million (2004: R153,4 million) due mainly to the once-off impact in the six months of the R108,4 million (49 cents per share) IFRS 2 cost relating to the group's recently concluded BEE deal. Under IFRS 2, profits were also impacted by share option costs of R4,4 million (2004: R1,4 million).

Profit after tax declined by 53% to R49,8 million (2004: R106,5 million) due to the aforementioned and the fact that the IFRS 2 costs are not tax-deductible.

Group HEPs before IFRS 2 costs increased 45% from 45 cents to 65 cents; HEPs before IFRS 2 costs as well as unrealised foreign exchange losses increased to 67 cents (2004: 46 cents). This result is the best indicator of underlying and comparable performance.

Due to increased stock levels and the group's record revenues in the last two months of the half-year, seasonal borrowings were higher than the prior year but have already reduced by R130 million since the reporting date.

As at 31 December 2005, net debt was R567,8 million (2004: R279,3 million). R116,3 million was spent on acquisitions, distributions were paid to shareholders of R75,4 million, and 3,1 million N shares were repurchased into the share trust at a cost of R44,7 million. Net capital expenditure was R36,7 million (2004: R26,9 million), of which R10,7 million (2004: R1,0 million) was spent on expansionary capital. The group's interest cover and EBITDA to debt coverage ratios remain very healthy.

4. DIVISIONAL REVIEW

The group's divisional reporting format has been enhanced to better reflect its strategy, financial diversity and critical mass.

4.1 Advertising

Revenue was up 25% to R586,8 million (2004: R467,9 million) and operating income increased 41% to R207,8 million from R147,9 million. Operating margins also increased to 35,4% from 31,6%. The group's broadcasting business fared very well, with revenue increasing by 33% to R230,0 million (2004: R173,3 million) and PBIT increasing by 39% to R132,3 million (2004: R95,4 million). The results for the six months include the results for KFM (consolidated for the full period as opposed to only three months in the prior comparable period) and 567 Cape Talk, consolidated only with effect from 1 January 2005. Their combined contribution to the increase in revenue and PBIT was R71,0 million and R35,3 million respectively.

ABRIDGED CONSOLIDATED BALANCE SHEET

	31 Dec 2005 R'000	31 Dec 2004 R'000	Restated 30 June 2005 R'000
Assets			
Non-current assets	1 019 821	877 082	924 843
Property, plant and equipment	312 317	276 350	299 070
Goodwill and intangible assets	556 172	426 837	465 592
Investments and loans	24 196	19 861	23 543
Deferred tax assets	127 136	154 034	136 638
Current assets	715 688	548 356	463 924
Inventories	83 394	40 399	51 767
Trade and other receivables	587 474	446 216	407 789
Bank balances and cash	44 820	61 741	4 368
Total assets	1 735 509	1 425 438	1 388 767
Equity and liabilities			
Total shareholders' funds	502 117	424 490	448 427
Non-current liabilities	277 492	371 044	353 490
Long-term borrowings	182 526	283 141	264 276
Long-term provisions	25 995	25 355	22 699
Deferred tax liabilities	68 971	62 548	66 515
Current liabilities	955 900	629 904	586 950
Short-term borrowings	445 257	110 108	113 225
Other current liabilities	510 643	519 796	473 625
Total equity and liabilities	1 735 509	1 425 438	1 388 767
Net asset value per share (cents)	219	188	202

ABRIDGED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	6 months 31 Dec 2005 R'000	Restated 6 months 31 Dec 2004 R'000	Restated 12 months 30 June 2005 R'000
Total shareholders' funds	407 199	317 159	317 159
– Primedia Limited's shareholders	80 927	16 238	16 238
– Minority interests			
Opening balance previously stated	488 126	333 397	333 397
IFRS adjustments			
– Transfer to loans from outside shareholders	(50 147)	(16 198)	(16 198)
– Depreciation	13 448	14 282	14 282
– SA GAAP adjustment			
– Deferred tax	(3 000)	(3 000)	(3 000)
Restated opening balance	448 427	328 481	328 481
Distribution to shareholders	(75 387)	(54 996)	(103 289)
Shares issued	2	29 133	29 133
Net profit for the year	49 772	106 456	228 172
BEE ownership transaction	108 398	–	–
Costs related to BEE ownership transaction	(4 485)	–	(73)
Share option expense	4 353	1 404	3 906
Movement in treasury shares	(31 831)	6 152	(29 106)
Write-back of amounts previously written-off against share premium	555	21 059	(1 766)
Minority interests acquired	3 957	(13 315)	(8 563)
Other movements	(1 644)	116	1 532
Total shareholders' funds	502 117	424 490	448 427
Attributable to:			
– Primedia Limited's shareholders	448 413	408 189	417 647
– Minority interests	53 704	16 301	30 780

	2005	2004	2003
PBIT	207 797	147 863	41
Advertising	47 738	47 051	1
Content	1 997	405	393
New media sectors	703	215	227
One to one marketing	(15 212)	(12 380)	(23)
Other			
	243 023	183 154	350 438

CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENCIES

	2005	2004	2003
Future capital commitments	49 291	38 099	96 870
Financial commitments	35 540	10 402	42 468
Operating lease commitments	311 293	290 241	347 009
– Due within one year	90 390	43 908	93 249
– Thereafter	220 903	246 333	253 760
Undemanded contingent liabilities	22 463	42 212	24 702
– Contingent liabilities	162 595	184 358	180 696
– Indemnities received	(140 132)	(142 146)	(155 994)

BASIS OF PREPARATION

The condensed unaudited interim results have been prepared in accordance with International Financial Reporting Standards and IAS 34 – Interim financial reporting. The group is reporting under IFRS for the first time for the six months ended 31 December 2005 and accordingly comparatives have been restated. The accounting policies used in preparation of the statements are compliant with IFRS and are consistent with those applied in the annual financial statements for the year ended 30 June 2005, except as disclosed below.

Property, plant and equipment

In terms of the transitional election made under IFRS 1 – First-time Adoption of International Financial Reporting Standards, certain items of property, plant and equipment were recognised at deemed cost, being fair value as at 1 July 2004. In subsequent periods, these items have been measured at deemed cost less accumulated depreciation and impairment losses. In line with the changes to IAS 16 – Property, plant and equipment, residual values and useful lives of the assets, for which the election in terms of IFRS 1 was not made, were re-assessed and where applicable, restated as required by IAS 16.

Share-based payments

The group has elected not to apply IFRS 2 – Share-based payments retrospectively to equity instruments granted on or before 7 November 2002. In accordance with the provisions of IFRS 2 – Share-based payments, the group now recognises an expense in the income statement in respect of options granted after 7 November 2002, which had not vested as at 1 January 2005, with a corresponding credit to equity representing the fair value of employee share options granted.

Following the issue of international 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 shares issued at part to Mineworkers Investment Company (Pty) Limited ("MIC") pursuant to the group's BEE Initiative has been expensed in the income statement.

COMMENTARY

1. OVERVIEW

Primedia continues to deliver above-average shareholder returns. Although supported by favourable market conditions, the group's results bear testimony to the soundness of its strategies, which have been developed and executed by a talented and broad-based team.

The group's stature as a well diversified yet cohesively aligned media group was underscored in the six months, by the very positive results achieved notwithstanding a major division, Star-Kinekor Theatres, being hampered by product supply problems.

In November 2005, MIC significantly increased its economic stake in Primedia, and as a consequence, Primedia's status as the leading transformed media company in South Africa is assured. Primedia's facilitation of this landmark BEE transaction resulted in a once-off HERS charge of R108,4 million (49 cents).

The distribution to shareholders has increased by 82% to 40 cents in light of the robustness of the group's growth as well as its ability to generate good free cash-flow.

2. STRATEGIC REVIEW

The group's six-pronged growth strategy of organic and innovative growth, Africa expansion, bolt-on acquisitions, entry into new media sectors and convergence, continues to fuel its momentum, which is borne out in these results. Highlights are as follows:

- **Organic** Organic growth in revenue and PBIT was 22% and 26% respectively.
- **Innovation** The group has many innovations either in progress or identified. Their impact on Primedia in the short to medium term should be meaningful. Of note has been Primedia Broadcasting's ability to unlock the potential in its unsold inventory.
- **Africa** Judicious expansion into Africa and plans to expand Primedia Outdoor into several African countries have been approved. The recently-launched outdoor operators in Mozambique continue to perform exceptionally well, as has the Star-Kinekor cinema operation in Lusaka. Further cinema opportunities in Zambia, Tanzania and Nigeria are being evaluated.
- **Acquisitions** (Bolt-on) Atmedia's commuter media and outdoor advertising businesses (acquired with effect from 1 September 2005) have been successfully integrated into the Commuter Media division and Primedia Outdoor respectively. Their performance to date has been exceptional. The purchase of the remaining 14,2% minority interest in Africa on Air from MIC, announced in November 2005, is still pending subject to regulatory approval.
- **New media sectors** Both Primedia Unlimited Advertising and Primedia Unlimited Content were very active, concluding various acquisitions. All businesses have been successfully integrated and are performing according to plan.
- **Convergence** This strategy focuses on opportunities from digital technology, particularly the cellular and internet media, and content, which is increasingly being exploited over these digital channels. Progress to date has been in line with expectations.

R175,3 million) and PBIT increasing by 39% to R132,3 million (2004: R95,4 million). The results for the six months include the results for KEM (consolidated for the full period as opposed to only three months in the prior comparable period) and 567 Cape Talk consolidated only with effect from 1 January 2005. Their combined contribution to the increase in revenue and PBIT was R71,0 million and R35,3 million respectively. Broadcastings' operating margins were 57,5% (2004: 55,0%).

The group's non-broadcasting, predominantly out of home media businesses also fared exceptionally well with revenue increasing by 21% to R356,8 million (2004: R294,4 million) and PBIT increasing 44% to R75,5 million (2004: R52,4 million). PBIT margins were a very creditable 21% (2004: 18%). Exceptional performances were achieved by the Commuter Media division and Primedia Outdoor. Both were also positively impacted by the Atmedia acquisition.

4.2 Content

Revenue increased by 24% to R445,8 million (2004: R321,8 million). This increase was fuelled by the lower-margin electronic games division, which experienced unprecedented demand for Sony Playstation products. Revenue for Star-Kinekor Games increased 82% to R290,7 million (2004: R159,5 million), with PBIT increasing by 57% to R19,2 million (2004: R12,2 million). PBIT margins at Star-Kinekor Games decreased from 7,6% to 6,6%.

The balance of the content divisions' results relate to the filmed entertainment activities of Star-Kinekor Theatres, Star-Kinekor Distribution and Star-Kinekor Home Entertainment. These businesses experienced a 2% decline in revenue to R355,2 million (2004: R362,3 million) and an 18% decline in PBIT to R28,6 million (2004: R34,9 million), principally due to the depressed results at Star-Kinekor Theatres which resulted from the product supply problems only resolved in November 2005. Since then, attendance at Junction cinemas has increased by more than 46%, also aided by good content, with revenue increasing by approximately 30%.*

* Based on results from November 2005 to 31 January 2006

4.3 New media sectors

Primedia Unlimited Advertising lifted revenue from R4,1 million to R33,4 million. PBIT also increased from R1,4 million to R6,6 million. This was due to the annualisation of acquisitions made last year, organic and innovative growth, as well as from the acquisitions concluded in the six months.

Primedia Unlimited Content posted start-up losses of R3,5 million (2004: R0,9 million) on revenue of R1,4 million (2004: R0,7 million). R1,3 million of the losses relates to the township-based home entertainment business which is in the process of being disposed of. The balance of start-up losses related to Book4Golf, whose operations are in the process of being rolled out.

The group has also incurred losses of R1,1 million relating to initiation of its convergence strategy, which is in line with expectations.

4.4 One to one

Although not material, the one to one businesses experienced improved results as a result of the vastly improved performance of the South African-based Knowledge Factory.

4.5 Central costs

Central costs increased principally as a result of higher Corporate Social Responsibility expenditure.

5. PERPETUAL PREFERENCE SHARES

The Board of Primedia has resolved to raise R150 million of perpetual preference shares by way of a private placement. The Board is of the opinion that this represents a cost effective opportunity to raise long-term capital in support of the group's ongoing acquisition programme. The issue, which also has the support of the group's major shareholders, has been underwritten by Rand Merchant Bank and Nedbank Capital. Details of the offer will be published in due course.

6. DISTRIBUTIONS OUT OF SHARE PREMIUM

The group's distribution policy is based on a cover of 1,7 to 2,0 times headline earnings excluding the impact of non-cash items relating to IFRS 2 and unrealised foreign exchange losses (adjusted HERS). This policy is influenced by the group's expected future performance, anticipated acquisitions and/or debt repayments. Adjusted HERS for the six months amounted to 67 cents.

The Board has, in terms of the specific authority granted to directors at the annual general meeting held on 25 November 2005, resolved to pay a cash distribution for the six months.

Accordingly, notice is hereby given that the company will distribute out of share premium, in lieu of dividends, an amount of 40 cents per share (2005: 22 cents per share) for the six months ended 31 December 2005. This represents an increase of 82% relative to the previous interim period and will be payable to holders of ordinary and N shares recorded in the register of the company at the close of business on Friday, 28 April 2006.

Last day to trade "cum" the distribution: Thursday, 20 April 2006
 Shares to commence trading "ex" the distribution: Friday, 21 April 2006
 Record date: Friday, 28 April 2006
 Payment will be made on: Tuesday, 2 May 2006

Share certificates may not be rematerialised or dematerialised during the period Friday, 21 April 2006 to Friday, 28 April 2006, both days inclusive.

In terms of the requirements of the Companies Act 1973, the directors confirm that after the payment of the distribution, Primedia will be able to pay its debts as they become due in the ordinary course of business and its consolidated assets, fairly valued, will exceed its consolidated liabilities.

7. PROSPECTS

We are optimistic about the group's ability to continue to perform well due to its continued focus on its growth and strategic priorities and expected continued favourable economic conditions.

Earnings in the second half are unlikely to grow as fast as in the first half but should comfortably exceed the prior year comparable results.

AP NKUNA W KIRSH O GHODARO
 Chairman Chief Executive Chief Financial Officer

Directorate: AP Nkuna (Chairman) W Kirsh* (CEO) Oghodaro* (CFO) MJ Bosman* N Cancar* FA Gazendam* HM Khoza*
 I Kirsh HM Madina* P Maw K Moleung K Pillay* CS Seabrooke* BJT Shongwe* SV Zilwa*
 (*Executive directors. Independent non-executive directors)

Alternate: Keshan Pillay (alternate to AP Nkuna)

Company secretary: SE Sathier

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Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited
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Incorporated in the Republic of South Africa
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 Share code PMN ISIN ZAE000035127
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