Naspers Limited

(Registration Number: 1925/001431/06)
ISIN: ZAE000015889 Share Code: NPN
ISIN: US 6315121003 LSE ADS code: NPSN
("Naspers" or "the group")

Interim Report

The reviewed results of the Naspers group for the six months ended 30 September 2008

Commentary

GROUP OVERVIEW

The group recorded robust revenue growth of 32% for the period. New developments coupled with the cost of growing the pay-television subscriber base and finance costs resulted in core headline earnings remaining relatively constant. A key area of growth was in the internet segment, where recent investments such as Allegro/ Ricardo and Gadu-Gadu performed well. Our associates, mail.ru and Tencent, also reported good growth.

The pay-television businesses, traditionally not sensitive to the economic cycle, continued to grow with the equated subscriber base increasing by 171 000 households. Our technology business increased revenues by 51% as a result of organic growth and acquisitions.

Advertising revenues comprise 16% of our total revenue base, so the recent downward pressure on advertising revenues, which grew by 5% on a comparative basis, has a limited impact on the group.

Looking ahead, it is expected that the recent market turmoil will slow consumer spending. However, we expect the major emerging markets in which we operate to continue growing, albeit at a slower pace. Our businesses will adapt their strategies to this trend.

Strategic investments made over the past few years in internet and pay-television operations have positioned us well for the years ahead. Current market conditions may present us with further investment opportunities. The group has a strong balance sheet.

FINANCIAL REVIEW

Revenue growth of 32% in the aggregate was recorded over the period. The key driver came from existing operations, which increased by 19%, whilst new acquisitions added 13%. Growth in the internet segment was boosted by the inclusion of Allegro and Ricardo (forming part of Tradus). Pay-television revenues increased by 28% as a result of the expansion of its subscriber base by a net 171 000 households. Print media in South Africa remained subdued, with revenues growing by only 4%.

Our operating profit before amortisation and other gains/losses increased by 7% to R2,4 billion (2007: R2,2 billion). The reduction in certain margins arose from growing our pay-television subscriber base and developing new services. Total development costs were R638 million (2007: R551 million).

Net interest costs for the period were R133 million, compared with income of R268 million in the prior period. This arises from funding new acquisitions in the last quarter of the prior year with debt. Other finance income includes preference dividends of R191 million (2007: R160 million) and foreign exchange mark-to-market losses of R102 million compared with mark-to-market gains of R104 million in the prior period.

Our share of the equity-accounted results of our associates, mainly Tencent, mail.ru and Abril, increased to R405 million (2007: R126 million).

The impairment of equity-accounted investments refers mostly to our withdrawal from a German mobile TV project. A R2,6 billion profit arising on the discontinuance of operations relates to the sale of pay-television businesses in Greece and Cyprus. Proceeds of approximately R4,3 billion were used to reduce the group's long-term debt.

The net effect of the above is that core headline earnings for the period grew to R1,76 billion. A "Calculation of Headline and Core Headline Earnings" is detailed below.

ELECTRONIC MEDIA

Pay television

Overall, the pay-television segment expanded revenues by 28%, owing to excellent subscriber growth of 171 000 during the period. Operating margins diminished due to costs of growing the subscriber base and strengthening our products.

In South Africa the subscriber base grew by 79 000 net equated subscribers to 1 649 000. The mid-priced *Compact* bouquet delivered firm growth to 369 000. A slowdown in consumer spending impacted advertising revenues, which showed a marginal decline.

In sub-Saharan Africa a focus on local content and our coverage of the Olympics delivered exceptional growth of 92 000 net equated subscribers, taking the cumulative base to 630 000. The *Compact* bouquet stands at 247 000. More competition across the continent is reflected in higher prices for content and subsequently lower margins.

Mobile TV licences were obtained in Ghana, Kenya, Namibia and Nigeria. Construction of DVB-H networks in these markets continues.

Internet

The internet segment recorded revenue of R1,8 billion, which increased sharply owing to the inclusion of Allegro/Ricardo and Gadu-Gadu. An operating profit before amortisation and other gains/losses of R113 million was recorded.

The e-commerce operations of Allegro (Eastern Europe) and Ricardo (Western Europe) generated revenues of R887 million. Both of the largest markets, Poland and Switzerland, delivered sound growth. Ricardo launched new services in Austria and Greece, whilst Allegro concluded investments in the Czech Republic and Hungary.

Gadu-Gadu in Poland now has 14 million unique users. A casual gaming portal was recently added and further expansion is planned.

In China Tencent performed ahead of expectations with growth on all platforms. The Olympics increased traffic to almost one billion page views per day and peak concurrent users exceeded 45 million. The total number of active users now exceeds 350 million. The addition of several new games contributed to steady growth. Tencent's contribution to core headline earnings increased to R504 million (2007: R226 million).

In India ibibo continues to develop its internet business, focussing on social media, search and advertising. An agreement was concluded with Tencent whereby the two companies will jointly develop the Indian business.

In Russia mail.ru grew its base to 45 million active e-mail users. This business contributed R38 million (2007: R20 million) to our core headline earnings.

Technology

Irdeto continued to build its conditional access business, delivering over 8,3 million units in the period. Overall revenue increased by 51%, thanks to organic growth and the inclusion of acquisitions. The Entriq business was integrated into the Irdeto group, now bringing all our technology businesses under one umbrella. The inclusion of new acquisitions and development costs in the Entriq and BSS businesses have seen operating profit before amortisation and other gains/losses decrease by 29%.

PRINT MEDIA

The print media operations in South Africa generated marginal revenue growth of 4%. In light of depressed macro-economic conditions, costs are being cut and headcount reduced. Prudent capital expenditure disciplines are also in place.

Circulation and readership of newspaper and magazine publications mostly held up particularly in the emerging markets. Advertising feels the pinch of the recession more directly.

Our printing business, Paarl Media, achieved revenue growth of 7%, although margins were affected by lower print volumes and exchange rates. The book publishing business is operating satisfactorily, but reflects a decline in revenue because of the sale of some businesses in the prior year.

In Brazil Abril continues to steam ahead. Revenues in local currency grew by 27% and Abril's contribution to our core headline earnings increased to R71 million.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Condensed interim financial statements for the six months ended 30 September 2008 have been prepared in accordance with IAS 34 ("Interim Financial Reporting"), and in compliance with the Listings Requirements of the JSE Limited. The accounting policies used to prepare the interim results are consistent with those applied in the previous period and IFRS. These condensed interim financial statements have been reviewed by the company's auditor, PricewaterhouseCoopers Inc., whose unqualified report is available for inspection at the registered office of the company.

Preference dividend income was previously included in interest received, but has been reclassified to other finance income to better reflect its nature.

SUBSEQUENT EVENTS

The group announced on 2 June 2008 that it had initiated an auction process to dispose of its internet service provider (ISP) business, MWEB. On 10 November 2008 the group announced that an agreement had been concluded for the sale of MWEB's sub-Saharan Africa business excluding South Africa ("MWEB Africa"). The purchase price places a value of approximately R610 million on the MWEB Africa group.

As regards MWEB's operations in South Africa, the group decided to terminate the auction process for this unit. A better price will probably be obtainable once the contraction in credit markets clears.

FINANCIAL DIRECTOR

Steve Pacak, the financial director of Naspers, has been with the group for over 20 years. The board has granted him a three-month sabbatical from 1 January 2009 until he resumes his duties on 1 April 2009. Steve will accordingly resign all his group directorships for the duration of his sabbatical. Steve Ward, currently CFO of MIH, will act as chief financial officer of Naspers in Steve Pacak's absence.

On behalf of the board

Ton Vosloo
Chairman

Koos Bekker
Managing director

Cape Town
26 November 2008

Segmental Review

	Revenue Six months ended 30 September			**Ebitda Six months ended 30 September**		
	2008 R'm	2007 R'm	% Change	**2008 R'm**	2007 R'm	% Change
Pay television	**6 981**	5 447	28	**2 309**	2 200	5
Internet	**1 831**	654	+100	**195**	(20)	+100
Technology	**725**	481	51	**(24)**	(17)	(41)
Print	**3 108**	2 998	4	**418**	375	11
Corporate services	**7**	7	–	**(103)**	(24)	–
	12 652	9 587	32	**2 795**	2 514	11

	Operating profit before amortisation and other gains/(losses) Six months ended 30 September			**Operating profit Six months ended 30 September**		
	2008 R'm	2007 R'm	% Change	**2008 R'm**	2007 R'm	% Change
Pay television	**2 099**	2 044	3	**1 887**	2 034	(7)
Internet	**113**	(49)	+100	**(43)**	(79)	46
Technology	**(49)**	(38)	(29)	**(127)**	(69)	(84)
Print	**303**	276	10	**283**	234	21
Corporate services	**(104)**	(25)	–	**(102)**	(26)	–
	2 362	2 208	7	**1 898**	2 094	(9)

Consolidated Income Statement

	Six months ended 30 September 2008 Reviewed R'm	Six months ended 30 September 2007 Reviewed R'm	Year ended 31 March 2008 Audited R'm
Revenue	**12 652**	9 587	20 518
Cost of providing services and sale of goods	**(6 703)**	(4 787)	(10 778)
Selling, general and administration expenses	**(4 034)**	(2 683)	(5 877)
Other (losses)/gains – net	**(17)**	(23)	15
Operating profit	**1 898**	2 094	3 878
Interest received	**321**	402	826
Interest paid	**(454)**	(134)	(324)
Other finance income – net	**38**	286	503
Share of equity-accounted results	**405**	126	654
Profit on sale of investments	**34**	–	16
Impairment of equity-accounted investments	**(216)**	(68)	(279)
Profit before taxation	**2 026**	2 706	5 274
Taxation	**(837)**	(883)	(1 378)
Profit after taxation	**1 189**	1 823	3 896
Profit from discontinued operations	**127**	39	243
Profit/(loss) arising on discontinuance of operations	**2 568**	(81)	(82)
Profit for the period	**3 884**	1 781	4 057
Attributable to:			
Naspers shareholders	**3 560**	1 454	3 418
Minority shareholders	**324**	327	639
	3 884	1 781	4 057
Core headline earnings for the period (R'm)	**1 763**	1 706	3 996
Core headline earnings per N ordinary share (cents)	**476**	495	1 130
Fully diluted core headline earnings per N ordinary share (cents)	**470**	482	1 104
Headline earnings for the period (R'm)	**1 272**	1 588	3 806
Headline earnings per N ordinary share (cents)	**343**	461	1 076
Fully diluted headline earnings per N ordinary share (cents)	**339**	448	1 051
Earnings per N ordinary share (cents)	**961**	422	967
Fully diluted earnings per N ordinary share (cents)	**948**	411	944
Net number of shares issued ('000)			
– At period-end	**371 449**	348 527	370 558
– Weighted average for the period	**370 558**	344 632	353 622
– Fully diluted weighted average	**375 517**	354 111	362 106

Condensed Consolidated Cash Flow Statement

	Six months ended 30 September 2008 Reviewed R'm	Six months ended 30 September 2007 Reviewed R'm	Year ended 31 March 2008 Audited R'm
Cash flow from operating activities	**1 449**	1 949	4 411
Cash flow generated from/(utilised) in investment activities	**3 313**	(1 010)	(18 331)
Cash flow (utilised in)/from financing activities	**(6 259)**	(922)	8 856
Net movement in cash and cash equivalents	**(1 497)**	17	(5 064)
Foreign exchange translation adjustments	**(64)**	(256)	908
Cash and cash equivalents at beginning of period	**7 325**	11 481	11 481
Cash and cash equivalents at end of period	**5 764**	11 242	7 325
Included in:			
– Cash and cash equivalents	**5 728**	11 199	6 690
– Assets classified as held for sale	**36**	43	635
	5 764	11 242	7 325

Condensed Consolidated Balance Sheet

	30 September 2008 Reviewed R'm	30 September 2007 Reviewed R'm	31 March 2008 Audited R'm
ASSETS			
Non-current assets	**40 194**	16 041	41 822
Property, plant and equipment	**4 529**	4 077	4 541
Goodwill and other intangible assets	**22 311**	1 596	24 183
Investments and loans	**12 773**	9 894	12 507
Deferred taxation	**482**	474	466
Other non-current assets	**99**	–	125
Current assets	**12 601**	16 620	12 940
Assets classified as held for sale	**537**	411	2 030
TOTAL ASSETS	**53 332**	33 072	56 792
EQUITY AND LIABILITIES			
Share capital and reserves	**34 884**	21 809	31 909
Minority shareholders' interest	**1 298**	516	1 238
Total equity	**36 182**	22 325	33 147
Non-current liabilities	**7 904**	2 543	13 053
Capitalised finance leases	**924**	1 107	1 112
Liabilities – interest-bearing	**5 640**	658	10 629
– non-interest-bearing	**434**	423	189
Post-retirement medical liability	**149**	183	142
Deferred taxation	**757**	172	981
Current liabilities	**9 057**	7 933	8 935
Liabilities classified as held for sale	**189**	271	1 657
TOTAL EQUITY AND LIABILITIES	**53 332**	33 072	56 792
Net asset value per N ordinary share (cents)	**9 391**	6 257	8 611

Condensed Consolidated Statement of Changes in Equity

	Six months ended 30 September 2008 Reviewed R'm	Six months ended 30 September 2007 Reviewed R'm	Year ended 31 March 2008 Audited R'm
Balance at beginning of period	**33 147**	21 570	21 570
Movement in treasury shares	**(9)**	(148)	(2 180)
Share capital and premium issued	**46**	213	4 752
Foreign currency translations	**(828)**	(354)	3 529
Movement in fair value reserve	**–**	–	1 849
Movement in cash flow hedging reserve	**(95)**	(51)	218
Movement in share-based compensation reserve	**(12)**	78	155
Transactions with minority shareholders	**940**	(16)	24
Net profit for the period	**3 884**	1 781	4 057
Dividends	**(891)**	(748)	(827)
Balance at end of period	**36 182**	22 325	33 147

Supplementary Information

	Six months ended 30 September 2008 Reviewed R'm	Six months ended 30 September 2007 Reviewed R'm	Year ended 31 March 2008 Audited R'm
Depreciation of property, plant and equipment	**433**	306	662
Amortisation of intangible assets	**448**	91	375
Share-based payment expenses (IFRS 2)	**168**	111	184
Other (losses)/gains – net	**(17)**	(23)	15
– profit on sale of property, plant and equipment	**3**	4	8
– impairments of goodwill and intangible assets	**–**	–	(20)
– impairments of tangible assets	**(19)**	(7)	(28)
– dividends received	**1**	1	1
– gain on loan settlement	**–**	–	87
– fair value adjustment on shareholders' liabilities	**(2)**	(21)	(33)
Net finance costs/(income)	**95**	(554)	(1 005)
– interest received	**(321)**	(402)	(826)
– interest paid	**404**	82	224
– interest on finance leases	**50**	52	100
– net foreign exchange differences	**102**	(104)	(91)
– net fair value adjustments on derivative instruments	**51**	(22)	(76)
– preference dividends received	**(191)**	(160)	(336)
Investments and loans	**12 773**	9 894	12 507
– listed investments	**2 701**	1 533	2 282
– unlisted investments	**10 072**	8 361	10 225
Market value of listed investments	**37 527**	28 147	29 306
Directors' valuation of unlisted investments	**10 072**	8 361	10 225
Commitments	**10 098**	5 777	8 682
– capital expenditure	**357**	603	642
– programme and film rights	**6 791**	2 713	4 804
– network and other services commitments	**2 187**	1 746	2 138
– operating lease commitments	**664**	568	802
– set-top box commitments	**99**	147	296
Analysis of equity-accounted results			
Tencent	**504**	226	615
Abril	**71**	40	150
mail.ru	**38**	20	49
Other	**(29)**	(5)	(42)
Contribution to core headline earnings	**584**	281	772
Intangible amortisation	**(88)**	(115)	(214)
Deferred tax assets created	**–**	–	244
Discontinued operations	**–**	(33)	(62)
Contribution to headline earnings	**496**	133	740
Impairment of assets	**(10)**	(6)	(18)
Sale of investments	**(81)**	(1)	(68)
Share of equity-accounted results	**405**	126	654

Calculation of Headline and Core Headline Earnings

	Six months ended 30 September 2008 Reviewed R'm	Six months ended 30 September 2007 Reviewed R'm	Year ended 31 March 2008 Audited R'm
Net profit attributable to shareholders	**3 560**	1 454	3 418
Adjusted for:			
– impairment of goodwill and other assets	**19**	10	48
– profit on sale of assets	**(20)**	(14)	(15)
– discontinuance of operations	**(2 568)**	79	82
– gain on loan settlement	**–**	–	(87)
– loss on sale of investments	**46**	–	512
– impairment of equity-accounted investments	**216**	68	348
	1 253	1 597	4 306
Total tax effects of adjustments	**9**	3	(486)
Total minority interest of adjustments	**10**	(12)	(14)
Headline earnings	**1 272**	1 588	3 806
Adjusted for:			
– (profit)/loss from discontinued operations	**(121)**	(3)	48
– treasury-settled share scheme charges	**124**	33	47
– creation of deferred tax assets	**–**	–	(244)
– amortisation of intangible assets	**363**	159	410
– fair value adjustments and currency translation differences	**125**	(71)	(71)
Core headline earnings	**1 763**	1 706	3 996

Directors
T Vosloo *(chairman)*, J P Bekker *(managing director)*,
F-A du Plessis, G J Gerwel, R C C Jafta, L N Jonker,
S J Z Pacak, T M F Phaswana, L P Retief, B J van der Ross,
N P van Heerden, J J M van Zyl, H S S Willemse

Company secretary
G Kisbey-Green

Registered office
40 Heerengracht, Cape Town 8001
(P O Box 2271, Cape Town 8000)

Transfer secretaries
Link Market Services South Africa (Proprietary) Limited
11 Diagonal Street, Johannesburg, 2001
(P O Box 4844, Johannesburg 2000)

ADR programme
The Bank of New York Mellon maintains a GlobalBuyDIRECT™ plan for Naspers Limited. For additional information, please visit the Bank of New York Mellon's web site at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to: The Bank of New York Mellon, Shareholder Relations Department – GlobalBuyDIRECT™, Church Street Station, P O Box 11258, New York, NY 10286-1258, USA.

Important information
The report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include key factors that could adversely affect our businesses and financial performance. We are not under any obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.