



## Naspers Limited

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

# INTERIM REPORT

The reviewed results of the Naspers group  
for the six months ended 30 September 2010  
are as follows:

## Commentary

The group performed well over the past six months, increasing consolidated revenues by 18% and core headline earnings by 33%. Major areas of growth were the internet and pay-television businesses. Our print media business has shown some recovery, whilst the technology business improved margins.

Corporate activities for the period include:

- The group consolidated its internet interests in Russia, acquiring a 28,7% interest in Digital Sky Technologies ("DST") by contributing existing assets and cash. DST was subsequently renamed Mail.ru group. On 5 November 2010 Mail.ru group was listed on the London Stock Exchange and presently has a market capitalisation of some US\$7,1bn. Our share is therefore worth approximately US\$2bn.
- The group issued a seven-year US\$700m bond, with a coupon rate of 6,375%. The proceeds were used to partly pay down an offshore revolving credit facility.

## FINANCIAL REVIEW

Consolidated revenues expanded by 18% to R15,8bn. Growth came largely from the internet businesses, where revenues were up 54%. In addition, broadening of the pay-television subscriber base saw revenues increase by 20%. Consolidated trading profit lifted 23% to R3,3bn.

Net interest cost increased from R150m last year to R376m, the result of funding investments with debt. Our earnings from equity-accounted associates grew to R1,4bn, mostly from strong performances at Tencent and Mail.ru.

A once-off dilution gain of R1,5bn arose from the contribution of the group's stake in Mail.ru into DST. Shareholders need to note that this is an accounting profit which did not contribute to cash flows or core headline earnings.

The net result of the above is core headline earnings of R3,2bn - an increase of 33% on the prior period.

This earnings performance delivered positive free cash flows of R2,1bn. Our funding structure remains sound with total consolidated net debt, excluding satellite leases, of R4,9bn. This represents a net debt:equity ratio of 14%.

## SEGMENTAL REVIEW

This segmental review includes our consolidated subsidiaries, plus the proportional consolidation of associated companies.

### Pay television

This unit experienced growth of 498 000 subscribers during the six-month period. This was largely driven by the FIFA 2010 World Cup (a similar growth-boosting event will not recur soon), coupled to decoder subsidies and extensive marketing. As a consequence, revenue increased by 20% to R10,2bn. Operating margins were lower due to cost pressures from growing the subscriber base, intense competition and increased sports content costs.

In South Africa, the gross base expanded by 363 000 to 3,2 million households. The lower-priced *Compact* bouquet delivered the most growth (242 000 homes). Advertising revenues started to recover.

Recently the roll-out of mobile TV services commenced. This is still an experimental service that will incur losses for many years. However, this technical advancement benefits domestic research and development in South Africa and helps our engineers engage with the future.

In the rest of sub-Saharan Africa our base grew by 135 000 to 1,2 million homes. The lower-priced *Compact/Family* bouquets now reach 504 000 homes. Operating margins were reduced by a higher investment in local

content, increased competition and additional satellite capacity. Increased regulation and new broadband technologies are adding to the challenge.

### Internet

Overall the internet segment reported revenue growth of 54% and trading profits were up by 73%.

Tencent revenues were R3,3bn and trading profit R1,7bn. The QQ platforms now manage 636 million active instant messaging (IM) user accounts and 116 million concurrent users at peak. The social networking service, QZone, also grew well.

In aggregate, the other internet businesses reported revenue growth of 54% and a trading profit of R100m. The e-commerce operations of Allegro (Eastern Europe) and Ricardo (Western Europe) continued expanding. Both businesses broadened their product offerings through organic growth and smaller bolt-on acquisitions.

In Russia, the newly listed Mail.ru group holds assets that include 100% of the online portal and e-mail platform, Mail.ru, instant messaging service, ICQ and social network service, Odnoklassniki. It also owns 32,5% of vkontakte - Russia's most popular social network. In addition, Mail.ru has small interests in Facebook (2,4%), Zynga (1,5%) and Groupon (5,1%).

During the period, the group impaired R531m of goodwill and intangible assets, mainly at Gadu-Gadu, where growth has lagged.

### Print media

The operations in South Africa showed modest revenue growth of 4%, with advertising improving modestly but remaining subdued. Trading profits were up 10% as the business improved cost efficiencies. Capital expenditure was also reduced.

Abril saw revenue growth of 8% and an 11% increase in trading profit on the back of a vibrant Brazilian economy.

### Technology

Whilst consolidated revenues in Rands were flat, operating performance improved as Irdeto re-organised its products and organisation achieving efficiencies in the process. Several new clients were added and services introduced to assist clients in securing internet distributed digital assets and content.

## OUTLOOK

Early indications are that revenue growth could remain healthy over the next six months. By contrast the profit line could be hit by the increasing cost of sport on pay TV and an acceleration of development spend in several of our business sectors. This statement has not been reviewed or reported on by the company's auditors.

## BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Our financial results for the six months ended 30 September 2010 have been prepared in accordance with IAS 34 "Interim Financial Reporting", the requirements of the South African Companies Act, No 61 of 1973, and in compliance with the Listings Requirements of the JSE Limited. Except as noted below, the accounting policies used for the interim results are consistent with those applied in the previous annual financial statements and with IFRS. These results have been reviewed by the company's auditor, PricewaterhouseCoopers Inc., whose unqualified report is available for inspection at the registered office of the company.

The group adopted the following new standards and amendments for the period ended 30 September 2010:

IAS 7 "Statement of Cash Flows" has been amended and requires changes in interests in a subsidiary that do not result in a loss of control to be recorded

in financing activities as opposed to investing activities. This amendment is effective retrospectively, resulting in the restatement of the statement of cash flows. Preference dividends received are now recorded in investing activities as opposed to financing activities. The total amount reallocated to investing activities was R232m for the six months ended 30 September 2009 and R404m for the year ended 31 March 2010.

IFRS 3 Revised "Business Combinations" and IAS 27 Revised "Consolidated and Separate Financial Statements" were adopted. The effect of these standards is recorded in the line item "Gains on acquisitions and disposals" on the income statement. The revised requirements resulted in re-measurements of R76m and acquisition-related costs of R35m recorded in the income statement. These items are adjusted for in the calculation of headline and core headline earnings.

The MWEB business is now reported in the pay-television rather than the internet segment. It is working on technologies to deliver video content. Comparative segmental results have been restated in accordance with IFRS 8 "Operating Segments".

Core headline earnings exclude once-off and non-operating items. We remain of the opinion that it is a suitable measure of the group's sustainable operating performance. This is not a defined term under IFRS and may not

necessarily be comparable with similarly titled measures reported by other companies.

## ACQUISITIONS

In August 2010, the group consolidated its internet interests in Russia acquiring 28.7% in Digital Sky Technologies ("DST"), a prominent internet company in Russian-speaking markets. As consideration, the group contributed its 39.3% investment in Mail.ru and US\$388m in cash.

In August 2010 the group acquired 68% of OLX for US\$144m in cash. This is a free classifieds business operating mainly in emerging markets, especially in Latin America. In September 2010, the group acquired 74% of Multiply Inc. for US\$44m in cash. This unit combines social networking with an online marketplace focused on South-East Asia, and fits well within the group's internet strategy. The group also made smaller acquisitions for a combined cost of R353m.

On behalf of the board:

**Ton Vosloo**  
Chairman

**Koos Bekker**  
Managing director

Cape Town  
30 November 2010

| Segmental Review    | Revenue                       |                   |           |               | Year ended 31 March 2010 Audited R'm | EBITDA                        |                   |              |              | Year ended 31 March 2010 Audited R'm | Trading profit                |                   |        |   |
|---------------------|-------------------------------|-------------------|-----------|---------------|--------------------------------------|-------------------------------|-------------------|--------------|--------------|--------------------------------------|-------------------------------|-------------------|--------|---|
|                     | Six months ended 30 September |                   |           | %             |                                      | Six months ended 30 September |                   |              | %            |                                      | Six months ended 30 September |                   |        | % |
|                     | 2010 Reviewed R'm             | 2009 Reviewed R'm | Change    |               |                                      | 2010 Reviewed R'm             | 2009 Reviewed R'm | Change       |              |                                      | 2010 Reviewed R'm             | 2009 Reviewed R'm | Change |   |
| Pay television      | 10 186                        | 8 497             | 20        | 17 603        | 3 553                                | 2 989                         | 19                | 5 851        | 3 163        | 2 702                                | 17                            | 5 232             |        |   |
| Internet            | 5 514                         | 3 583             | 54        | 8 237         | 1 981                                | 1 177                         | 68                | 2 697        | 1 781        | 1 032                                | 73                            | 2 362             |        |   |
| - Tencent           | 3 342                         | 2 175             | 54        | 4 874         | 1 795                                | 1 118                         | 61                | 2 542        | 1 681        | 1 045                                | 61                            | 2 363             |        |   |
| - Other             | 2 172                         | 1 408             | 54        | 3 363         | 186                                  | 59                            | +100              | 155          | 100          | (13)                                 | +100                          | (1)               |        |   |
| Print               | 5 126                         | 4 836             | 6         | 10 204        | 522                                  | 472                           | 11                | 1 232        | 357          | 317                                  | 13                            | 896               |        |   |
| Technology          | 599                           | 605               | -         | 1 207         | 118                                  | 11                            | +100              | 98           | 79           | (14)                                 | +100                          | 47                |        |   |
| Economic interest   | 21 425                        | 17 521            | 22        | 37 251        | 6 174                                | 4 649                         | 33                | 9 878        | 5 380        | 4 037                                | 33                            | 8 537             |        |   |
| Corporate services  | -                             | -                 | -         | -             | (115)                                | (110)                         | 5                 | (230)        | (115)        | (114)                                | -                             | (232)             |        |   |
| Less: Associates    | (5 592)                       | (4 066)           | 38        | (9 253)       | (2 087)                              | (1 315)                       | 59                | (3 152)      | (1 925)      | (1 198)                              | 61                            | (2 858)           |        |   |
| <b>Consolidated</b> | <b>15 833</b>                 | <b>13 455</b>     | <b>18</b> | <b>27 998</b> | <b>3 972</b>                         | <b>3 224</b>                  | <b>23</b>         | <b>6 496</b> | <b>3 340</b> | <b>2 725</b>                         | <b>23</b>                     | <b>5 447</b>      |        |   |

Note: Trading profit excludes amortisation of intangible assets (other than software) and other gains/losses, but includes the finance cost on transponder leases.

## 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's web site at [www.globalbuydirect.com](http://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, PO 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 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.

## Directors

T Vosloo (chairman), J P Bekker (managing director), F-A du Plessis, G J Gerwel, R C C Jafta, L N Jonker, D Meyer, 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 Willems

## Company secretary

G Kisbey-Green

## Registered office

40 Heerengracht, Cape Town 8001  
(PO Box 2271, Cape Town 8000)

## Transfer secretaries

Link Market Services South Africa (Proprietary) Limited  
11 Diagonal Street, Johannesburg 2001  
(PO Box 4844, Johannesburg 2000)

## Consolidated Income Statement

|   | Six months ended<br>30 September |                         | Year ended<br>31 March |
|---|----------------------------------|-------------------------|------------------------|
|   | 2010<br>Reviewed<br>R'm          | 2009<br>Reviewed<br>R'm | 2010<br>Audited<br>R'm |
| <b>Revenue</b>  | <b>15 833</b>                    | 13 455                  | 27 998                 |
| Cost of providing services and sale of goods                      | (8 156)                          | (6 893)                 | (14 438)               |
| Selling, general and administration expenses                      | (4 804)                          | (4 343)                 | (9 155)                |
| Other gains/(losses) - net  | (529)                            | (293)                   | (364)                  |
| <b>Operating profit</b>   | <b>2 344</b>                     | 1 926                   | 4 041                  |
| Interest received   | 211                              | 195                     | 348                    |
| Interest paid   | (587)                            | (345)                   | (883)                  |
| Other finance income/(costs) - net                                | (42)                             | 179                     | 114                    |
| Share of equity-accounted results                                 | 1 406                            | 872                     | 2 058                  |
| Impairment of equity-accounted investments                        | (120)                            | -                       | (62)                   |
| Dilution gains on equity-accounted investments                    | 1 532                            | -                       | -                      |
| Gains on acquisitions and disposals                               | 55                               | 107                     | 144                    |
| <b>Profit before taxation</b>                                     | <b>4 799</b>                     | 2 934                   | 5 760                  |
| Taxation  | (973)                            | (1 051)                 | (1 808)                |
| <b>Profit for the period</b>                                      | <b>3 826</b>                     | 1 883                   | 3 952                  |
| <b>Attributable to:</b>   |                                  |                         |                        |
| Equity holders of the group                                       | 3 450                            | 1 579                   | 3 257                  |
| Non-controlling interest  | 376                              | 304                     | 695                    |
|   | <b>3 826</b>                     | 1 883                   | 3 952                  |
| Core headline earnings for the period (R'm)                       | 3 215                            | 2 414                   | 5 319                  |
| Core headline earnings per N ordinary share (cents)               | 860                              | 648                     | 1 426                  |
| Fully diluted core headline earnings per N ordinary share (cents) | 830                              | 634                     | 1 386                  |
| Headline earnings for the period (R'm)                            | 2 369                            | 1 466                   | 3 297                  |
| Headline earnings per N ordinary share (cents)                    | 633                              | 394                     | 884                    |
| Fully diluted headline earnings per N ordinary share (cents)      | 612                              | 385                     | 859                    |
| Earnings per N ordinary share (cents)                             | 921                              | 424                     | 873                    |
| Fully diluted earnings per N ordinary share (cents)               | 889                              | 415                     | 848                    |
| Net number of shares issued ('000)                                |                                  |                         |                        |
| - At period-end   | 374 694                          | 373 451                 | 374 308                |
| - Weighted average for the period                                 | 374 308                          | 372 451                 | 372 951                |
| - Fully diluted weighted average                                  | 387 662                          | 380 852                 | 383 820                |

## Reconciliation of Trading Profit to Operating Profit

|                                    | Six months ended<br>30 September |                         | Year ended<br>31 March |
|------------------------------------|----------------------------------|-------------------------|------------------------|
|                                    | 2010<br>Reviewed<br>R'm          | 2009<br>Reviewed<br>R'm | 2010<br>Audited<br>R'm |
| <b>Trading profit</b>              | <b>3 340</b>                     | 2 725                   | 5 447                  |
| Finance cost on transponder leases | 74                               | 38                      | 93                     |
| Amortisation of intangible assets  | (541)                            | (544)                   | (1 135)                |
| Other gains/(losses) - net         | (529)                            | (293)                   | (364)                  |
| <b>Operating profit</b>            | <b>2 344</b>                     | 1 926                   | 4 041                  |

Note: For a reconciliation of operating profit to profit before taxation, refer to the "Consolidated income statement".

## Condensed Consolidated Statement of Comprehensive Income

|   | Six months ended<br>30 September |                         | Year ended<br>31 March |
|---|----------------------------------|-------------------------|------------------------|
|   | 2010<br>Reviewed<br>R'm          | 2009<br>Reviewed<br>R'm | 2010<br>Audited<br>R'm |
| <b>Profit for the period</b>  | <b>3 826</b>                     | 1 883                   | 3 952                  |
| <b>Total other comprehensive income, net of tax, for the period</b> | <b>(760)</b>                     | (1 817)                 | (2 047)                |
| Translation of foreign operations                                   | (932)                            | (1 318)                 | (1 918)                |
| Cash flow hedges  | 35                               | (654)                   | (560)                  |
| Share of associates' other comprehensive income and reserves        | 138                              | -                       | 250                    |
| Tax on other comprehensive income                                   | (1)                              | 155                     | 181                    |
| <b>Total comprehensive income for the period</b>                    | <b>3 066</b>                     | 66                      | 1 905                  |
| <b>Attributable to:</b>   |                                  |                         |                        |
| Equity holders of the group   | 2 720                            | (142)                   | 1 308                  |
| Non-controlling interest  | 346                              | 208                     | 597                    |
|   | <b>3 066</b>                     | 66                      | 1 905                  |

## Condensed Consolidated Statement of Changes in Equity

|   | Six months ended<br>30 September |                         | Year ended<br>31 March |
|---|----------------------------------|-------------------------|------------------------|
|   | 2010<br>Reviewed<br>R'm          | 2009<br>Reviewed<br>R'm | 2010<br>Audited<br>R'm |
| <b>Balance at beginning of the period</b>                 | <b>35 634</b>                    | 35 217                  | 35 217                 |
| <b>Changes in share capital and premium</b>               |                                  |                         |                        |
| Movement in treasury shares                               | (49)                             | (435)                   | (1 041)                |
| Share capital and premium issued                          | 61                               | -                       | 433                    |
| <b>Changes in reserves</b>                                |                                  |                         |                        |
| Total comprehensive income for the period                 | 2 720                            | (142)                   | 1 308                  |
| Movement in share-based compensation reserve              | 259                              | 247                     | 498                    |
| Movement in existing control business combination reserve | 5                                | (260)                   | (334)                  |
| Direct retained earnings movement                         | (23)                             | (11)                    | (22)                   |
| Dividends paid to Naspers shareholders                    | (885)                            | (773)                   | (773)                  |
| <b>Changes in non-controlling interest</b>                |                                  |                         |                        |
| Total comprehensive income for the period                 | 346                              | 208                     | 597                    |
| Dividends paid to non-controlling shareholders            | (600)                            | (249)                   | (311)                  |
| Movement in non-controlling interest in reserves          | 154                              | (43)                    | 62                     |
| <b>Balance at end of period</b>                           | <b>37 622</b>                    | 33 759                  | 35 634                 |
| <b>Comprising:</b>  |                                  |                         |                        |
| Share capital and premium                                 | 14 479                           | 14 639                  | 14 466                 |
| Retained earnings   | 19 366                           | 15 157                  | 16 823                 |
| Share-based compensation reserve                          | 1 922                            | 1 174                   | 1 573                  |
| Existing control business combination reserve             | 151                              | 71                      | 98                     |
| Hedging reserve   | (373)                            | (480)                   | (408)                  |
| Valuation reserve   | 1 844                            | 1 844                   | 1 844                  |
| Foreign currency translation reserve                      | (1 641)                          | (188)                   | (736)                  |
| Non-controlling interest                                  | 1 874                            | 1 542                   | 1 974                  |
| <b>Total</b>  | <b>37 622</b>                    | 33 759                  | 35 634                 |

## Consolidated Statement of Financial Position

|  | Six months ended<br>30 September |                         | Year ended<br>31 March |
|--|----------------------------------|-------------------------|------------------------|
|  | 2010<br>Reviewed<br>R'm          | 2009<br>Reviewed<br>R'm | 2010<br>Audited<br>R'm |
| <b>ASSETS</b>                                  |                                  |                         |                        |
| Non-current assets                             | 48 989                           | 41 198                  | 44 342                 |
| Property, plant and equipment                  | 7 011                            | 4 616                   | 6 490                  |
| Goodwill                                       | 17 222                           | 17 436                  | 16 220                 |
| Other intangible assets                        | 4 134                            | 4 743                   | 4 976                  |
| Investment in associates                       | 16 581                           | 10 292                  | 11 942                 |
| Other investments and loans                    | 3 269                            | 3 465                   | 3 500                  |
| Deferred taxation                              | 772                              | 646                     | 814                    |
| Current assets                                 | 15 145                           | 12 705                  | 13 126                 |
| Inventory                                      | 829                              | 755                     | 693                    |
| Programme and film rights                      | 2 226                            | 1 690                   | 1 298                  |
| Trade receivables                              | 2 826                            | 2 343                   | 2 438                  |
| Other receivables and loans                    | 1 891                            | 1 616                   | 1 900                  |
| Cash and cash equivalents                      | 7 361                            | 6 280                   | 6 785                  |
| Assets classified as held-for-sale             | 12                               | 21                      | 12                     |
| <b>Total assets</b>                            | <b>64 134</b>                    | 53 903                  | 57 468                 |
| <b>EQUITY AND LIABILITIES</b>                  |                                  |                         |                        |
| Share capital and reserves                     | 35 748                           | 32 217                  | 33 660                 |
| Non-controlling shareholders' interest         | 1 874                            | 1 542                   | 1 974                  |
| Total equity                                   | 37 622                           | 33 759                  | 35 634                 |
| Non-current liabilities                        | 14 493                           | 10 364                  | 10 892                 |
| Capitalised finance leases                     | 1 995                            | 542                     | 1 736                  |
| Liabilities - interest bearing                 | 10 292                           | 7 504                   | 6 983                  |
| - non-interest bearing                         | 152                              | 50                      | 51                     |
| Post-retirement medical liability              | 182                              | 169                     | 178                    |
| Derivatives                                    | 789                              | 975                     | 684                    |
| Deferred taxation                              | 1 083                            | 1 124                   | 1 260                  |
| Current liabilities                            | 12 019                           | 9 780                   | 10 942                 |
| Current portion of long-term debt              | 1 724                            | 1 578                   | 1 675                  |
| Trade payables                                 | 2 278                            | 1 836                   | 1 721                  |
| Accrued expenses and other current liabilities | 5 865                            | 5 144                   | 5 740                  |
| Derivatives                                    | 864                              | 459                     | 847                    |
| Bank overdrafts and call loans                 | 1 288                            | 763                     | 959                    |
| <b>Total equity and liabilities</b>            | <b>64 134</b>                    | 53 903                  | 57 468                 |
| Net asset value per N ordinary share (cents)   | 9 541                            | 8 627                   | 8 993                  |

## Condensed Consolidated Statement of Cash Flows

|  | Six months ended<br>30 September<br>2010 |                 | Year ended<br>31 March<br>2010 |
|--|--|-----------------|--------------------------------|
|  | Reviewed<br>R'm                          | Reviewed<br>R'm | Audited<br>R'm                 |
| Cash flow from operating activities                          | 2 503                                    | 2 254           | 5 622                          |
| Cash flow utilised in investing activities                   | (4 172)                                  | (2 780)         | (4 752)                        |
| Cash flow generated from/ (utilised in) financing activities | 2 232                                    | 760             | (169)                          |
| Net movement in cash and cash equivalents                    | 563                                      | 234             | 701                            |
| Foreign exchange translation adjustments                     | (316)                                    | (520)           | (678)                          |
| Cash and cash equivalents at beginning of the period         | 5 826                                    | 5 803           | 5 803                          |
| Cash and cash equivalents at end of the period               | 6 073                                    | 5 517           | 5 826                          |

## Calculation of Headline and Core Headline Earnings

|   | Six months ended<br>30 September<br>2010 |                 | Year ended<br>31 March<br>2010 |
|---|--|-----------------|--------------------------------|
|   | Reviewed<br>R'm                          | Reviewed<br>R'm | Audited<br>R'm                 |
| <b>Net profit attributable to shareholders</b>                          | <b>3 450</b>                             | 1 579           | 3 257                          |
| Adjusted for:   |  |                 |                                |
| - insurance proceeds  | (6)                                      | (175)           | (369)                          |
| - impairment of property, plant and equipment and other assets          | 2  | 150             | 225                            |
| - impairment of goodwill and intangible assets                          | 531                                      | 3               | 384                            |
| - profit on sale of property, plant and equipment and intangible assets | (57)                                     | (15)            | (229)                          |
| - profit on sale of investments   | (76)                                     | (72)            | (120)                          |
| - step-up acquisition gain  | (14)                                     | -               | -                              |
| - dilution gains on equity-accounted investments                        | (1 532)                                  | -               | -                              |
| - remeasurements included in equity-accounted earnings                  | (25)                                     | -               | 30                             |
| - impairment of equity-accounted investments                            | 120                                      | -               | 62                             |
| <b>Total tax effects of adjustments</b>                                 | <b>2 393</b>                             | 1 470           | 3 240                          |
| <b>Total non-controlling interest of adjustments</b>                    | <b>(25)</b>                              | (4)             | 7                              |
| <b>Headline earnings</b>  | <b>2 369</b>                             | 1 466           | 3 297                          |
| Adjusted for:   |  |                 |                                |
| - treasury-settled share scheme charges                                 | 217                                      | 134             | 418                            |
| - prior year withholding taxes  | -  | -               | 121                            |
| - (recognition)/reversal of deferred tax assets                         | (7)                                      | 132             | 253                            |
| - amortisation of intangible assets                                     | 525                                      | 436             | 922                            |
| - Welkom Yizani refinancing   | -  | 330             | 330                            |
| - fair value adjustments and currency translation differences           | 77                                       | (84)            | (22)                           |
| - acquisition-related costs   | 34                                       | -               | -                              |
| <b>Core headline earnings</b>   | <b>3 215</b>                             | 2 414           | 5 319                          |

### Business combinations

On 4 August the group acquired a 68% fully diluted interest in OLX Inc., a free online classifieds business. The fair value of the total purchase consideration was R1,0bn (US\$143,6m) in cash.

The preliminary purchase price allocation: property, plant and equipment ("PP&E") R3m; intangible assets R2m; cash R234m; other current assets R57m; trade and other payables R35m; and the balance to goodwill. The main factor contributing to the goodwill recognised is the company's large presence in the classifieds business in the emerging markets. The recognised goodwill is not expected to be deductible for income tax purposes.

Total acquisition-related costs of R1,6m were recorded in "Gains on acquisitions and disposals" in the income statement. A non-controlling interest of R51m was recognised at the acquisition date. This was measured using the proportionate share of the identifiable net assets. The revenue and results from OLX since the acquisition date were not significant to the group's consolidated results.

On 13 September, the group acquired 74% of Multiply Inc. which combines social networking with an online marketplace. The fair value of the total purchase consideration was R314m (US\$44m) in cash.

The preliminary purchase price allocation: PP&E R7m; cash R9m; trade and other receivables R7m; trade and other payables R7m and the balance to goodwill. The main factor contributing to the goodwill recognised is the company's significant user base in emerging markets. The recognised goodwill is not expected to be deductible for income tax purposes.

Total acquisition-related costs were recorded in "Gains on acquisitions and disposals" in the income statement. A non-controlling interest of R4m was recognised at the acquisition date, and was measured using the proportionate share of the identifiable net assets. The group did not recognise revenue or net profits from Multiply as the acquisition date was close to the interim reporting date and the amount insignificant to the group's results.

Had the revenues and net results of all business combinations that occurred in the period been included from 1 April 2010 it would not have had a significant effect on the group's consolidated revenue and net results.

## Supplementary Information

|  | Six months ended<br>30 September<br>2010 |                 | Year ended<br>31 March<br>2010 |
|--|--|-----------------|--------------------------------|
|  | Reviewed<br>R'm                          | Reviewed<br>R'm | Audited<br>R'm                 |
| <b>Depreciation of property, plant and equipment</b>                             | <b>497</b>                               | 425             | 878                            |
| <b>Amortisation</b>  | <b>602</b>                               | 580             | 1 213                          |
| - intangible assets  | 541                                      | 544             | 1 135                          |
| - software   | 61                                       | 36              | 78                             |
| <b>Finance cost on transponder leases</b>  | <b>74</b>                                | 38              | 93                             |
| <b>Other gains/(losses) - net</b>  | <b>(529)</b>                             | (293)           | (364)                          |
| - profit/(loss) on sale of property, plant and equipment and intangible assets   | 7  | 14              | (47)                           |
| - impairment of goodwill and intangible assets                                   | (531)                                    | (3)             | (384)                          |
| - impairment of tangible assets  | (2)                                      | (150)           | (225)                          |
| - Welkom Yizani refinancing  | -  | (330)           | (330)                          |
| - insurance proceeds   | 6  | 175             | 369                            |
| - profit on transponder lease settlement   | 46                                       | -               | 253                            |
| - fair value adjustment on shareholders' liability                               | (55)                                     | 1               | -                              |
| <b>Other finance income/(cost) - net</b>   | <b>(42)</b>                              | 179             | 114                            |
| - net foreign exchange differences and net fair value adjustments on derivatives | (155)                                    | 36              | (154)                          |
| - preference dividends received  | 113                                      | 143             | 268                            |
| <b>Gains on acquisitions and disposals</b>                                       | <b>55</b>                                | 107             | 144                            |
| - profit on sale of investments  | 4  | 107             | 144                            |
| - profit on partial disposal of investments                                      | 72                                       | -               | -                              |
| - acquisition-related costs  | (35)                                     | -               | -                              |
| - step-up acquisition gain   | 14                                       | -               | -                              |
| <b>Goodwill</b>  |  |                 |                                |
| - cost   | 17 050                                   | 15 407          | 15 407                         |
| - accumulated impairment   | (430)                                    | (49)            | (49)                           |
| <b>Opening balance</b>   | <b>16 620</b>                            | 15 358          | 15 358                         |
| - foreign currency translation effects   | (510)                                    | (802)           | (1 163)                        |
| - acquisitions   | 1 428                                    | 2 907           | 2 807                          |
| - impairment   | (316)                                    | (27)            | (382)                          |
| <b>Closing balance</b>   | <b>17 222</b>                            | 17 436          | 16 620                         |
| - cost   | 17 966                                   | 17 512          | 17 050                         |
| - accumulated impairment   | (744)                                    | (76)            | (430)                          |
| <b>Investments and loans</b>   | <b>19 850</b>                            | 13 757          | 15 442                         |
| - listed investments   | 5 710                                    | 3 494           | 4 646                          |
| - unlisted investments   | 14 140                                   | 10 263          | 10 796                         |
| Market value of listed investments   | 96 498                                   | 77 427          | 92 843                         |
| Director's valuation of unlisted investments                                     | 14 140                                   | 10 263          | 10 796                         |
| <b>Commitments</b>   | <b>16 989</b>                            | 15 842          | 18 626                         |
| - capital expenditure  | 468                                      | 643             | 527                            |
| - programme and film rights  | 8 041                                    | 6 030           | 8 698                          |
| - network and other service commitments  | 516                                      | 573             | 656                            |
| - transponder leases   | 7 045                                    | 7 732           | 7 689                          |
| - operating lease commitments  | 679                                      | 576             | 697                            |
| - set-top box commitments  | 240                                      | 288             | 359                            |
| <b>Share of equity-accounted results</b>   | <b>1 406</b>                             | 872             | 2 058                          |
| - dilution gains   | -  | -               | (64)                           |
| - sale of assets   | (25)                                     | -               | 23                             |
| - sale of investments  | -  | 35              | 77                             |
| <b>Contribution to headline earnings</b>   | <b>1 381</b>                             | 907             | 2 094                          |
| - amortisation of intangible assets  | 169                                      | 83              | 180                            |
| - treasury-settled share scheme charges  | 91                                       | -               | 148                            |
| - (recognition)/reversal of deferred taxation                                    | (10)                                     | -               | 101                            |
| <b>Contribution to core headline earnings</b>                                    | <b>1 631</b>                             | 990             | 2 523                          |
| Tencent  | 1 486                                    | 936             | 2 148                          |
| Mail.ru  | 95                                       | 54              | 70                             |
| Abril  | 28                                       | 8               | 318                            |
| Other  | 22                                       | (8)             | (13)                           |