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, Odnoklassinki. 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				EBITDA				Trading profit			
	Six months ended 30 September			Year ended 31 March	**Six months ended 30 September**			Year ended 31 March	**Six months ended 30 September**			Year ended 31 March
	2010 Reviewed R'm	2009 Reviewed R'm	% Change	2010 Audited R'm	**2010 Reviewed R'm**	2009 Reviewed R'm	% Change	2010 Audited R'm	**2010 Reviewed R'm**	2009 Reviewed R'm	% Change	2010 Audited R'm
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)
Consolidated	**15 833**	13 455	18	27 998	**3 972**	3 224	23	6 496	**3 340**	2 725	23	5 447

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 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 Willemse

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 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited R'm
Revenue	**15 833**	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)
Operating profit	**2 344**	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
Profit before taxation	**4 799**	2 934	5 760
Taxation	**(973)**	(1 051)	(1 808)
Profit for the period	**3 826**	1 883	3 952
Attributable to:			
Equity holders of the group	**3 450**	1 579	3 257
Non-controlling interest	**376**	304	695
	3 826	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 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited R'm
Trading profit	**3 340**	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)
Operating profit	**2 344**	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 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited R'm
Profit for the period	**3 826**	1 883	3 952
Total other comprehensive income, net of tax, for the period	**(760)**	(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
Total comprehensive income for the period	**3 066**	66	1 905
Attributable to:			
Equity holders of the group	**2 720**	(142)	1 308
Non-controlling interest	**346**	208	597
	3 066	66	1 905

Condensed Consolidated Statement of Changes in Equity

	Six months ended 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited R'm
Balance at beginning of the period	**35 634**	35 217	35 217
Changes in share capital and premium			
Movement in treasury shares	**(49)**	(435)	(1 041)
Share capital and premium issued	**61**	-	433
Changes in reserves			
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)
Changes in non-controlling interest			
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
Balance at end of period	**37 622**	33 759	35 634
Comprising:			
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
Total	**37 622**	33 759	35 634

Consolidated Statement of Financial Position

	Six months ended 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited R'm
ASSETS			
Non-current assets	**48 989**	41 198	44 342
Property, plant and equipment	**7 011**	4 616	6 490
Goodwill	**17 222**	17 436	16 620
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
Total assets	**64 134**	53 903	57 468
EQUITY AND LIABILITIES			
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
Total equity and liabilities	**64 134**	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 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited 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 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited R'm
Net profit attributable to shareholders	**3 450**	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
	2 393	1 470	3 240
Total tax effects of adjustments	**(25)**	(4)	7
Total non-controlling interest of adjustments	**1**	-	50
Headline earnings	**2 369**	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**	-	-
Core headline earnings	**3 215**	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 30 September 2010 Reviewed R'm	2009 Reviewed R'm	Year ended 31 March 2010 Audited R'm
Depreciation of property, plant and equipment	**497**	425	878
Amortisation	**602**	580	1 213
– intangible assets	**541**	544	1 135
– software	**61**	36	78
Finance cost on transponder leases	**74**	38	93
Other gains/(losses) – net	**(529)**	(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	-
Other finance income/(cost) – net	**(42)**	179	114
– net foreign exchange differences and net fair value adjustments on derivatives	**(155)**	36	(154)
– preference dividends received	**113**	143	268
Gains on acquisitions and disposals	**55**	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**	-	-
Goodwill			
- cost	**17 050**	15 407	15 407
- accumulated impairment	**(430)**	(49)	(49)
Opening balance	**16 620**	15 358	15 358
- foreign currency translation effects	**(510)**	(802)	(1 163)
- acquisitions	**1 428**	2 907	2 807
- impairment	**(316)**	(27)	(382)
Closing balance	**17 222**	17 436	16 620
- cost	**17 966**	17 512	17 050
- accumulated impairment	**(744)**	(76)	(430)
Investments and loans	**19 850**	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
Commitments	**16 989**	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
Share of equity-accounted results	**1 406**	872	2 058
- dilution gains	**-**	-	(64)
- sale of assets	**(25)**	-	23
- sale of investments	**-**	35	77
Contribution to headline earnings	**1 381**	907	2 094
- amortisation of intangible assets	**169**	83	180
- treasury-settled share scheme charges	**91**	-	148
- (recognition)/reversal of deferred taxation	**(10)**	-	101
Contribution to core headline earnings	**1 631**	990	2 523
Tencent	**1 486**	936	2 148
Mail.ru	**95**	54	70
Abril	**28**	8	318
Other	**22**	(8)	(13)