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

INTERIM REPORT

The reviewed results of the Naspers group for the six months to 30 September 2011 are as follows:

Commentary

Naspers continued to expand over the past six months, with consolidated revenues up 17%. Our internet businesses grew well, benefitting from both organic expansion and a few smaller acquisitions. As anticipated, the pace of subscriber growth in our pay-television operations slowed post the 2010 Fifa World Cup. Our print media business experienced strain from the recession, but maintained market share.

Over the past six months our group focussed on growing our business organically rather than by acquisition. Several new platforms and services were developed. As previously reported to shareholders, the costs of developing these businesses are expensed directly through the income statement, which has the effect of dampening earnings. Consequently, whilst revenues showed healthy growth, core headline earnings growth was 8%.

FINANCIAL REVIEW

The lift of 17% in consolidated revenues to R18,5bn came largely from our internet businesses, where revenues jumped 50%. The broader pay-television subscriber base resulted in revenue increasing 14%, whilst print revenues were up 5%. Development costs for the period accelerated to R1,1bn (2010: R631m), which lowered consolidated trading profit 8% to R3,1bn.

Net interest cost on cash and loans decreased from last year's R271m to R221m now, the result of lower costs of funding. Our core earnings from equity-accounted associates grew 32% to R2,2bn, mainly from Tencent and Mail.ru Group.

The above resulted in core headline earnings of R3,5bn – an increase of 8% on the prior period. During the period, the group impaired goodwill and intangible assets of R610m, net of tax. Positive free cash flows were R1,4bn. Our funding structure remains sound, with total consolidated net debt, excluding capitalised satellite leases, of R6,8bn. This represents a net consolidated debt to equity ratio of 15%.

SEGMENTAL REVIEW

This segmental review reflects consolidated subsidiaries, plus a proportional consolidation of associated companies.

Pay television

We experienced growth of 269 000 subscribers during the six-month period and the total base now stands at 5,2 million homes. Revenues were up 14% to R11,6bn, whilst trading profits grew 8% to R3,4bn. We continue to re-invest in the business, including upgrading our technology.

In South Africa, the gross base added 209 000 to 3,7 million households. Some 142 000 new homes came from the lower-priced *Compact* bouquet. Advertising revenues grew on the back of an overall increase in the television industry share of market. The recent roll-out of *Box Office*, a service that allows our PVR subscribers to view the latest blockbuster movies instantaneously, proved popular.

In the rest of sub-Saharan Africa our subscribers increased by 60 000 to reach 1,5 million homes. The lower-priced *Compact/Family* bouquets now account for 41% of the base. Trading margins were reduced by more investment in local content, decoder subsidies and the development of new products. We now cover most major football leagues and recently added the *Africa Magic Kiswahili* channel for subscribers in East Africa. Economic conditions in this region are variable and some currencies have experienced volatility.

Digital terrestrial services, under the brand name GOtv, were launched in Zambia, Uganda, Kenya and Nigeria. We will continue to invest in the expansion of these digital terrestrial networks.

Competitive pressures increased and regulatory scrutiny continues to intensify across the continent.

Internet

Overall the internet segment reported revenue growth of 50%. Due to our increased focus on building out operations organically, and expensing that cost, trading profits nudged up by a lower 7% to R1,9bn.

In China, Tencent achieved solid growth in an increasingly competitive market. Our share of revenues grew by 46% to R4,9bn and trading profits were up 27% to R2,1bn. The *QQ IM* platforms now manage 145 million peak simultaneous users. *QZone* services and online games also grew well.

In Russia, Mail.ru Group delivered strong growth in communication, online gaming and social networks. Mail.ru's portal reached 27,5m unique users. Our share of Mail.ru Group's reported revenues was R456m and trading profit of R141m.

In aggregate, our other internet businesses reported robust revenue growth of 59% and a trading loss of R371m, the result of increased organic development costs. In Eastern Europe, Allegro grew revenues by 44% as it broadened its product offerings and diversified revenue streams. In Latin America our e-commerce business, BuscaPé, continued to broaden its services across the value chain and doubled its revenue.

Print media

The print media business felt economic head winds, with advertising and circulation revenues remaining weak. Overall, total revenue grew by 5%, whilst trading profits declined because of the cost infrastructure and costs related to the implementation of new enterprise management systems. We are pleased that the subscribers to our daily newspapers have increased since the decline that was experienced in 2010 through the implementation of a computer-based subscriber system.

Technology

Revenue declined as growth in conditional access revenues were offset by lower revenues in other product lines. Investment in new market segments, together with the integration of acquisitions recently concluded, resulted in reduced trading profit.

Outlook

Indications are that overall revenue growth should remain fairly robust over the next six months. By contrast, and as previously warned, growth of the profit line will be affected by an acceleration of organic development spend in several of our businesses. We continue to believe that this strategy is sound and will stimulate long-term growth.

This statement has not been reviewed or reported on by the company's auditors.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The financial results for the six months to 30 September 2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act, No 71 of 2008, and in compliance with the Listings Requirements of the JSE Limited. Accounting policies used are consistent with those applied in the previous annual financial statements and 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 preparation of the financial results was supervised by the financial director Steve Pacak, CA(SA). These results were made public on 29 November 2011.

Core headline earnings exclude once-off and non-operating items. We believe that it is a useful measure for shareholders of the group's sustainable operating performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

SIGNIFICANT ACQUISITIONS

In July 2011 the group bought 68% of Markafoni, an online group shopping platform based in Turkey, for R575m (US$86m) in cash.

On behalf of the board

Ton Vosloo
Chairman

Koos Bekker
Chief executive

Cape Town
29 November 2011

Directors
T Vosloo (chairman), J P Bekker (chief executive), 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
13th floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001
(PO 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's website 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.

Segmental Review

	Revenue Six months ended 30 September			Year ended 31 March	**Ebitda** Six months ended 30 September			Year ended 31 March	**Trading profit** Six months ended 30 September			Year ended 31 March
	2011 Reviewed R'm	2010 Reviewed R'm	% Change	2011 Audited R'm	**2011 Reviewed R'm**	2010 Reviewed R'm	% Change	2011 Audited R'm	**2011 Reviewed R'm**	2010 Reviewed R'm	% Change	2011 Audited R'm
Pay television	**11 601**	10 186	14	21 025	**3 850**	3 553	8	6 542	**3 414**	3 163	8	5 727
Internet	**8 285**	5 514	50	12 092	**2 232**	1 981	13	3 945	**1 901**	1 781	7	3 493
– Tencent	**4 874**	3 342	46	7 215	**2 321**	1 795	29	3 795	**2 131**	1 681	27	3 543
– Other	**3 411**	2 172	57	4 877	**(89)**	186	-	150	**(230)**	100	-	(50)
Print	**5 376**	5 126	5	10 758	**431**	522	(17)	1 194	**247**	357	(31)	872
Technology	**540**	599	(10)	1 228	**3**	118	(97)	188	**(26)**	79	-	128
Economic interest	**25 802**	21 425	20	45 103	**6 516**	6 174	6	11 869	**5 536**	5 380	3	10 220
Corporate services	**-**	-	-	-	**(94)**	(115)	-	(239)	**(94)**	(115)	-	(240)
Less: Associates	**(7 320)**	(5 592)	31	(12 018)	**(2 629)**	(2 087)	26	(4 481)	**(2 363)**	(1 925)	23	(4 142)
Consolidated	**18 482**	15 833	17	33 085	**3 793**	3 972	(5)	7 149	**3 079**	3 340	(8)	5 838

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

Reconciliation of Trading Profit to Operating Profit

	Six months ended 30 September 2011 Reviewed R'm	2010 Reviewed R'm	Year ended 31 March 2011 Audited R'm
Trading profit	**3 079**	3 340	5 838
Finance cost on transponder leases	**66**	74	144
Amortisation of intangible assets	**(470)**	(541)	(1 045)
Other gains/(losses) – net	**(722)**	(529)	(881)
Operating profit	**1 953**	2 344	4 056

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

Consolidated Income Statement

	Six months ended 30 September 2011 Reviewed R'm	2010 Reviewed R'm	Year ended 31 March 2011 Audited R'm
Revenue	**18 482**	15 833	33 085
Cost of providing services and sale of goods	**(9 623)**	(8 156)	(17 794)
Selling, general and administration expenses	**(6 184)**	(4 804)	(10 354)
Other gains/(losses) – net	**(722)**	(529)	(881)
Operating profit	**1 953**	2 344	4 056
Interest received	**200**	211	401
Interest paid	**(583)**	(587)	(1 389)
Other finance income/(costs) – net	**235**	(42)	(30)
Share of equity-accounted results	**1 618**	1 406	3 290
Impairment of equity-accounted investments	**-**	(120)	(23)
Dilution (losses)/gains on equity-accounted investments	**(89)**	1 532	1 461
(Losses)/gains on acquisitions and disposals	**(62)**	55	42
Profit before taxation	**3 272**	4 799	7 808
Taxation	**(1 008)**	(973)	(1 861)
Profit for the period	**2 264**	3 826	5 947
Attributable to:			
Equity holders of the group	**1 869**	3 450	5 260
Non-controlling interest	**395**	376	687
	2 264	3 826	5 947
Core headline earnings for the period (R'm)	**3 458**	3 215	6 036
Core headline earnings per N ordinary share (cents)	**921**	860	1 612
Fully diluted core headline earnings per N ordinary share (cents)	**884**	830	1 550
Headline earnings for the period (R'm)	**2 597**	2 369	4 213
Headline earnings per N ordinary share (cents)	**692**	633	1 125
Fully diluted headline earnings per N ordinary share (cents)	**664**	612	1 082
Earnings per N ordinary share (cents)	**498**	921	1 405
Fully diluted earnings per N ordinary share (cents)	**478**	889	1 351
Net number of shares issued ('000)			
– At period-end	**375 865**	374 694	375 440
– Weighted average for the period	**375 440**	374 308	374 501
– Fully diluted weighted average	**391 206**	387 662	389 465

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 September 2011 Reviewed R'm	2010 Reviewed R'm	Year ended 31 March 2011 Audited R'm
Profit for the period	**2 264**	3 826	5 947
Total other comprehensive income, net of tax, for the period	**3 019**	(760)	2 277
Translation of foreign operations	**2 040**	(932)	(461)
Hedging reserve movements	**394**	35	126
Share of associates' other comprehensive income and reserves	**763**	138	2 622
Tax on other comprehensive income	**(178)**	(1)	(10)
Total comprehensive income for the period	**5 283**	3 066	8 224
Attributable to:			
Equity holders of the group	**4 768**	2 720	7 543
Non-controlling interest	**515**	346	681
	5 283	3 066	8 224

Condensed Consolidated Statement of Changes in Equity

	Six months ended 30 September 2011 Reviewed R'm	2010 Reviewed R'm	Year ended 31 March 2011 Audited R'm
Balance at beginning of the period	**42 942**	35 634	35 634
Changes in share capital and premium			
Movement in treasury shares	**(163)**	(49)	(335)
Share capital and premium issued	**224**	61	253
Changes in reserves			
Total comprehensive income for the period	**4 768**	2 720	7 543
Movement in share-based compensation reserve	**203**	259	508
Movement in existing control business combination reserve	**2**	5	(63)
Direct retained earnings movements	**-**	(23)	(22)
Dividends paid to Naspers shareholders	**(1 013)**	(885)	(882)
Changes in non-controlling interest			
Total comprehensive income for the period	**515**	346	681
Dividends paid to non-controlling shareholders	**(1 281)**	(600)	(665)
Movement in non-controlling interest in reserves	**328**	154	290
Balance at end of period	**46 525**	37 622	42 942
Comprising:			
Share capital and premium	**14 445**	14 479	14 384
Retained earnings	**22 035**	19 366	21 179
Share-based compensation reserve	**2 631**	1 922	2 300
Existing control business combination reserve	**26**	151	25
Hedging reserve	**(175)**	(373)	(297)
Valuation reserve	**4 893**	1 844	4 256
Foreign currency translation reserve	**828**	(1 641)	(1 185)
Non-controlling interest	**1 842**	1 874	2 280
Total	**46 525**	37 622	42 942

Condensed Consolidated Statement of Financial Position

	As at 30 September 2011 Reviewed R'm	2010 Reviewed R'm	As at 31 March 2011 Audited R'm
ASSETS			
Non-current assets	**59 842**	48 989	53 610
Property, plant and equipment	**8 460**	7 011	7 561
Goodwill	**18 606**	17 222	17 278
Other intangible assets	**4 108**	4 134	3 886
Investment in associates	**25 155**	16 581	20 767
Other investments and loans	**2 587**	3 269	3 301
Derivatives	**298**	-	-
Deferred taxation	**628**	772	817
Current assets	**18 638**	15 145	16 245
Inventory	**1 194**	829	731
Programme and film rights	**2 362**	2 226	1 487
Trade receivables	**3 655**	2 826	2 929
Other receivables and loans	**2 692**	1 891	2 330
Derivatives	**111**	-	-
Cash and cash equivalents	**7 902**	7 361	8 731
	17 916	15 133	16 208
Assets classified as held-for-sale	**722**	12	37
Total assets	**78 480**	64 134	69 855
EQUITY AND LIABILITIES			
Share capital and reserves	**44 683**	35 748	40 662
Non-controlling shareholders' interest	**1 842**	1 874	2 280
Total equity	**46 525**	37 622	42 942
Non-current liabilities	**17 467**	14 493	14 951
Capitalised finance leases	**2 398**	1 995	1 893
Liabilities – interest-bearing	**12 503**	10 292	10 822
– non-interest-bearing	**224**	152	178
Post-retirement medical liability	**133**	182	179
Derivatives	**956**	789	714
Deferred taxation	**1 253**	1 083	1 165
Current liabilities	**14 488**	12 019	11 962
Current portion of long-term debt	**1 465**	1 724	1 510
Trade payables	**2 964**	2 278	1 915
Accrued expenses and other current liabilities	**7 979**	5 865	6 608
Derivatives	**118**	864	599
Bank overdrafts and call loans	**1 835**	1 288	1 330
	14 361	12 019	11 962
Liabilities classified as held-for-sale	**127**	-	-
Total equity and liabilities	**78 480**	64 134	69 855
Net asset value per N ordinary share (cents)	**11 888**	9 541	10 831

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September 2011 Reviewed R'm	2010 Reviewed R'm	Year ended 31 March 2011 Audited R'm
Cash flow from operating activities	**1 912**	2 503	5 271
Cash flow utilised in investing activities	**(501)**	(4 172)	(5 778)
Cash flow (utilised in)/generated from financing activities	**(2 886)**	2 232	2 513
Net movement in cash and cash equivalents	**(1 475)**	563	2 006
Foreign exchange translation adjustments	**222**	(316)	(431)
Cash and cash equivalents at beginning of the period	**7 401**	5 826	5 826
Cash and cash equivalents at end of the period	**6 148**	6 073	7 401
Included in:			
- Cash and cash equivalents	**6 067**	6 073	7 401
- Assets classified as held-for-sale	**81**	-	-
	6 148	6 073	7 401

Calculation of Headline and Core Headline Earnings

	Six months ended 30 September 2011 Reviewed R'm	2010 Reviewed R'm	Year ended 31 March 2011 Audited R'm
Net profit attributable to shareholders	**1 869**	3 450	5 260
Adjusted for:			
– insurance proceeds	**(1)**	(6)	(51)
– impairment of property, plant and equipment and other assets	**4**	2	25
– impairment of goodwill and intangible assets	**749**	531	1 035
– profit on sale of property, plant and equipment and intangible assets	**(26)**	(57)	(407)
– profit on sale of investments	**(7)**	(76)	(152)
– step-up acquisition loss/(gain)	**35**	(14)	-
– dilution losses/(gains) on equity accounted investments	**89**	(1 532)	(1 461)
– remeasurements included in equity-accounted earnings	**-**	(25)	(28)
– impairment of equity-accounted investments	**12**	120	23
	2 724	2 393	4 244
Total tax effects of adjustments	**(131)**	(25)	(27)
Total adjustment for non-controlling interest	**4**	1	(4)
Headline earnings	**2 597**	2 369	4 213
Adjusted for:			
– treasury-settled share scheme charges	**271**	217	488
– (recognition)/reversal of deferred tax assets	**(24)**	(7)	13
– amortisation of intangible assets	**586**	525	1 052
– fair value adjustments and currency translation differences	**(25)**	77	18
– revolving credit facility - accelerated amortisation of costs	**-**	-	128
– acquisition-related costs	**53**	34	124
Core headline earnings	**3 458**	3 215	6 036

Business combinations

In July 2011 the group acquired a 68,2% interest in Vipindirim Electronic Services plc (Markafoni), a Turkish e-commerce group. The fair value of the total purchase consideration was R575m (US$86m) in cash. The provisional purchase price allocation (PPA): PP&E R18m; intangible assets R378m; cash R48m; trade and other receivables R23m; trade and other payables R116m; deferred tax liability R69m and the balance to goodwill. The goodwill recognised reflects the company's leading market presence in Turkey, and is not expected to be deductible for income tax purposes. A non-controlling interest of R99m was recognised at the acquisition date. This was measured using the proportionate share of the identifiable net assets.

In April 2011 the group acquired a 70% interest in 7 Pixel srl (7 Pixel), in Italy, an online shopping and price comparison company. The fair value of the total purchase consideration was R223m (US$34m) in cash. The provisional purchase price allocation (PPA): PP&E R22m; intangible assets R32m; cash R12m; trade and other receivables R24m; trade and other payables R17m; deferred tax liability R8m and the balance to goodwill. The main factor contributing to the goodwill recognised is the company's leading market presence, and is not expected to be deductible for income tax purposes. A non-controlling interest of R13m was recognised at the acquisition date. This was measured using the proportionate share of the identifiable net assets.

In July 2011 the group acquired a 100% interest in Slando Limited, an online classifieds company in the Ukraine. The fair value of the total purchase consideration was R195m (US$29m) in cash. The provisional purchase price allocation (PPA): intangible assets R21m; cash R2m; trade and other receivables R3m; trade and other payables R2m; deferred tax liability R5m and the balance to goodwill. The main factor contributing to the goodwill recognised is the company's leading market presence in the Ukraine, and is not expected to be deductible for income tax purposes.

The group made smaller acquisitions for a combined cost of R108m. Total acquisition-related costs of R33m were recorded in "(Losses)/gains on acquisitions and disposals" in the income statement. Had the revenues and net results of all business combinations that occurred in the period been included from 1 April 2011, it would not have had a significant effect on the group's consolidated revenue and net results.

Supplementary Information

	Six months ended 30 September 2011 Reviewed R'm	2010 Reviewed R'm	Year ended 31 March 2011 Audited R'm
Depreciation of property, plant and equipment	**558**	497	1 040
Amortisation	**560**	602	1 172
– intangible assets	**470**	541	1 045
– software	**90**	61	127
Other gains/(losses) – net	**(722)**	(529)	(881)
– profit/(loss) on sale of property, plant and equipment and intangible assets	**21**	7	42
– impairment of goodwill and intangible assets	**(742)**	(531)	(1 035)
– impairment of tangible assets	**(4)**	(2)	(33)
– insurance proceeds	**1**	6	51
– profit on lease settlement	**3**	46	88
– fair value adjustment on shareholders' liability	**(1)**	(55)	6
Interest received	**200**	211	401
– loans and bank accounts	**169**	165	308
– other	**31**	46	93
Interest paid	**(583)**	(587)	(1 389)
– loans and overdrafts	**(390)**	(436)	(883)
– transponder leases	**(66)**	(74)	(144)
– revolving credit facility costs – accelerated amortisation	**-**	-	(128)
– other	**(127)**	(77)	(234)
Other finance income/(cost) – net	**235**	(42)	(30)
– net foreign exchange differences and fair value adjustments on derivatives	**5**	(155)	(247)
– preference dividends received	**230**	113	217
(Losses)/gains on acquisitions and disposals	**(62)**	55	42
– profit on sale of investments	**7**	4	34
– profit on partial disposal of investments	**-**	72	72
– acquisition-related costs	**(33)**	(35)	(109)
– other	**(36)**	14	45
Goodwill			
– cost	**18 371**	17 051	17 051
– accumulated impairment	**(1 093)**	(431)	(431)
Opening balance	**17 278**	16 620	16 620
– foreign currency translation effects	**1 101**	(510)	(510)
– acquisitions	**966**	1 428	1 885
– contingent consideration adjustment	**-**	-	(49)
– disposals	**(8)**	-	-
– transferred to assets held-for-sale	**(360)**	-	-
– impairment	**(371)**	(316)	(668)
Closing balance	**18 606**	17 222	17 278
– cost	**20 077**	17 966	18 371
– accumulated impairment	**(1 471)**	(744)	(1 093)
Investments and loans	**27 742**	19 850	24 068
– listed investments	**21 245**	5 710	16 874
– unlisted investments	**6 497**	14 140	7 194
Commitments	**20 024**	16 989	16 997
– capital expenditure	**644**	468	401
– programme and film rights	**8 839**	8 041	7 744
– network and other service commitments	**1 269**	516	700
– transponder leases	**8 216**	7 045	6 787
– operating lease commitments	**755**	679	896
– set-top box commitments	**301**	240	469
Share of equity-accounted results	**1 618**	1 406	3 290
– dilution gains	**-**	-	(39)
– FCTR release	**-**	-	(29)
– sale of assets	**(4)**	(25)	-
– impairment of investments and other assets	**18**	-	24
– gains on acquisitions and disposals	**-**	-	(262)
Contribution to headline earnings	**1 632**	1 381	2 984
– amortisation of intangible assets	**261**	169	355
– treasury-settled share scheme charges	**183**	91	227
– business combination costs	**20**	-	15
– fair value adjustments	**36**	-	-
– reversal/(recognition) of deferred taxation	**19**	(10)	13
Contribution to core headline earnings	**2 151**	1 631	3 594
Tencent	**1 973**	1 486	3 164
Mail.ru	**178**	95	152
Abril	**18**	28	250
Other	**(18)**	22	28