

The Naspers  
Group

Review of  
Operations

Governance and  
Sustainability

Financial  
Statements

Notice of Annual  
General Meeting

# Financial Statements

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## *Consolidated and company annual financial statements*

FOR THE YEAR ENDED 31 MARCH 2010

### » INDEX

- 75 Statement of responsibility by the board of directors
- 75 Certificate by the company secretary
- 76 Independent auditor's report
- 77 Report of the audit committee
- 79 Directors' report to shareholders
- 83 Consolidated statement of financial position
- 84 Consolidated income statement
- 85 Consolidated statement of comprehensive income
- 86 Consolidated statement of changes in equity
- 88 Consolidated statement of cash flows
- 89 Notes to the consolidated annual financial statements
- 186 Company statement of financial position
- 186 Company income statement
- 187 Company statement of comprehensive income
- 187 Company statement of changes in equity
- 188 Company statement of cash flows
- 189 Notes to the company annual financial statements



The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS**

FOR THE YEAR ENDED 31 MARCH 2010

The annual financial statements of the group and the company are the responsibility of the directors of Naspers Limited. In discharging this responsibility, they rely on the management of the group to prepare the annual financial statements presented on pages 77 to 196 in accordance with International Financial Reporting Standards and the South African Companies Act. As such, the annual financial statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

The directors accept responsibility for the preparation, integrity and fair presentation of the annual financial statements and are satisfied that the systems and internal financial controls implemented by management are effective.

The directors believe that the company and group have adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The financial statements support the viability of the company and the group.

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the annual financial statements. The directors believe that all representations made to the independent auditor during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 76.

The annual financial statements were approved by the board of directors on 25 June 2010 and are signed on its behalf by:


**T Vosloo**

Chairman


**J P Bekker**

Managing director

**» CERTIFICATE BY THE COMPANY SECRETARY**

I, Gillian Kiseby-Green, being the company secretary of Naspers Limited, certify that the company has, for the year under review, lodged all returns required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.


**G Kiseby-Green**

Company secretary

25 June 2010

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF NASPERS LIMITED

We have audited the group annual financial statements and annual financial statements of Naspers Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2010, and the consolidated and separate income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 79 to 196.

**DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**AUDITOR'S RESPONSIBILITY**

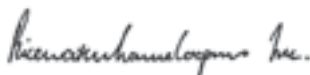
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion the financial statements present fairly, in all material respects, the consolidated and separate financial position of Naspers Limited as at 31 March 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.


**PricewaterhouseCoopers Inc.****Director: Anton Wentzel**

Registered auditor

Cape Town, South Africa

25 June 2010

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» REPORT OF THE AUDIT COMMITTEE**

FOR THE YEAR ENDED 31 MARCH 2010

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the Companies Act ("the act").

**FUNCTIONS OF THE AUDIT COMMITTEE**

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the act as follows:

- » Reviewed the interim, provisional and year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - takes appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa
  - considers and, when appropriate, makes recommendations on internal financial controls
  - deals with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls, and
- » Reviews legal matters that could have a significant impact on the organisation's financial statements
- » Reviewed the external audit reports on the annual financial statements
- » Approved the internal audit charter and audit plan
- » Reviewed the internal audit and risk management reports, and, where relevant, recommendations being made to the board
- » Evaluated the effectiveness of risk management, controls and the governance processes
- » Verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as the auditor for 2010 and noted the appointment of Mr Anton Wentzel as the designated auditor
- » Approved the audit fees and engagement terms of the external auditor, and
- » Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

**MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS**

The audit committee consists of the non-executive directors listed hereunder and meets at least three times per annum in accordance with the audit committee charter. All members act independently as described in section 269A of the Companies Act. During the year under review the following four meetings were held:

- » 18 June 2009 – J J M van Zyl (chairman), R C C Jafta, F-A du Plessis and T Vosloo attended
- » 11 September 2009 – J J M van Zyl (chairman), R C C Jafta, F-A du Plessis and T Vosloo attended
- » 18 November 2009 – J J M van Zyl (chairman), R C C Jafta, F-A du Plessis and T Vosloo attended, and
- » 16 March 2010 – J J M van Zyl (chairman), R C C Jafta, F-A du Plessis and T Vosloo attended.

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» REPORT OF THE AUDIT COMMITTEE** (continued)

FOR THE YEAR ENDED 31 MARCH 2010

**INTERNAL AUDIT**

The audit committee fulfils an oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the audit committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

**ATTENDANCE**

The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The group risk management function was also represented. Executive directors and relevant senior managers attended meetings by invitation.

**CONFIDENTIAL MEETINGS**

Audit committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

**INDEPENDENCE OF EXTERNAL AUDITOR**

During the year under review the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

**EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR**

As required by JSE Listings Requirement 3.84(h), the audit committee has satisfied itself that the financial director has appropriate expertise and experience.

**JJ M van Zyl**

Chairman: Audit and risk management committee

17 June 2010

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» DIRECTORS' REPORT TO SHAREHOLDERS**

FOR THE YEAR ENDED 31 MARCH 2010

The directors present their annual report, which forms part of the audited annual financial statements of the company and the group for the year ended 31 March 2010.

**NATURE OF BUSINESS**

Naspers Limited was incorporated in 1915 under the laws of the Republic of South Africa. The principal activities of Naspers and its operating subsidiaries, joint ventures and associated companies (collectively "the group") are the operation of pay television and the provision of related technologies, the operation of internet and instant messaging subscriber platforms, e-commerce platforms and the publishing, distribution and printing of magazines, newspapers and books. These activities are conducted primarily in South Africa, sub-Saharan Africa, China, Central and Eastern Europe, Russia, India and Latin America.

**OPERATING REVIEW**

Over the past year the Naspers group continued to expand. Most emerging markets in which we operate survived the global economic downturn reasonably well, particularly when compared to developed economies.

The internet industry showed bold growth in emerging markets. Our pay-television operations held up well whilst the technology business returned to operating profitability. Print businesses globally, including our own, suffered in the recession. Overall, however, it was a good year.

The internet segment, comprising mainly Allegro in Central Europe, Tencent in China and Mail.ru in Russia continued to reflect growth.

Our pay-television businesses again proved resilient to prevailing economic conditions with slightly lower operating margins as we invested to grow the subscriber base. Irdeto, the technology business, also felt economic headwinds, but cut costs effectively.

The print media businesses, however, suffered a decline in its top line because of pressure on advertising revenues.

**Internet**

In aggregate, the internet segment recorded revenue up by 24% to R9,2bn. Operational profit grew to R2,4bn.

In China, Tencent performed ahead of expectations with revenue growth of 49%. Registered users to the IM platform now total 568 million with peak concurrent users around 105 million.

The strong rand had a significant effect on the other internet businesses where, nominally, revenues were marginally up and profits down. Calculated on a stable currency basis, we estimate revenues and operational profits would have advanced 19%.

The Allegro platform in Poland continued to deliver solid growth. In local currency the gross merchandising value transacted on the platform grew by 20%, generating revenue growth of 24%. New services were launched.

In India ibibo, our joint venture with Tencent, is developing social gaming and e-commerce platforms.

In Russia Mail.ru expanded its base to 81 million active email users. Mail.ru has completed the acquisition of Astrum, the online games platform operator in Russia.

In Latin America, BuscaPé was added to the group in September 2009. This unit is growing its core comparison shopping business and broadening its base by rolling out new business segments including electronic payments, classified advertising and affiliate advertising networks.

In South Africa, 24.com remains a leading local internet publisher, growing its users by 34%.

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» DIRECTORS' REPORT TO SHAREHOLDERS** (continued)

FOR THE YEAR ENDED 31 MARCH 2010

**OPERATING REVIEW** (continued)**Pay television**

Overall, the pay-television segment expanded revenues by 12% due to subscriber growth of 634 000 net households. After a satisfactory festive season, subscriber growth did slow in the last quarter of the financial year. Operating margins were slightly lower due to the cost of building the subscriber base, as well as higher content costs resulting from increased competition and more local production.

In South Africa the base grew by 450 000 to 2,85 million homes. The service now offers nine different bouquet offerings and three high definition channels. With a strong content offering of soccer, general entertainment and movies, the mid-priced *Compact* bouquet attracted many customers. Advertising revenues were marginally better. The coming year will see more competitors entering this market.

In the other 47 countries in the rest of sub-Saharan Africa, a focus on local content and additional sport delivered 184 000 additional subscribers, taking the base to 1,1 million homes. The *Compact* and *Family* bouquets stand at 447 000. Hausa and Yoruba language content was added in Nigeria. SuperSport is now one of the main supporters of local sports leagues across the African continent, which means higher content costs for us. However, if African sport is to become globally competitive, it needs funding.

Mobile-television operations were launched in Ghana, Kenya, Namibia and Nigeria, whilst we still await a licence in South Africa.

**Technology**

Irdeto delivered some 15,8 million conditional access units in the period, a 5% increase. Revenues in other divisions were flat due to the global slowdown. Consolidation of various technology businesses into Irdeto has reduced operating costs through synergies gained, and the segment reversed an operational loss last year into a profit of R47m.

**Print media**

The print media operations in South Africa recorded a top-line decline of 5%. Circulation and readership of newspapers and magazines held up remarkably well, but advertising felt the blows. In a recession people read more, but advertisers spend less. Operating costs have been reduced and capital expenditure reined in. We were able to grow market share marginally.

In Brazil the magazine publisher Abril also had a challenging year, particularly for advertising. This was largely offset with prudent cost controls.

**Strategy and prospects**

Looking ahead, we mostly have resilient businesses in emerging markets that are still expanding. Competition in pay television, regulation and consumer spending levels remain concerns.

Focusing on the internet, we plan to continue with our growth strategy through a combination of organic growth and acquisitions. Stringent processes are applied when evaluating investment opportunities. We aim to deliver value over the medium to longer term.

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» DIRECTORS' REPORT TO SHAREHOLDERS** (continued)

FOR THE YEAR ENDED 31 MARCH 2010

**FINANCIAL REVIEW**

The group reported revenue growth of 5% to R28,0bn (2009: R26,7bn). Drivers were both our internet assets with revenues up 24% and our pay-television business, which grew revenues by 12% as a result of strong subscriber growth during the period.

Operational profit increased by 10% to R5,4bn (2009: R4,9bn). Group margins improved as a result of cost management and lower development spend.

Net interest costs for the year increased to R535m (2009: R306m) the result of funding new acquisitions with debt.

Naspers's share of the equity-accounted results of its associates, mainly Tencent, Mail.ru and Abril, increased by 40% to R2,1bn (2009: R1,5bn).

The profit on sale of investments relates mainly to the sale of MWEB's sub-Saharan Africa business. The proceeds are once-off in nature.

A segmental analysis reflecting the revenues and results per individual business segment, appears in note 36 to the consolidated annual financial statements.

**SHARE CAPITAL**

The authorised share capital at 31 March 2010 was:

- » 1 250 000 A ordinary shares of R20 each, and
- » 500 000 000 N ordinary shares of 2 cents each.

Naspers issued no new A ordinary shares during the 2010 financial year. During the current financial year, the group issued 28 000 N ordinary shares to the Naspers Share Incentive Trust and 1 552 000 N ordinary shares to various MIH Share Incentive Trusts.

The issued share capital at 31 March 2010 was:

- |   |             |
|---|-------------|
| » 712 131 A ordinary shares of R20 each         | R14 242 620 |
| » 405 885 411 N ordinary shares of 2 cents each | R8 117 708  |

**PROPERTY, PLANT AND EQUIPMENT**

At 31 March 2010 the group's investment in property, plant and equipment amounted to R6,5bn, compared with R4,8bn last year. Details are reflected in note 4 of the consolidated annual financial statements.

Capital commitments at 31 March 2010 amounted to R527m (2009: R359m). Further capital expenditure to the amount of R1,5bn has been approved by the boards of directors of the various group companies, but has not been contracted for as of 31 March 2010.

**DIVIDENDS**

The board recommends that a dividend of 235 cents per N ordinary share be declared (2009: 207 cents) and 47 cents per A ordinary share (2009: 41 cents).

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting

## » DIRECTORS' REPORT TO SHAREHOLDERS (continued)

FOR THE YEAR ENDED 31 MARCH 2010

### GROUP

Naspers Limited is not a subsidiary of any other company. The name, country of incorporation and effective financial percentage interest of the holding company in each of the Naspers group's principal subsidiaries are disclosed in note 7 to the consolidated annual financial statements. All subsidiaries, significant associated companies and joint ventures share the same financial year-end as the holding company, except for Tencent Holdings Limited, Abril S.A. and Port.ru Inc. (Mail.ru), which have a 31 December year-end. The holding company's interest in the aggregate amount of profit after tax but before minorities earned by subsidiaries totalled R4,5bn (2009: R3,2bn) and its interest in the aggregate losses after tax amounted to R117m (2009: Rnil).

Details relating to significant acquisitions and divestitures in the group are highlighted in note 3 to the consolidated annual financial statements.

### DIRECTORS, SECRETARY AND AUDITOR

The directors' names and details are presented on pages 66 to 69 and the secretary's name and business and postal address are presented on page 71 of the annual report. Directors' shareholdings in the issued share capital of the company are disclosed in note 13 to the consolidated annual financial statements.

PricewaterhouseCoopers Inc. will continue in office as auditor in accordance with section 270(2) of the South African Companies Act, 1973.

### BORROWINGS

The company has unlimited borrowing powers in terms of its articles of association.

### SUBSEQUENT EVENTS

No events, significant to the understanding of this annual report, have occurred between the financial year-end and the date of this report.

Signed on behalf of the board:



**T Vosloo**

Chairman

25 June 2010



**J P Bekker**

Managing director

## » CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	Notes	31 March 2010 R'm	31 March 2009 R'm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	6 490	4 754
Goodwill	5	16 620	15 358
Other intangible assets	6	4 976	5 557
Investments in associates	7	11 942	10 667
Investments and loans	7	3 500	3 609
Derivative financial instruments	37	—	55
Deferred taxation	9	814	871
<b>Current assets</b>			
Inventory	10	693	741
Programme and film rights	8	1 298	1 069
Trade receivables	11	2 438	2 233
Other receivables	12	1 871	1 882
Related-party receivables	13	26	27
Investments and loans	7	3	57
Derivative financial instruments	37	—	352
Cash and cash equivalents	35	6 785	6 642
		13 114	13 003
Non-current assets held-for-sale	27	12	686
<b>TOTAL ASSETS</b>		<b>57 468</b>	<b>54 560</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to the group's equity holders</b>			
Share capital and premium	14	14 467	15 074
Other reserves	15	2 370	4 156
Retained earnings	16	16 823	14 361
<b>Minority interest</b>			
		1 974	1 626
<b>TOTAL EQUITY</b>		<b>35 634</b>	<b>35 217</b>
<b>Non-current liabilities</b>			
Post-retirement medical liability	17	178	155
Long-term liabilities	18	8 750	6 906
Cash-settled share-based payment liability	39	5	11
Provisions	19	15	2
Derivative financial instruments	37	684	543
Deferred taxation	9	1 260	1 376
<b>Current liabilities</b>			
Current portion of long-term debt	18	1 675	1 928
Provisions	19	187	230
Post-retirement medical liability	17	1	1
Trade payables		1 721	1 662
Accrued expenses and other current liabilities	20	5 226	4 679
Related-party payables	13	9	43
Taxation		316	423
Dividends payable		2	10
Derivative financial instruments	37	847	193
Bank overdrafts and call loans	35	958	917
		10 942	10 086
Non-current liabilities held-for-sale	27	—	264
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57 468</b>	<b>54 560</b>

The accompanying notes are an integral part of these consolidated annual financial statements.

## » CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	31 March 2010 R'm	31 March 2009 R'm
<b>Revenue</b>	22	<b>27 998</b>	26 690
Cost of providing services and sale of goods	23	<b>(14 438)</b>	(13 531)
Selling, general and administration expenses	23	<b>(9 155)</b>	(9 289)
Other gains/(losses) – net	24	<b>(364)</b>	(87)
<b>Operating profit</b>		<b>4 041</b>	3 783
Interest received	25	<b>348</b>	572
Interest paid	25	<b>(883)</b>	(878)
Other finance income/(costs) – net	25	<b>114</b>	3
Share of equity-accounted results	7	<b>2 058</b>	1 473
Impairment of equity-accounted investments	7	<b>(62)</b>	(214)
Profit on sale of investments		<b>144</b>	36
<b>Profit before taxation</b>		<b>5 760</b>	4 775
Taxation	26	<b>(1 808)</b>	(1 436)
<b>Profit after taxation</b>		<b>3 952</b>	3 339
Profit from discontinued operations	27	<b>—</b>	3 092
<b>Net profit for the year</b>		<b>3 952</b>	6 431
<b>Attributable to:</b>			
Equity holders of the group		<b>3 257</b>	5 761
Minority interest		<b>695</b>	670
		<b>3 952</b>	6 431
<b>Continuing operations</b>			
Earnings per N ordinary share (cents)			
Basic	28	<b>873</b>	719
Fully diluted	28	<b>848</b>	713
<b>Total</b>			
Earnings per N ordinary share (cents)			
Basic	28	<b>873</b>	1 553
Fully diluted	28	<b>848</b>	1 540

The accompanying notes are an integral part of these consolidated annual financial statements.

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting**» CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2010

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>Profit for the year</b>	<b>3 952</b>	6 431
<b>Foreign currency translation reserve</b>	<b>(1 918)</b>	(3 544)
– Exchange loss arising on translating the net assets of foreign operations	<b>(1 918)</b>	(3 544)
<b>Hedging reserve</b>	<b>(379)</b>	(321)
– Net fair value loss, gross	<b>(980)</b>	(268)
– Net fair value gains/(loss), tax portion	<b>238</b>	(10)
– Derecognised and added to asset, gross	<b>191</b>	(68)
– Derecognised and added to asset, tax portion	<b>(25)</b>	19
– Derecognised and reported in income, gross	<b>158</b>	(12)
– Derecognised and reported in income, tax portion	<b>(12)</b>	18
– Derecognised and reported in income when recognition criteria failed, gross	<b>71</b>	—
– Derecognised and reported in income when recognition criteria failed, tax portion	<b>(20)</b>	—
<b>Share of associates' direct reserve movements</b>	<b>250</b>	(258)
– Valuation reserve	<b>1</b>	(6)
– Existing control business combination reserve	<b>101</b>	(252)
– Share-based compensation reserve	<b>148</b>	—
<b>Total other comprehensive income, net of tax for the year</b>	<b>(2 047)</b>	(4 123)
<b>Total comprehensive income for the year</b>	<b>1 905</b>	2 308
<b>Attributable to:</b>		
Equity holders of the group	<b>1 308</b>	1 648
Minority interest	<b>597</b>	660
	<b>1 905</b>	2 308

*The accompanying notes are an integral part of these consolidated annual financial statements.*

## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2010

	Share capital and premium		Foreign currency translation reserve R'm	Hedging reserve R'm
	A shares R'm	N shares R'm		
<b>Balance at 1 April 2008</b>	14	15 342	4 721	189
Total comprehensive income for the year	—	—	(3 551)	(304)
Share capital movements	—	159	—	—
Treasury share movements	—	(104)	—	—
Share-based compensation movements	—	(337)	—	—
Transactions with minorities and successive acquisitions	—	—	—	—
Dividends	—	—	—	—
<b>Balance at 31 March 2009</b>	14	15 060	1 170	(115)
<b>Balance at 1 April 2009</b>	<b>14</b>	<b>15 060</b>	<b>1 170</b>	<b>(115)</b>
Total comprehensive income for the year	—	—	(1 907)	(292)
Share capital movements	—	433	—	—
Treasury share movements	—	(209)	—	—
Share-based compensation movements	—	(831)	—	—
Transactions with minorities	—	—	—	—
Dividends	—	—	—	—
<b>Balance at 31 March 2010</b>	<b>14</b>	<b>14 453</b>	<b>(737)</b>	<b>(407)</b>

The accompanying notes are an integral part of these consolidated annual financial statements.

The Naspers  
GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting

Valuation reserve R'm	Existing control business combination reserve R'm	Share- based compen- sation reserve R'm	Retained earnings R'm	Share- holders' funds R'm	Minority interest R'm	Total R'm
1 849	34	482	9 278	31 909	1 238	33 147
(6)	(252)	—	5 761	1 648	660	2 308
—	—	—	—	159	—	159
—	—	—	—	(104)	—	(104)
—	—	420	—	83	12	95
—	548	26	(9)	565	23	588
—	—	—	(669)	(669)	(307)	(976)
1 843	330	928	14 361	33 591	1 626	35 217
<b>1 843</b>	<b>330</b>	<b>928</b>	<b>14 361</b>	<b>33 591</b>	<b>1 626</b>	<b>35 217</b>
<b>1</b>	<b>101</b>	<b>148</b>	<b>3 257</b>	<b>1 308</b>	<b>597</b>	<b>1 905</b>
—	—	—	—	<b>433</b>	—	<b>433</b>
—	—	—	—	<b>(209)</b>	—	<b>(209)</b>
—	—	<b>497</b>	—	<b>(334)</b>	<b>15</b>	<b>(319)</b>
—	<b>(334)</b>	—	<b>(22)</b>	<b>(356)</b>	<b>47</b>	<b>(309)</b>
—	—	—	<b>(773)</b>	<b>(773)</b>	<b>(311)</b>	<b>(1 084)</b>
<b>1 844</b>	<b>97</b>	<b>1 573</b>	<b>16 823</b>	<b>33 660</b>	<b>1 974</b>	<b>35 634</b>

## » CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	31 March 2010 R'm	31 March 2009 R'm
<b>Cash flows from operating activities</b>			
Cash from operations	29	7 266	5 818
Dividends received from investments and equity-accounted companies		487	98
Cash generated from operating activities		7 753	5 916
Interest income received		408	642
Interest costs paid		(753)	(842)
Taxation paid		(1 786)	(1 803)
<i>Net cash from operating activities</i>		<b>5 622</b>	3 913
<b>Cash flows from investing activities</b>			
Property, plant and equipment acquired		(1 590)	(1 077)
Proceeds from sale of property, plant and equipment		55	40
Insurance proceeds received		327	19
Intangible assets acquired		(280)	(227)
Proceeds from sale of intangible assets		85	13
Acquisition of subsidiaries	30	(3 045)	(438)
Disposal of subsidiaries	31	403	4 306
Acquisition of joint ventures	32	(31)	(8)
Additional investment in existing subsidiaries	33	(240)	(63)
Additional investment in existing associates	33	(842)	—
Partial disposal of interest in subsidiaries	34	—	271
Acquisition of associates		(45)	(1 616)
Disposal of associates		1	19
Net cash movement in other investments and loans		46	(22)
<i>Net cash (utilised in)/from investing activities</i>		<b>(5 156)</b>	1 217
<b>Cash flows from financing activities</b>			
Proceeds from long-term loans raised		2 690	100
Repayments of long-term loans		(547)	(5 431)
Repayments of capitalised finance lease liabilities		(346)	(406)
Payments to finance share-based compensation expenses		(613)	(299)
Proceeds from share issue		—	17
Contributions by minority shareholders		—	12
Preference dividends received		164	144
Dividends paid by subsidiaries to minority shareholders		(320)	(307)
Dividend paid by holding company		(773)	(669)
Other		(20)	—
<i>Net cash from/(utilised in) financing activities</i>		<b>235</b>	(6 839)
Net increase/(decrease) in cash and cash equivalents		701	(1 709)
Foreign exchange translation adjustments on cash and cash equivalents		(678)	188
Cash and cash equivalents at beginning of the year		5 725	6 690
Cash and cash equivalents classified as held-for-sale at beginning of the year		79	635
Cash and cash equivalents classified as held-for-sale at end of the year	27	—	(79)
<b>Cash and cash equivalents at end of the year</b>	35	<b>5 827</b>	5 725

The accompanying notes are an integral part of these consolidated annual financial statements.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

### 1. NATURE OF OPERATIONS

Naspers Limited was incorporated in 1915 under the laws of the Republic of South Africa. The principal activities of Naspers and its operating subsidiaries, joint ventures and associated companies (collectively "the group") are the operation of pay television, internet and instant-messaging subscriber platforms, e-commerce platforms and the provision of related technologies and the publishing, distribution and printing of magazines, newspapers and books. These activities are conducted primarily in South Africa, sub-Saharan Africa, Central and Eastern Europe, China, Russia and Latin America.

### 2. PRINCIPAL ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated annual financial statements of the group are presented in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements. The consolidated financial statements are prepared according to the historic cost convention as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value with movements recognised in the income statement.

The preparation of the consolidated financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the statement of financial position date as well as affecting the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates. Refer to the individual notes for details of estimates, assumptions and judgements used.

#### (a) Basis of consolidation

The consolidated annual financial statements include the results of Naspers Limited and its subsidiaries, associates, joint ventures and related share incentive trusts.

#### Subsidiaries

The consolidated annual financial statements include the results of Naspers Limited and its subsidiaries. Subsidiaries are those companies in which the group, directly or indirectly, has an interest of more than half of the voting rights, or otherwise has the power to exercise control over their operations. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the group and are no longer consolidated from the date that effective control ceases. Similarly, the results of a subsidiary divested during an accounting period are included in the consolidated financial statements only to the date of disposal. For certain entities, the group has entered into contractual arrangements (such as nominee relationships and escrow arrangements), which allow the group, along with its direct interests in such entities, to control a majority of the voting rights or otherwise have power to exercise control over the operations of such entities. Because the group controls such entities in this manner they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions and balances are eliminated as part of the consolidation process. The interests of minority shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income, respectively. Where the losses attributable to the minority shareholders in a consolidated subsidiary exceed their interest in that subsidiary, the excess, and any further losses attributable to them, are recognised by the group and allocated to those minority interests only to the extent that the minority shareholders have a binding obligation and are able to fund the losses. Where the group previously did not recognise the minority shareholders' portion of losses and the subsidiary subsequently turns profitable, the group recognises all the profits until the minority shareholders' share of losses previously absorbed by the group has been recovered.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**2. PRINCIPAL ACCOUNTING POLICIES** (continued)**(a) Basis of consolidation** (continued)**Subsidiaries** (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The fair value of equity instruments issued as part of the acquisition is based on the published price at the date of the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The group applies the economic entity model in accounting for transactions with minority shareholders. In terms of this model, minority shareholders are viewed as equity participants of the group and all transactions with minorities are therefore accounted for as equity transactions and included in the statement of changes in equity. On acquisition of an interest from a minority shareholder, any excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired is allocated to a separate component of equity. Dilution profits and losses relating to non-wholly owned subsidiary entities are similarly accounted for in the statement of changes in equity in terms of the economic entity model.

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory) are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements. The book values of the acquired entity are the consolidated book values as reflected in the consolidated financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing control business combination reserve in equity. Where comparative periods are presented, the financial statements and financial information presented are not restated.

Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the group.

**Associated companies**

Investments in associated companies are accounted for under the equity method. Associated companies are those companies in which the group generally has between 20% and 50% of the voting rights, or over which the group exercises significant influence, but which it does not control.

Equity accounting involves recognising in the income statement the group's share of the associate's post-acquisition results net of taxation and minority interests in the associate. The group's share of post-acquisition movements in reserves is accounted for in the other comprehensive income of the group. The group's interest in the associate is carried on the statement of financial position at cost, adjusted for the group's share of the change in post-acquisition net assets, and inclusive of goodwill and other identifiable intangible assets recognised on acquisitions. Where the group's share of losses exceeds the carrying amount of its investment, the carrying amount of the investment as well as any loans to the associate are reduced to nil and no further losses are recognised, unless the group has incurred obligations to the associate or the group has guaranteed or committed to satisfy obligations of the associate. Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates, unless the loss provides evidence of an impairment of the asset transferred. Dilution profits and losses relating to associated companies are accounted for in the income statement. All major foreign associates have December year-ends, and the group's accounting policy is to account for a three-month lag period in reporting their results. Any significant transactions that occurred between December and the group's March year-end are taken into account.

Where necessary, accounting policies for associated companies have been changed to ensure consistency with the policies adopted by the group.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**2. PRINCIPAL ACCOUNTING POLICIES** (continued)**(a) Basis of consolidation** (continued)**Joint ventures**

The group's interest in jointly controlled entities is accounted for by way of proportionate consolidation. The group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of gains or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent third party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Where necessary, accounting policies for joint ventures have been changed to ensure consistency with the policies adopted by the group.

**(b) Investments**

The group classifies its investments in debt and equity securities into the following categories: at fair value through profit or loss, held-to-maturity, available-for-sale and loans and receivables. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of purchase and re-evaluates such designation on an annual basis. At fair value through profit or loss assets has two subcategories: financial assets held-for-trading and those designated as at fair value through profit or loss at inception. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or, if permitted to do so, designated by management. For the purpose of these financial statements short term is defined as a period of three months or less. The group does not hold financial assets for trading, therefore assets held as at fair value through profit or loss are designated as such on initial recognition. Derivatives are also classified as held-for-trading unless they are designated as hedges. The group has no at fair value through profit or loss, held-to-maturity or available-for-sale investments for the years ended 31 March 2010 and 31 March 2009.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date, which are classified as current assets. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term or that it has designated as at fair value through profit or loss or available-for-sale. Loans and receivables are included in non-current assets, except for maturities within 12 months from the statement of financial position date, which are classified as current assets. All other investments, including those that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity, changes in fair value or interest rates, are classified as available-for-sale. Available-for-sale assets are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. At fair value through profit or loss and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments and loans and receivables are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of at fair value through profit or loss investments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income.

The fair values of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as "profit/(loss) on sale of investments".

Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (c) Property, plant and equipment

Property, plant and equipment are stated at cost, being the purchase cost plus any cost to prepare the assets for their intended use, less accumulated depreciation and any accumulated impairment losses. Cost includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchase costs. Property, plant and equipment, with the exception of land, are depreciated in equal annual amounts over each asset's estimated useful life and to their residual values. Land is not depreciated as it is deemed to have an indefinite life. Depreciation periods vary in accordance with the conditions in the relevant industries, but are subject to the following range of useful lives:

» Buildings	20 – 50 years
» Manufacturing equipment	1 – 25 years
» Office equipment	2 – 13 years
» Improvements to buildings	3 – 15 years
» Computer equipment	1 – 5 years
» Vehicles	2 – 7 years
» Transmission equipment	4 – 12 years

The group applied the component approach whereby parts of some items of property, plant and equipment may require replacement at regular intervals. The carrying amount of an item of property, plant and equipment will include the cost of replacing the part of such an item when that cost is incurred if it is probable that future economic benefits will flow to the group and the cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic life.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed in the period in which they are incurred. A qualifying asset is an asset that takes more than a year to get ready for its intended use or sale. Borrowing costs are interest and other costs that the group incur in connection with the borrowing of funds. This includes interest expenses calculated using the effective interest method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings' interest cost. Where a range of debt instruments are used to borrow funds, or where the financing activities are coordinated centrally, a weighted average capitalisation rate is applied.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the group and the cost can be reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

The carrying values of property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced and the reduction is charged as an expense against income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds with the asset's carrying amount.

Work in progress is defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commences when they become available for use and depreciation periods are based on management's assessment of their useful lives.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (d) Leased assets

Leases of property, plant and equipment, except land, are classified as finance leases where, substantially all risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee. Assets classified as finance leases are capitalised at the lower of the fair value of the leased asset and the estimated present value of the underlying minimum lease payments, with the related lease obligation recognised at the estimated present value of the minimum lease payments. Bank rates are used to calculate present values of minimum lease payments. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long or short-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the third-party lessor are classified as operating leases. Operating lease rentals (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

#### (e) Goodwill and other intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. This is directly attributable to the expected future cash-generating ability of the acquired entity. Goodwill on acquisition of subsidiaries and joint ventures is included in "goodwill" on the statement of financial position. Goodwill on acquisitions of associates is included in "investments in associates". Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Patents, brand names, trademarks, title rights, concession rights, software and other similar intangible assets acquired are capitalised at cost. Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually as well as when an indication of possible impairment exists, and carried at cost less accumulated impairment losses. Where the carrying amount exceeds the recoverable amount, it is adjusted for impairment. Intangible assets with finite useful lives are being amortised using the straight-line or the diminishing balance method over their estimated useful lives. The useful lives and residual values of intangible assets are reassessed on an annual basis.

Amortisation periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

») Patents	20 years
») Title rights	20 years
») Brand names and trademarks	30 years
») Software	10 years
») Intellectual property rights	30 years
») Subscriber base	11 years
») Concession rights	3 years

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (e) Goodwill and other intangible assets (continued)

No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to the income statement in the period in which they are incurred.

The fair values of intangible assets with finite or infinite useful lives may be revalued due to valuation differences that arise on business combinations. These revaluations arise in business combinations which are achieved in stages and with the initial recognition of the acquiree's assets, liabilities and contingent liabilities by the acquirer. This does not signify that the group has elected to apply an accounting policy of revaluing these items after initial recognition. The valuation and impairment testing of intangible assets requires significant judgement by management.

Work in progress is defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not amortised. Amortisation on these assets commence when they become available for use and amortisation periods are based on management's assessment of their useful lives.

#### (f) Programme and film rights

##### *Programme material rights*

Purchased programme and film rights are stated at acquisition costs less accumulated amortisation. Programme material rights, which consist of the rights to broadcast programmes, series and films, are recorded at the date the rights come into license at the spot rates on the purchase date. The rights are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

Programme material rights contracted by the reporting date in respect of programmes, series and films not yet in license are disclosed as commitments.

##### *Programme production costs*

Programme production costs, which consist of all costs necessary to produce and complete a programme to be broadcast, are recorded at the lower of direct cost or net realisable value. Net realisable value is set at the average cost of programme material rights.

Programme production costs are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

All programme production costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.

##### *Sports events rights*

Sports events rights are recorded at the date that the period to which the events relate, commences at the rate of exchange ruling at that date. These rights are expensed over the period to which the events relate or where management has confirmed that it is its intention that the event will not be screened.

Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred. Rights to future sports events contracted by the reporting date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

#### (g) Impairment

##### *Financial assets*

The group assesses, at each statement of financial position date or when an indication of possible impairment exists, whether there is any objective evidence that an investment or group of investments is impaired. If any such evidence exists, the entity applies the following principles for each class of financial asset to determine the amount of any impairment loss.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**2. PRINCIPAL ACCOUNTING POLICIES** (continued)**(g) Impairment** (continued)**Financial assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced directly through profit and loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed through profit and loss. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The reversal is recognised in the income statement in the same line as the original impairment charge.

**Available-for-sale financial assets**

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income shall be removed from other comprehensive income and recognised in profit or loss even though the financial asset has not been derecognised. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale shall not be reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

**Other assets**

The group evaluates the carrying value of assets with finite useful lives annually and when events and circumstances indicate that the carrying value may not be recoverable. Indicators of possible impairment include, but are not limited to: significant underperformance relative to expectations based on historical or projected future operating results; significant changes in the manner of use of the assets or the strategy for the group's overall business; significant negative industry or economic trends and a significant and sustained decline in an investment's share price or market capitalisation relative to its net asset value. Intangible assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment or when an indication of possible impairment exists.

An impairment loss is recognised in the income statement when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less cost to sell, or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the recoverable amount exceeds the new carrying amount. The reversal of the impairment is limited to the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. The reversal of such an impairment loss is recognised in the income statement in the same line item as the original impairment charge.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (h) Development activities

##### **Research and development costs**

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be profitable considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding the limits stated in note (e). Development assets are tested for impairment annually and the impairment loss is recognised in the income statement when the carrying amount of the asset exceeds its recoverable amount. This loss is also reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the recoverable amount exceeds the new carrying amount. The reversal of the impairment is limited to the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. The reversal of such an impairment loss is recognised in the income statement in the same line item as the original impairment charge.

##### **Software and website development costs**

Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining software programs are recognised as an expense as incurred.

Website development costs are capitalised as intangible assets if it is probable that the expected future economic benefits attributable to the asset will flow to the group and its cost can be measured reliably, otherwise these costs are charged against operating profit as the expenditure is incurred.

#### (i) Inventory

Inventory is stated at the lower of cost or net realisable value. The cost of inventory is determined by means of the first-in first-out basis or the weighted average method. The majority of inventory is valued using the first-in first-out basis, but for certain inventories with a specific nature and use which differ significantly from other classes of inventory, the weighted average is used.

The cost of finished products and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes finance costs. Costs of inventories include the transfer from other comprehensive income of any gains or losses on qualifying cash flow hedges relating to inventory purchases. Net realisable value is the estimate of the selling price, less the costs of completion and selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

#### (j) Trade receivables

Trade receivables are recognised at fair value at the date of initial recognition, and subsequently carried at amortised cost less provision made for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the estimated recoverable amount.

#### (k) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand and deposits held at call with banks. Certain cash balances are restricted from immediate use according to terms with banks or other financial institutions. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**2. PRINCIPAL ACCOUNTING POLICIES** (continued)**(l) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowings.

**(m) Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The group recognises the estimated liability on all products still under warranty at the statement of financial position date. The group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Restructuring provisions are recognised in the period in which the group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the group are not provided in advance.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**(n) Taxation****Taxation rates**

The normal South African company tax rate used for the year ending 31 March 2010 is 28% (2009: 28%). Deferred tax assets and liabilities for South African entities at 31 March 2010 have been calculated using the 28% (2009: 28%) rate, being the rate that the group expects to apply to the periods when the assets are realised or the liabilities are settled. Secondary tax on companies ("STC") is calculated at 10% (2009: 10%), and capital gains tax is calculated at 50% of the company tax rate. International tax rates vary from jurisdiction to jurisdiction.

**Deferred taxation**

Deferred taxation is provided in full, using the statement of financial position liability method, for all taxable or deductible temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted, or where appropriate, substantially enacted tax rates are used to determine deferred taxation.

Using this method, the group is required to make provision for deferred taxation, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Provision for taxes, mainly withholding taxes, which could arise on the remittance of retained earnings, is only made if there is a current intention to remit such earnings.

The principal taxable or deductible temporary differences arise from depreciation on property, plant and equipment, other intangibles, provisions and other current liabilities, income received in advance, STC credits, finance leases and tax losses carried forward. Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

**Secondary tax on companies ("STC")**

Dividends declared by South African companies are subject to STC, but the STC liability is reduced by dividends received during the dividend cycle. Where the dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate. The STC expense is included in the taxation charge in the income statement in the period that the dividend is paid. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (o) Foreign currencies

The consolidated financial statements are presented in rand, which is the company's functional and presentation currency. However, the group separately measures the transactions of each of its material operations using the functional currency determined for that specific entity, which in most instances, but not always, is the currency of the primary economic environment in which the operation conducts its business.

##### **For transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the valuation reserve in other comprehensive income.

##### **For translation of group companies' results**

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- (iii) components of equity for each statement of changes in equity presented are translated at the historic rate, and
- (iv) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

#### (p) Derivative financial instruments

The group uses derivative instruments to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. These instruments mainly comprise foreign exchange contracts, interest rate caps and interest rate swap agreements. Foreign exchange contracts protect the group from movements in exchange rates by fixing the rate at which a foreign currency asset or liability will be settled. Interest rate caps and swap agreements protect the group from movements in interest rates. It is the policy of the group not to trade in derivative financial instruments for economically speculative purposes.

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in note 38. Movements on the hedging reserve are shown in the statement of comprehensive income.

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**2. PRINCIPAL ACCOUNTING POLICIES** (continued)**(p) Derivative financial instruments** (continued)

Derivative financial instruments are recognised in the statement of financial position at fair value. Derivatives are classified as non-current assets and liabilities except for derivatives with maturity dates within 12 months of the statement of financial position date, which are then classified as current assets or liabilities. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The group designates derivatives as either (1) a hedge of the fair value of a recognised asset or liability or firm commitment (fair value hedge), or (2) a hedge of a forecast transaction or of the foreign currency risk of a firm commitment (cash flow hedge), or (3) a hedge of a net investment in a foreign entity on the date a derivative contract is entered into.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, along with changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in other comprehensive income and the ineffective part of the hedge is recognised in the income statement. Where the forecast transaction or firm commitment, of which the foreign currency risk is being hedged, results in the recognition of an asset or a liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in other comprehensive income are transferred to the income statement and classified as income or expense in the same periods during which the hedged transaction affects the income statement.

Certain derivative transactions, while providing effective economic hedges under the group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the committed or forecast transaction ultimately is recognised in the income statement. When a committed or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. However, where the hedging instrument is not a derivative, all foreign exchange gains and losses arising on translation are recognised in the income statement.

Embedded derivatives are derivative instruments that are embedded in another contract or host contract. The group separates an embedded derivative from its host contract and accounts for it separately, when its economic characteristics are not clearly and closely related to those of the host contract. These separated embedded derivatives are classified as trading assets or liabilities and marked to market through the income statement, provided that the combined contract is not measured at fair value with changes through the income statement. The group classifies gains and losses on embedded derivative instruments as follows: while the asset related to the embedded derivative is recorded on the statement of financial position, any fair value adjustments are recorded as part of "Other finance income/(costs) – net". Once the embedded derivative is derecognised or realised, any foreign exchange gain or loss is recorded as part of "cost of providing services and goods sold" to match the cost of the item that was recognised in operating profit during that period.

**(q) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax ("VAT"), returns, rebates and discounts and after eliminating sales within the group.

**Product sales**

Sales are recognised upon delivery of products and customer acceptance, net of sales taxes, VAT and discounts, and after eliminating sales within the group. No element of financing is deemed present as the sales are made with credit terms, which are short term in nature.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (q) Revenue recognition (continued)

##### **Subscription fees**

Pay-television and internet subscription fees are earned over the period the services are provided. Subscription revenue arises from the monthly billing of subscribers for pay-television and internet services provided by the group. Revenue is recognised in the month the service is rendered. Any subscription revenue received in advance of the service being provided is recorded as deferred income and recognised in the month the service is provided.

##### **Circulation revenue**

Circulation revenue is recognised net of estimated returns in the month in which the magazine or newspaper is sold.

##### **Book publishing and sales**

Sales are recognised upon delivery of products and customer acceptance, net of sales taxes, VAT and discounts, and after eliminating sales within the group.

##### **Advertising revenues**

The group mainly derives advertising revenues from advertisements published in its newspapers and magazines, broadcast on its pay-television platforms and shown online on its websites and instant-messaging windows. Advertising revenues from pay-television and print media products are recognised upon showing or publication over the period of the advertising contract. Publication is regarded to be when the print media product has been delivered to the retailer and is available to be purchased by the general public. Online advertising revenues are recognised over the period in which the advertisements are displayed.

##### **Printing and distribution**

Revenues from print and distribution services are recognised upon completion of the services and delivery of the related product and customer acceptance, net of taxes, VAT and discounts, and after elimination of sales within the group. The recognition of print services revenue is based upon delivery of the product to the distribution depot and acceptance by the distributor of the customer, or where the customer is responsible for the transport of the customers' products, acceptance by the customer or its nominated transport company. Revenues from distribution services are recognised upon delivery of the product to the retailer and acceptance thereof.

Print and distribution services are separately provided by different entities within the group and separately contracted for by third-party customers. Where these services are provided to the same client, the terms of each separate contract are consistent with contracts where an unrelated party provides one of the services. Revenue is recognised separately for print and distribution services as the contracts are separately negotiated based on fair value for each service.

##### **Technology contracts and licensing**

For contracts with multiple obligations (eg maintenance and other services), revenue from product licences are recognised when delivery has occurred, collection of the receivables is probable, and the revenue associated with delivered and undelivered elements are reliably measured.

The group recognises revenue allocated to maintenance and support fees, for ongoing customer support and product updates ratably over the period of the relevant contracts. Payments for maintenance and support fees are generally made in advance and are non-refundable. For revenue allocated to consulting services and for consulting services sold separately, the group recognises revenue as the related services are performed.

The group enters into arrangements with network operators whereby application software is licensed to network operators in exchange for a percentage of the subscription revenue they earn from their customers. Where all of the software under the arrangement has been delivered, the revenue is recognised as the network operator reports to the group its revenue share, which is generally done on a quarterly basis. Under arrangements where the group has committed to deliver unspecified future applications, the revenue earned on the delivered applications is recognised on a subscription basis over the term of the arrangement.

##### **Contract publishing**

Revenue relating to any particular publication is brought into account in the month that it is published. Sales are recognised net of sales taxes, VAT and discounts, and after eliminating sales within the group.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**2. PRINCIPAL ACCOUNTING POLICIES** (continued)**(q) Revenue recognition** (continued)***Decoder maintenance revenue***

Decoder maintenance revenue is recognised over the period the service is provided.

***e-Commerce revenue***

e-Commerce revenue represents amounts receivable for services net of VAT and refunds. The group recognises listing and related fees on listing of an item for sale and success fees and any other relevant commission when a transaction is completed on the group's websites.

**(r) Other income**

Interest and dividends received on available-for-sale financial assets are included in investment income and not as part of the fair value movement in other comprehensive income. Interest is accrued on the effective yield method and dividends are recognised when the right to receive payment is established.

**(s) Employee benefits*****Retirement benefits***

The group provides retirement benefits for its full-time employees, primarily by means of monthly contributions to a number of defined contribution pension and provident funds in the countries in which the group operates. The assets of these funds are generally held in separate trustee-administered funds. The group's contributions to retirement funds are recognised as an expense in the period in which employees render the related service.

***Medical aid benefits***

The group's contributions to medical aid benefit funds for employees are recognised as an expense in the period during which the employees render services to the group.

***Post-retirement medical aid benefit***

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to post-retirement healthcare benefits is based on the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out annual valuations of these obligations. All actuarial gains and losses are recognised immediately in the income statement. The actuarial valuation method used to value the obligations is the projected unit credit method. Future benefits are projected using specific actuarial assumptions and the liability to in-service members is accrued over their expected working lifetime. These obligations are unfunded with the exception of the schemes of agreements entered into with employees from Media24 Limited and Via Afrika Limited.

***Termination benefits***

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. The group recognises these termination benefits when the group is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The group is demonstrably committed to a termination when the group has a detailed formal plan (with specified minimum contents) for the termination and it is without realistic possibility of withdrawal. Where termination benefits fall due more than 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits are based on the number of employees expected to accept the offer. Termination benefits are immediately recognised as an expense.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (t) Equity compensation benefits

The group grants share options/share appreciation rights ("SARs") to its employees under a number of equity compensation plans. In accordance with IFRS 2, the group has recognised an employee benefit expense in the income statement, representing the fair value of share options/SARs granted to the group's employees. A corresponding credit to equity has been raised for equity-settled plans, whereas a corresponding credit to liabilities has been raised for cash-settled plans. The fair value of the options/SARs at the date of grant under equity-settled plans is charged to income over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. For cash-settled plans, the group remeasures the fair value of the recognised liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

A share option scheme/SAR is considered equity-settled when the option/gain is settled by the issue of a Naspers N share. They are considered cash-settled when they are settled in cash or any other asset, ie not by the issue of a Naspers N share. Each share trust deed and SAR plan deed, as appropriate, indicates whether a plan is to be settled by the issue of Naspers shares or not.

Where shares are held or acquired by subsidiary companies for equity compensation plans, they are treated as treasury shares (see accounting policy below). When these shares are subsequently issued to participants of the equity compensation plans on the vesting date, any gains or losses realised by the plan is recorded in treasury shares.

#### (u) Treasury shares

Where subsidiaries hold shares in the holding company's share capital, the consideration paid to acquire these shares including any attributable incremental external costs is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, the cost of those shares are released, and any realised gains or losses are included in treasury shares. Shares issued to or held by share incentive plans within the group are treated as treasury shares until such time when participants pay for and take delivery of such shares. The same applies to treasury shares held by joint ventures.

#### (v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions. The group proportionally consolidate its share of the results of its associated companies in the various reporting segments. This is considered to be more reflective of the economic value of these investments.

#### (w) Discontinuing operations

A discontinuing operation results from the sale or abandonment of an operation that represents a separate, major line of business and for which the assets, net profits or losses and activities can be distinguished physically, operationally and for reporting purposes. The results of discontinuing operations up to the point of sale or abandonment, net of taxation, are separately disclosed.

#### (x) Recently issued accounting standards

The International Accounting Standards Board ("IASB") issued a number of standards, amendments to standards and interpretations during the financial year ended 31 March 2010. These amendments and standards will therefore be implemented by the group during the financial years as set out below:

- (i) Standards, amendments to standards and interpretations to existing standards effective in the year ended 31 March 2010:
- » IFRIC 13 "Customer Loyalty Programmes" addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. The group adopted this interpretation with no material effect on the group's financial statements.
- » IFRIC 18 "Transfers of Assets from Customers" was issued on 29 January 2009 and clarifies the accounting treatment of agreements in which an entity receives an item of property, plant and equipment from a customer that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The group adopted this interpretation with no material effect on the group's financial statements.

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**2. PRINCIPAL ACCOUNTING POLICIES** (continued)**(x) Recently issued accounting standards** (continued)

- )) On 12 March 2009 amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement" were issued. These amendments require entities to assess whether they need to separate an embedded derivative from a combined financial instrument when financial assets are reclassified out of the fair value through profit or loss category. The group adopted these amendments with no material effect on the group's financial statements.
  - )) IFRS 8 "Operating Segments" requires a management approach to reporting on financial performance of operating segments, but needs to be reconciled to IFRS amounts reported. IFRS 8 was published on 30 November 2006 and is effective for the group from its 31 March 2010 year-end. The group adopted this standard and is disclosed in note 36. The group early adopted the amendment to paragraph 23 issued during April 2009. The amendment allows the group not to disclose total assets for each reportable segment if not reviewed by the chief operating decision-maker.
  - )) A revised IAS 23 "Borrowing Costs" was issued with the main change being the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise borrowing costs as part of the cost of such assets. The group adopted these amendments with no material effect on the group's financial statements.
  - )) The revised IAS 1 "Presentation of Financial Statements" was issued and the main changes from the previous version are the introduction of the "statement of comprehensive income", "statement of financial position" and "statement of cash flows" (previously the income statement and statement of changes in equity, the balance sheet and cash flow statement). The group adopted these amendments for the current year ending 31 March 2010.
  - )) The amendments to IFRS 7 "Financial Instruments: Disclosure" require disclosures of financial instruments measured at fair value to be based on a three-level fair value hierarchy that reflects the significance of the inputs in such fair value measurements. The amendments also require additional qualitative and quantitative disclosures of liquidity risk. The group adopted these amendments as disclosed in note 38.
  - )) SAICA circular 3/2009 "Headline Earnings" was issued during August 2009 and supersedes the older circular 8/2007. The circular was updated with the amendments and revisions to IFRS issued between June 2007 and April 2008. The group adopted this circular for the current year ending 31 March 2010 and the effect is disclosed in note 28.
  - )) The following interpretations and amendments became effective during the year ended 31 March 2010, but had no effect on the group's financial statements: IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"; the amendment to IFRS 2 "Share-based Payment" that clarified the terms "vesting conditions" and "cancellations"; the amendments to IAS 32 and IAS 1 "Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation"; and the 22 May 2008 amendments to IFRS 1 "First-time Adoption of IFRS" and IAS 27 "Consolidated and Separate Financial Statements".
  - )) The annual improvements issued by the IASB during 2008 and 2009 which are effective have been adopted by the group with no material effect.
- (ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been earlier adopted by the group:
- )) IFRIC 17 "Distributions of Non-cash Assets to Owners" was issued on 27 November 2008 and clarifies the accounting treatment of non-cash dividend distributions. The group will adopt this interpretation in its financial year ending 31 March 2011 and is currently evaluating the effects.
  - )) IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" was issued on 26 November 2009 and clarifies the accounting treatment when an entity renegotiates the terms of its debt with the result that its debt is partly or fully extinguished. The group will adopt this interpretation in its financial year ending 31 March 2011 and is currently evaluating the effects.
  - )) The amendments to IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" were issued on 10 January 2008 and has a greater emphasis on the use of fair value, focusing on changes in control as a significant economic event and focusing on what is given to the vendor as consideration rather than to look at what was given to achieve the acquisition. The group will adopt these amendments in its financial year ending 31 March 2011 and is currently evaluating the effects.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 2. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (x) Recently issued accounting standards (continued)

- ») On 18 June 2009 the IASB issued amendments to IFRS 2 "Share-based Payment" that clarify the accounting for group cash-settled share-based payment transactions in an individual subsidiary's own financial statements. The group will adopt these amendments in its financial year ending 31 March 2011 and is currently evaluating the effects.
- ») During 2008, 2009 and 2010 the IASB issued "Improvements to International Financial Reporting Standards". These are non-urgent but necessary improvements, and consist of various amendments that the group has adopted during its financial year ended 31 March 2010 and will adopt in its financial year ending 31 March 2011.
- ») On 30 July 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement were issued. They clarify two hedge accounting issues, namely "inflation in a financial hedged item", and also how a one-sided risk in a hedged item should be accounted for. The group will adopt these amendments in its financial year ending 31 March 2011 and is currently evaluating the effects.
- ») The amendments to IAS 32 "Financial Instruments: Presentation" clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The group will adopt these amendments in its financial year ending 31 March 2011 and is currently evaluating the effects.
- ») The revised IAS 24 "Related party disclosures" was issued on 4 November 2009 and provides partial relief from the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. The group will adopt this revised standard in its financial year ending 31 March 2011 and is currently evaluating the effects.
- ») IFRS 9 "Financial Instruments" was issued on 12 November 2009 and addresses classification and measurement of financial assets as the first part of its project to replace IAS 39. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The group will adopt this revised standard in its financial year ending 31 March 2013 and is currently evaluating the effects.

The IASB issued IFRIC 15, amendments to IFRIC 14 and IFRS 1 (IFRS 7 disclosures), which are not applicable to the group. The details of this IFRIC are available on the IASB's website at ([www.iasb.org](http://www.iasb.org)).

### 3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES

#### Financial year ended 31 March 2010

During November 2009 the group contributed its 42,9% interest in Mail.ru as well as a cash consideration of R771m to acquire a 39% interest in Mail.ru Internet N.V. which, subsequent to a share swap, holds 100% of the investment in Mail.ru and Astrum Online Entertainment Holdings. The group continues to equity-account the investment.

During October 2009 the group acquired 51% of Korbitec (Proprietary) Limited for cash of R158m with an additional R51m contingent consideration. The group has recorded the purchase consideration, based on a preliminary appraisal, as follows: tangible assets R48m, intangible assets R135m, liabilities R21m and the balance to goodwill. The minorities' share of the above is R79m. The revenues and profits from the acquisition were not significant to the group's consolidated results for the year.

In September 2009 the group acquired 94,8% (diluted interest of 91%) of Brazilian e-commerce group BuscaPé.com Inc. for a consideration of approximately R2,7bn. This was funded from existing debt facilities. A put option of R89m over minorities is part of the purchase consideration. The group has recorded the purchase consideration based on a preliminary appraisal as follows: tangible assets R180m, intangible assets R394m, liabilities R228m and the balance to goodwill. The revenues and profits from the acquisitions were not significant to the group's consolidated results for the year.

In June 2009 the group announced a public tender offer to acquire Bankier.pl. The group finalised the transaction in August 2009 and acquired 83% of Bankier.pl. Subsequent to the initial 83% interest acquired, the group also acquired the remaining minorities. The group has recorded the total purchase consideration of R178m as follows: tangible assets R52m, intangible assets R33m and the balance to goodwill. The revenues and profits from the acquisition were not significant to the group's consolidated results for the year.

The group also made some other acquisitions for a combined cost of approximately R522m. Revenues and profits from these acquisitions were not significant to the group's consolidated results.

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES** (continued)**Financial year ended 31 March 2009**

In December 2008 the group acquired an additional 11,9% interest (10,3% on a diluted basis) in Mail.ru which brings the group's total shareholding in this associate to 44,4% (42,9% on a diluted basis). The purchase consideration of approximately R1,03bn was settled in cash. The difference of R759m between the fair value of the assets acquired and the purchase consideration has been provisionally allocated to goodwill as a final purchase price allocation exercise has not been completed.

In December 2008 MIH acquired a 37% interest in Xin'an Media, a cooperative joint venture in China, to engage in advertising, printing, distribution and other publication-related activities. Xin'an Media is permitted through its exclusive service contract to carry out the advertising and distribution of *Evening News* as well as the printing business. The purchase consideration of R315m was settled in cash. The group has recorded the purchase consideration, based upon an appraisal, as follows: net tangible assets of R133m, intangible assets of R162m and the balance to goodwill. The investment in Xin'an Media has been accounted for as an associate, as the group exercises significant influence over the company and not joint control.

In September 2008 the group acquired a 100% interest in Vatera.hu KFT ("Vatera") for a purchase consideration of R183m including transaction costs. Vatera is a Hungarian company that specialises in online auctioning. The purchase consideration has been settled in cash except for an amount of R1,7m which has been granted as a settlement loan by Vatera to the parties concerned. The group has recorded the purchase consideration, based upon a preliminary appraisal, as follows: net tangible assets of R2m, intangible assets of R54m and the balance to goodwill.

During August 2008 the group concluded the disposal of its 87,5% interest in the NetMed group for approximately R5,1bn before transaction costs of R67,5m. The transaction was accounted for as a discontinued operation in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations" and a profit on discontinuance of R2,97bn was recorded. Refer to note 27.

In August 2008 the group acquired a 25% interest in Buzz City PTE Limited ("Buzz City"), a private company registered in Singapore that offers internet services focusing on mobile communications and advertising. The purchase consideration for this interest of approximately R78m was paid in cash. This investment has been classified as an associate. The group has recorded the purchase consideration, based upon an appraisal, as follows: net tangible assets of R10m, intangible assets of R6,3m and the balance to goodwill.

During August 2008 the group sold an effective 3% in MIH Allegro B.V. to Garma B.V. for a total consideration of R274m. As a result of these transactions, the group's interest in MIH Allegro B.V. has decreased from 100% to 97%. The group's accounting policy for transactions with minorities is the "economic entity model", which requires that transactions with minorities are recorded in equity. The loss of R95m arising on this disposal (being the difference between the loan disposed of and the proceeds) has been recorded in equity.

The group acquired an additional 13,4% interest in Nimbuzz B.V. ("Nimbuzz") in July 2008 for a purchase consideration of approximately R84m which was settled in cash. This additional interest brings the group's total voting interest in Nimbuzz to 38,4%. When the initial 25% interest was acquired the company performed a purchase price allocation exercise and allocated the full difference between the purchase consideration and the net assets acquired to goodwill. Similarly, the same allocation has been made for the additional interest acquired resulting in R35m being allocated to goodwill.

During June 2008 the group acquired a 49% shareholding in Compera nTime Internet Movel S.A. ("Compera"), a Brazilian mobile content developer, for a cash consideration of R105m. During March 2009 the group acquired an additional 5% for R62m, increasing its total interest to 54%. This resulted in the investment becoming a subsidiary from 5 March 2009 (previously an associate), as the group exercises control over this investment. The difference between the purchase consideration and the fair value of the net assets acquired amounting to R86,8m has been allocated to goodwill of R80,9m and net intangible assets of R5,9m.

With effect from 7 March 2008 the group acquired a 100% interest in Tradus plc. The purchase price allocation was finalised during the current financial year. IFRS 3 requires that goodwill should be adjusted from the acquisition date by the adjustment to the fair value of assets and liabilities acquired and comparative information presented for the prior period should be presented as if the initial accounting had been completed at the acquisition date. Management has recorded the required reclassifications to adjust the comparative information as follows: goodwill decreased by R3,2bn, intangible assets increased by R3,9bn and deferred tax liabilities increased by R731m. The impact on the prior year income statement was not material.

The revenues and profits from the acquisitions were not significant to the group's consolidated results for the year.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2010 R'm	31 March 2009 R'm
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings – owned	1 180	1 162
Cost price	1 388	1 347
Accumulated depreciation and impairment	208	185
Land and buildings – leased	57	67
Cost price	105	110
Accumulated depreciation and impairment	48	43
Manufacturing equipment – owned	1 310	1 152
Cost price	2 102	1 941
Accumulated depreciation and impairment	792	789
Manufacturing equipment – leased	—	—
Cost price	—	4
Accumulated depreciation and impairment	—	4
Transmission equipment – owned	815	618
Cost price	1 382	1 034
Accumulated depreciation and impairment	567	416
Transmission equipment – leased	1 699	621
Cost price	3 177	2 619
Accumulated depreciation and impairment	1 478	1 998
Vehicles, computer and office equipment – owned	1 026	861
Cost price	2 251	1 994
Accumulated depreciation and impairment	1 225	1 133
Vehicles, computers and office equipment – leased	11	9
Cost price	15	11
Accumulated depreciation and impairment	4	2
Subtotal	6 098	4 490
Work in progress	392	264
<b>Net book value</b>	<b>6 490</b>	<b>4 754</b>
Total cost price	10 812	9 324
Accumulated depreciation and impairment	4 322	4 570
<b>Net book value</b>	<b>6 490</b>	<b>4 754</b>

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**4. PROPERTY, PLANT AND EQUIPMENT** (continued)

	Land and buildings R'm	Manu- facturing equipment R'm	Trans- mission equipment R'm	Vehicles, computers and office equipment R'm	Total 2010 R'm	Total 2009 R'm
<b>Cost</b>						
Opening balance	1 457	1 945	3 653	2 005	<b>9 060</b>	7 992
Joint venture activities	(1)	—	—	(17)	<b>(18)</b>	1
Foreign currency translation effects	(23)	(40)	(433)	(137)	<b>(633)</b>	272
Transfer from other intangible assets	(3)	2	7	31	<b>37</b>	—
Transferred to non-current assets held-for-sale	(17)	—	—	(2)	<b>(19)</b>	(118)
Acquisition of subsidiaries	1	—	—	23	<b>24</b>	41
Disposal of subsidiaries	—	—	—	—	<b>—</b>	(8)
Acquisitions	131	399	1 985	498	<b>3 013</b>	1 233
Assets damaged by fire	(24)	(178)	—	(7)	<b>(209)</b>	(97)
Disposals/scrappings	(28)	(26)	(653)	(128)	<b>(835)</b>	(256)
<b>Closing balance</b>	<b>1 493</b>	<b>2 102</b>	<b>4 559</b>	<b>2 266</b>	<b>10 420</b>	9 060
<b>Work in progress 31 March</b>					<b>392</b>	264
<b>Total cost</b>					<b>10 812</b>	9 324
<b>Accumulated depreciation and impairment</b>						
Opening balance	228	793	2 414	1 135	<b>4 570</b>	3 698
Joint venture activities	—	—	—	(13)	<b>(13)</b>	1
Foreign currency translation effects	(8)	(38)	(295)	(101)	<b>(442)</b>	201
Impairment	—	2	52	3	<b>57</b>	38
Transfer from other intangible assets	—	1	—	4	<b>5</b>	—
Transferred to non-current assets held-for-sale	(4)	—	—	(1)	<b>(5)</b>	(73)
Disposal of subsidiaries	—	—	—	—	<b>—</b>	(3)
Depreciation	50	112	397	319	<b>878</b>	910
Assets damaged by fire	(3)	(58)	—	(4)	<b>(65)</b>	(18)
Disposals/scrappings	(7)	(20)	(523)	(113)	<b>(663)</b>	(184)
<b>Closing balance</b>	<b>256</b>	<b>792</b>	<b>2 045</b>	<b>1 229</b>	<b>4 322</b>	4 570
Cost	1 493	2 102	4 559	2 266	<b>10 420</b>	9 060
Accumulated depreciation and impairment	256	792	2 045	1 229	<b>4 322</b>	4 570
<b>Net book value</b>	<b>1 237</b>	<b>1 310</b>	<b>2 514</b>	<b>1 037</b>	<b>6 098</b>	4 490
<b>Work in progress 31 March</b>					<b>392</b>	264
<b>Total net book value</b>					<b>6 490</b>	4 754

In terms of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" an assessment of the expected future benefits associated with property, plant and equipment was determined. Based on the latest available and reliable information there was a change in the estimated useful life and residual value, which resulted in a decrease in depreciation of R35,5m (2009: increase of R4,8m).

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**4. PROPERTY, PLANT AND EQUIPMENT** (continued)

During the current and prior years fires damaged manufacturing equipment at the group's printing plants. The net book value of the assets damaged by these fires was R143,9m (2009: R79,1m), and has been disclosed under "Other gains/(losses) – net" in the income statement. These assets have been written off, but were fully insured. The group received R326,6m (2009: R19,2m) from its insurers and is in the process of recovering the remaining insurance proceeds.

In addition to the damage caused by the fire the group recognised an impairment of property, plant and equipment with a net book value of R57,0m (2009: R38,4m). Included in the total impairment for 31 March 2010 is an impairment of R51,8m relating to a transponder with limited subscribers who were migrated to a different satellite on 31 May 2010. Commercial operation of this impaired transponder ceased on this date.

The impairment loss has been included in "Other gains/(losses) – net" in the income statement of which R51,8m has been included in the pay-television segment and R5,2m in the print segment. The recoverable amounts of the remaining assets have been determined based on a value in use calculation. The impairments resulted from the recoverable amounts of the assets being lower than the carrying value thereof.

The group has pledged property, plant and equipment with a carrying value of R1 843,4m at 31 March 2010 (2009: R765,8m) as security against certain term loans and overdrafts with banks.

Registers containing additional information on land and buildings are available for inspection at the registered offices of the respective group companies. The directors are of the opinion that the recoverable amount of each class of property exceeds the carrying amount at which it is included in the statement of financial position.

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>5. GOODWILL</b>		
<b>Cost</b>		
Opening balance	<b>15 407</b>	17 615
Foreign currency translation effects	<b>(1 163)</b>	(2 425)
Acquisition of subsidiaries	<b>2 766</b>	520
Disposal of subsidiaries	<b>—</b>	(6)
Acquisition of joint ventures	<b>24</b>	18
Reclassifications	<b>17</b>	—
Contingent consideration adjustments	<b>—</b>	46
Transferred to non-current assets held-for-sale	<b>—</b>	(361)
<b>Closing balance</b>	<b>17 051</b>	15 407
<b>Accumulated impairment</b>		
Opening balance	<b>49</b>	42
Acquisition of joint ventures	<b>1</b>	1
Currency translation differences	<b>(1)</b>	—
Impairment	<b>382</b>	6
<b>Closing balance</b>	<b>431</b>	49
<b>Net book value</b>	<b>16 620</b>	15 358

The group recognised impairment losses on goodwill of R381,9m (2009: R5,7m) during the financial year ended 31 March 2010 due to the fact that the recoverable amount of certain cash-generating units were less than their carrying value. Included in the total impairment charge is an amount of R335,4m which relates to our investment in GG Network S.A. (Gadu-Gadu). Gadu-Gadu's revenue model is mainly advertising driven and was negatively impacted by global economic conditions. The impairment charges have been included in "Other gains/(losses) – net" in the income statement of which R335,4m has been included in the internet segment and R46,5m in the print segment. The recoverable amounts have been based on value in use calculations.

During the year the group finalised the purchase price accounting for acquisitions in the prior year and no significant adjustments were required.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 5. GOODWILL (continued)

#### Impairment testing of goodwill

The group has allocated its goodwill to various cash-generating units. The recoverable amounts of these cash-generating units have been determined based on either a value in use calculation or on a fair value less costs to sell basis. The value in use is based on discounted cash flow calculations. The group based its cash flow calculations on three-to-five year budgeted and forecast information approved by senior management and the various boards of directors of group companies. Long-term average growth rates for the respective countries in which the entities operate or where more appropriate, the growth rate of the cash generating units, were used to extrapolate the cash flows into the future. Where the fair value was used to calculate recoverable amounts, it is based on publicly traded market prices. The discount rates used reflect specific risks relating to the relevant cash-generating units and the countries in which they operate. The group allocated goodwill to the following groups of cash-generating units:

	Net book value of goodwill R'm	Basis of determination of recoverable amount	Discount rate applied to cash flows %	Growth rate used to extrapolate cash flows %
<b>Groups of cash-generating units</b>				
Tradus plc.	8 305	Value in use	13,8	5,0
M-Net and SuperSport	3 569	Value in use	18,3	3,5
BuscaPé.com Inc. <sup>1</sup>	2 238	Value in use	17,0	8,0
GG Network S.A.	319	Value in use	20,2	4,0
Huntley Holdings (Proprietary) Limited	252	Value in use	18,3	3,5
Cloakware Inc.	250	Value in use	26,3	9,5
Molotok.ru (Russia)	192	Value in use	20,7	7,5
Moonfish Media OÜ	166	Value in use	18,1	4,5
Vatera.hu KFT	162	Value in use	19,7	5,0
Enriq Inc.	138	Value in use	21,7	7,5
Korbitec (Proprietary) Limited <sup>1</sup>	126	Value in use	18,5	4,0
Compera nTime Internet Movel S.A.	104	Value in use	22,4	8,0
Bankier.pl S.A.	93	Value in use	12,2	5,0
MXit Lifestyle (Proprietary) Limited	90	Value in use	20,6 – 26,4	4,0
Digital Mobile Television (Proprietary) Limited	75	Value in use	26,8	4,0
Irdeto Access B.V.	64	Value in use	15,8	2,5
Irdeto France S.A.S.	57	Value in use	15,9	2,5
Various other units	420	Value in use	Various	Various

**16 620**

#### Note

<sup>1</sup>The amounts of goodwill presented for the above cash-generating units represent acquisitions that were made during the year and represent the excess of the purchase consideration over the fair value of the assets acquired. A post-tax discount rate is applied as the value in use was determined using post-tax cash flows.

Goodwill represents the above cash-generating units' ability to generate future cash flows, which is a direct result of various factors, including customer relationships, technological innovations, content libraries, the quality of the workforce acquired, supplier relationships and possible future synergies.

If one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no significant effect on the future cash flows of the cash-generating units.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 6. OTHER INTANGIBLE ASSETS

31 March 2010

	Intellectual property rights and patents R'm	Subscriber base R'm	Brand names and title rights R'm	Concession rights R'm	Software R'm	Total 2010 R'm
<b>Cost</b>						
Opening balance	812	2 880	3 377	12	468	<b>7 549</b>
Joint venture activities	—	—	—	—	(1)	<b>(1)</b>
Foreign currency translation effects	(187)	(304)	(143)	(1)	(11)	<b>(646)</b>
Acquisition of subsidiaries	—	208	630	—	74	<b>912</b>
Disposal of subsidiaries	—	(1)	—	—	—	<b>(1)</b>
Acquisitions	37	32	3	—	166	<b>238</b>
Transfer to property, plant and equipment	—	(31)	1	—	(7)	<b>(37)</b>
Reclassifications	—	3	—	(3)	—	<b>—</b>
Disposals	—	(12)	(1)	—	(30)	<b>(43)</b>
<b>Closing balance</b>	<b>662</b>	<b>2 775</b>	<b>3 867</b>	<b>8</b>	<b>659</b>	<b>7 971</b>
<b>Work in progress</b>						<b>157</b>
<b>Total cost</b>						<b>8 128</b>
<b>Accumulated amortisation and impairment</b>						
Opening balance	249	1 202	443	2	224	<b>2 120</b>
Foreign currency translation effects	(39)	(90)	(11)	—	(12)	<b>(152)</b>
Impairment	—	—	2	—	—	<b>2</b>
Transfer to property, plant and equipment	—	(6)	—	—	1	<b>(5)</b>
Disposal of subsidiaries	—	(1)	—	—	—	<b>(1)</b>
Reclassifications	(1)	4	—	(3)	—	<b>—</b>
Disposals	—	(8)	(1)	—	(16)	<b>(25)</b>
Amortisation	56	799	257	1	100	<b>1 213</b>
<b>Closing balance</b>	<b>265</b>	<b>1 900</b>	<b>690</b>	<b>—</b>	<b>297</b>	<b>3 152</b>
<b>Net book value</b>	<b>397</b>	<b>875</b>	<b>3 177</b>	<b>8</b>	<b>362</b>	<b>4 819</b>
<b>Work in progress</b>						<b>157</b>
<b>Total net book value</b>						<b>4 976</b>

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**6. OTHER INTANGIBLE ASSETS** (continued)

31 March 2009

	Intellectual property rights and patents R'm	Subscriber base R'm	Brand names and title rights R'm	Concession rights R'm	Software R'm	Total 2009 R'm
<b>Cost</b>						
Opening balance	701	3 142	3 885	16	386	8 130
Joint venture activities	—	—	—	—	(2)	(2)
Foreign currency translation effects	95	(358)	(504)	(4)	4	(767)
Transferred to non-current assets held-for-sale	(1)	(90)	(49)	—	(1)	(141)
Acquisition of subsidiaries	2	52	55	—	18	127
Acquisitions	15	29	10	—	193	247
Reclassifications	—	111	(7)	—	(104)	—
Disposals	—	(6)	(13)	—	(26)	(45)
<b>Closing balance</b>	<b>812</b>	<b>2 880</b>	<b>3 377</b>	<b>12</b>	<b>468</b>	<b>7 549</b>
<b>Work in progress</b>						<b>128</b>
<b>Total cost</b>						<b>7 677</b>
<b>Accumulated amortisation and impairment</b>						
Opening balance	164	361	230	—	117	872
Foreign currency translation effects	19	28	—	—	11	58
Impairment	—	—	5	—	8	13
Transferred to non-current assets held-for-sale	—	(23)	(15)	—	—	(38)
Reclassifications	(5)	—	—	—	5	—
Disposals	—	(4)	(13)	—	(14)	(31)
Amortisation on continuing operations	71	840	236	2	97	1 246
<b>Closing balance</b>	<b>249</b>	<b>1 202</b>	<b>443</b>	<b>2</b>	<b>224</b>	<b>2 120</b>
<b>Net book value</b>	<b>563</b>	<b>1 678</b>	<b>2 934</b>	<b>10</b>	<b>244</b>	<b>5 429</b>
<b>Work in progress</b>						<b>128</b>
<b>Total net book value</b>						<b>5 557</b>

The group recognised impairment losses on other intangible assets of R2,0m (2009: R12,6m) during the financial year ended 31 March 2010 due to the fact that the recoverable amounts of certain cash-generating units were less than their carrying values. The impairment charges have been included in "Other gains/(losses) – net" on the income statement and in the print segment. The recoverable amounts have been based on value in use calculations with discount rates comparable to those used in assessing the impairment of goodwill.

In terms of IAS 8 an assessment of the expected future benefits associated with other intangible assets was determined. Based on the latest available and reliable information there was a change in the estimated useful life and residual value, which resulted in a decrease in amortisation of R4,0m (2009: decrease of R6,7m).

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

		<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>7. INVESTMENTS AND LOANS</b>			
<b>Investments in associates</b>			
Listed		<b>4 646</b>	3 591
Unlisted		<b>7 296</b>	7 076
<b>Total investments in associates</b>		<b>11 942</b>	10 667
<b>Investments and loans</b>			
<b>Loans to related parties</b>			
Unlisted			
Nimbuzz B.U.	[a]	<b>35</b>	—
MXit Lifestyle International Limited	[a]	<b>17</b>	—
Various other related parties	[a]	<b>29</b>	33
<i>Total long-term loans to related parties</i>		<b>81</b>	33
<b>Loans and receivables</b>			
Unlisted			
Thebe Scitech (Proprietary) Limited		<b>5</b>	7
Welkom Yizani preference shares		<b>391</b>	694
Phuthuma Nathi preference shares		<b>3 170</b>	3 093
Endowment policy for medical liability		<b>—</b>	55
<i>Total loans and receivables</i>		<b>3 566</b>	3 849
Accrued dividends included in preference shares		<b>(144)</b>	(216)
<i>Total loans and receivables excluding accrued dividends</i>		<b>3 422</b>	3 633
Short-term loans and receivables		<b>(3)</b>	(57)
<i>Long-term loans and receivables</i>		<b>3 419</b>	3 576
<b>Total investments and loans</b>		<b>3 647</b>	3 882
<b>Investments classified on statement of financial position</b>			
Non-current investments and loans		<b>3 500</b>	3 609
Current investments and loans		<b>3</b>	57
Accrued dividends classified under other receivables		<b>144</b>	216
		<b>3 647</b>	3 882

The market value of the group's listed investments in associates at 31 March 2010 amounted to R92,8bn (2009: R44,5bn). Tencent Holdings Limited contributed R92,7bn (2009: R44,4bn) and Beijing Media Corporation Limited R95,9m (2009: R57,3m). The valuation of total unlisted investments and loans, as approved by the directors of the respective group companies, amounted to R10,8bn (2009: R11,0bn).

Naspers has two major BEE ownership initiatives, Welkom Yizani Investments Limited ("Welkom Yizani"), which holds ordinary shares in Media24 Holdings (Proprietary) Limited and Phuthuma Nathi Investments Limited ("Phuthuma Nathi") which holds ordinary shares in MultiChoice South Africa Holdings (Proprietary) Limited. BEE participants funded 20% of their investment with cash and the remaining 80% was funded through the issuance of preference shares to Naspers Limited and MIH Holdings Limited. These preference shares are variable, cumulative, redeemable preference shares and are classified as loans and receivables.

The Welkom Yizani transaction was restructured during the year ended 31 March 2010. Welkom Yizani redeemed 21,1 million preference shares at a nominal value and the group agreed to waive R119m of arrear and accumulated undeclared preference dividends due to the group. The total refinancing charge of R330m was included in "Other gains/(losses) – net" in the income statement and in the corporate segment in the segment report. The preference dividend rate was reduced from 75% to 65% of the prime interest rate from December 2009. The carrying value for Welkom Yizani is R391,4m (2009: R694,4m).

The Phuthuma Nathi transaction was not affected by the Welkom Yizani restructuring and the carrying value for Phuthuma Nathi was R3,2bn (2009: R3,1bn) at 31 March 2010. Preference dividends are calculated at a rate of 75% (2009: 75%) of the prime interest rate.

[a] The nature of these related party relationships are that of joint ventures and associates.

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**7. INVESTMENTS AND LOANS** (continued)

The following information relates to Naspers Limited's financial interest in its significant subsidiaries, over which the group has voting control through its direct and indirect interests in respective intermediate holding companies and other entities:

Name of subsidiary	Effective percentage interest*		Nature of business	Country of incorporation	Functional currency	D or I
	2010 %	2009 %				
<b>LISTED COMPANIES</b>						
Bankier.pl S.A.	<b>100,0</b>	—	Finance and tax portal	Poland	PLN	I
<b>UNLISTED COMPANIES</b>						
Media24 Holdings (Proprietary) Limited	<b>85,0</b>	85,0	Print media company	South Africa	ZAR	D
Paarl Media Group (Proprietary) Limited	<b>85,0</b>	85,0	Printing	South Africa	ZAR	I
Touchline Media (Proprietary) Limited	<b>85,0</b>	85,0	Publishing of magazines	South Africa	ZAR	I
Boland Koerante (Eiendoms) Beperk	<b>85,0</b>	63,8	Publishing of newspapers	South Africa	ZAR	I
Via Afrika Limited	<b>85,0</b>	85,0	Publishing of books	South Africa	ZAR	I
MIH Holdings Limited	<b>100,0</b>	100,0	Investment holding	South Africa	ZAR	D
MultiChoice South Africa Holdings (Proprietary) Limited	<b>80,0</b>	80,0	Subscription television	South Africa	ZAR	I
Huntley Holdings (Proprietary) Limited	<b>80,0</b>	80,0	Internet service provider	South Africa	ZAR	I
MIH (Mauritius) Limited	<b>100,0</b>	100,0	Investment holding	British Virgin Islands	USD	I
MIH B.V.	<b>100,0</b>	100,0	Investment holding	The Netherlands	EUR	I
MultiChoice Africa Limited	<b>100,0</b>	100,0	Investment holding	Mauritius	USD	I
Irdeto Access B.V.	<b>100,0</b>	100,0	Technology development	The Netherlands	USD	I
M-Web (Thailand) Limited	<b>100,0</b>	100,0	Internet service provider	Thailand	THB	I
Electronic Media Network Limited	<b>80,0</b>	80,0	Pay-TV content provider	South Africa	ZAR	I
SuperSport International Holdings Limited	<b>80,0</b>	80,0	Pay-TV content provider	South Africa	ZAR	I
GG Network S.A.	<b>100,0</b>	100,0	Instant-messaging services	Poland	PLN	I
MIH Allegro B.V.	<b>97,0</b>	97,0	Investment holding	The Netherlands	EUR	I
QXL Poland	<b>97,0</b>	97,0	Internet e-commerce platform provider	Poland	PLN	I
MIH Ricardo B.V.	<b>100,0</b>	100,0	Investment holding	The Netherlands	EUR	I
Ricardo.ch AG	<b>100,0</b>	100,0	Internet e-commerce platform provider	Switzerland	CHF	I
BuscaPé.com Inc.	<b>94,8</b>	—	Comparative shopping and e-commerce	Brazil	BRL	I
Compera nTime Internet Movel S.A.	<b>54,0</b>	54,0	Mobile value-added services	Brazil	BRL	I
Korbitec (Proprietary) Limited	<b>51,0</b>	—	Property transfer e-commerce platform	South Africa	ZAR	I

D – Direct interest

I – Combined direct and indirect effective interest

\* – The percentage interest shown is the financial effective interest, after adjusting for the interests of the group's equity compensation plans treated as treasury shares.

Note – A register containing the number and class of shares in all investments held as subsidiaries is available for inspection at the group's registered office.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 7. INVESTMENTS AND LOANS (continued)

The following information relates to Naspers Limited's financial interest in its significant joint ventures, over which the group has joint voting control through its direct and indirect interests in respective intermediate holding companies and other entities:

Name of joint venture	Effective percentage interest*	Nature of business	Country of incorporation	Functional currency	D or I
	2010 %				
<b>UNLISTED COMPANIES</b>					
The Natal Witness Printing and Publishing Company (Proprietary) Limited	42,5	42,5 Publishing and printing of newspapers	South Africa	ZAR	I
MXit Lifestyle (Proprietary) Limited	24,4	24,4 Instant-messaging services	South Africa	ZAR	I
MIH India Global Internet Limited (ibibo) <sup>#</sup>	90,0	94,0 Internet-related services	India	INR	I
Pricetown sro	50,0	— Classifieds	Czech Republic	CZK	I
Glendover Ventures Limited	50,0	— Classifieds	Cyprus	UAH	I

D – Direct interest

I – Combined direct and indirect effective interest

\* – The percentage interest shown is the financial effective interest, after adjusting for the interests of the group's equity compensation plans treated as treasury shares.

# – Although ownership is greater than 50%, it is not consolidated as it is jointly controlled (refer to note 13).

Note – A register containing the number and class of shares in all investments held as joint ventures is available for inspection at the group's registered office.

#### Additional joint venture disclosure

The following is the group's interest in the combined summarised statements of financial position and income statements of the joint ventures as per their financial statements:

	31 March 2010 R'm	31 March 2009 R'm
<b>Statement of financial position information</b>		
Non-current assets	147	169
Current assets	232	239
<i>Total assets</i>	<b>379</b>	408
Non-current liabilities	494	560
Current liabilities	144	160
<i>Total liabilities</i>	<b>638</b>	720
<i>Total shareholders' equity</i>	<b>(259)</b>	(312)
<i>Total equity and liabilities</i>	<b>379</b>	408
<b>Income statement information</b>		
Revenue	542	604
Net loss	(108)	(208)

The group's interest in the joint ventures' capital commitments amounted to R17,0m (2009: R25,2m) and it had no interest in contingent liabilities at 31 March 2010 and 31 March 2009.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**7. INVESTMENTS AND LOANS** (continued)

The following information relates to Naspers Limited's financial interest in its significant associated companies:

Name of associated company	Effective percentage interest*	Nature of business	Country of incorporation	Func- tional currency	D or I
	2010 %				
<b>LISTED COMPANIES</b>					
Tencent Holdings Limited	<b>34,6</b>	35,1 Instant-messaging services	China	CNY	I
Beijing Media Corporation Limited	<b>9,9</b>	9,9 Print media, advertising and print-related services	China	CNY	I
<b>UNLISTED COMPANIES</b>					
Abril S.A.	<b>30,0</b>	30,0 educational books	Brazil	BRL	I
Mail.ru Internet N.V.	<b>39,0</b>	42,9 Internet-related services	The Netherlands	RUB	I
Nimbuzz B.V.	<b>43,6</b>	38,4 Internet-related services	The Netherlands	EUR	I
ACL Wireless Limited	<b>30,0</b>	30,0 Internet-related services	India	INR	I
Free State Cheetahs Rugby (Proprietary) Limited	<b>20,0</b>	20,0 Rugby operations	South Africa	ZAR	I
Natal Sharks (Proprietary) Limited	<b>32,0</b>	32,0 Rugby operations	South Africa	ZAR	I
Hunan Titan Culture Exchange Company Limited	<b>37,4</b>	37,4 Print media	China	CNY	I
Buzz City PTE Limited	<b>36,1</b>	25,0 Internet-related services	Singapore	SGD	I
Xin'an Media Company Limited (Anhui)	<b>37,0</b>	37,0 Print media	China	CNY	I

D – Direct interest

I – Indirect effective interest

\* – The percentage interest shown is the financial effective interest, after adjusting for the interests of the group's equity compensation plans treated as treasury shares.

Note – A register containing the number and class of shares in all investments held as associates are available for inspection at the group's registered office.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>7. INVESTMENTS AND LOANS</b> <i>(continued)</i>		
<b>Investment in associated companies</b>		
Opening balance	<b>10 667</b>	9 038
Associated companies acquired – gross consideration	<b>891</b>	1 702
Net assets acquired	<b>17</b>	492
Goodwill and intangibles recognised	<b>876</b>	1 168
Deferred taxation recognised	<b>(5)</b>	(54)
Other	<b>3</b>	96
Associated companies sold	<b>(1)</b>	(93)
Share of current year other reserve movements	<b>250</b>	(258)
Share of equity-accounted results	<b>2 417</b>	1 660
Net income before amortisation	<b>3 066</b>	1 961
Net loss before amortisation	<b>(49)</b>	(70)
Taxation	<b>(600)</b>	(231)
Equity-accounted results due to purchase accounting	<b>(423)</b>	(179)
Amortisation of other intangible assets	<b>(326)</b>	(272)
Release of purchase accounting goodwill	<b>(212)</b>	—
Realisation of deferred taxation	<b>115</b>	93
Impairment of equity-accounted investments	<b>(62)</b>	(214)
Dividends received	<b>(518)</b>	(98)
Foreign currency translation adjustments	<b>(1 343)</b>	(883)
Dilution profit/(loss)	<b>64</b>	(8)
<b>Closing balance</b>	<b>11 942</b>	10 667

The group recognised R2,1bn (2009: R1,5bn) as its share of equity-accounted results in the income statement.

Impairment losses on investments in associated companies of R62,2m (2009: R214,3m) has been recorded during the financial year ended 31 March 2010 due to the fact that the recoverable amounts of certain investments in associated companies were less than their carrying values. The impairment charges have been included in "Impairment of equity-accounted investments" on the income statement. Included in the total impairment charge for the current year is an impairment of R57,2m relating to Hunan Titan Culture Exchange Company Limited which has been included in the print segment.

The recoverable amounts of the other unlisted investments have been based on value in use calculations with discount rates comparable to those used in assessing the impairment of goodwill. Refer to note 5.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**7. INVESTMENTS AND LOANS** (continued)**Additional associate disclosure**

The following are the combined summarised statements of financial position and income statements of the associated companies as per their annual financial statements:

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>Statement of financial position information</b>		
Non-current assets	<b>10 997</b>	9 265
Current assets	<b>22 380</b>	20 443
<i>Total assets</i>	<b>33 377</b>	29 708
Non-current liabilities	<b>5 874</b>	5 285
Current liabilities	<b>10 689</b>	9 804
<i>Total liabilities</i>	<b>16 563</b>	15 089
<i>Total shareholders' equity</i>	<b>16 814</b>	14 619
<i>Total equity and liabilities</i>	<b>33 377</b>	29 708
<b>Income statement information</b>		
Revenue	<b>28 323</b>	24 940
Operating profit	<b>8 083</b>	6 284
Net profit	<b>7 035</b>	5 426

The group's interest in the associates' contingent liabilities as 31 March 2010 amounted to R247,3m (2009: R393,0m).

The following are entities with more than 50% ownership, which are not consolidated due to immaterial operations:

<b>Name of entity</b>	<b>Effective percentage interest</b>	<b>Country of incorporation</b>
Betung Cable (China) Limited	100,0	Hong Kong
Mkungumanga Limited	50,0	Kenya
International Co-Productions (Proprietary) Limited	100,0	South Africa
M-Net Intelprop Limited	100,0	Mauritius
Media24 Intelprop Holdings Limited	100,0	Mauritius
Zayle Investment (Proprietary) Limited	55,3	South Africa

The following entities are consolidated due to management control through shareholder agreements even though ownership is less than 50%. These entities would normally be accounted for as associates, but are now consolidated:

<b>Name of entity</b>	<b>Effective percentage interest</b>	<b>Country of incorporation</b>
MultiChoice Namibia (Proprietary) Limited	49,0	Namibia
Details Nigeria Limited	49,0	Nigeria

The following entities have less than 20% ownership, but are classified as associates as significant influence is established through cooperation agreements, board representation and the placement of key management:

<b>Name of entity</b>	<b>Effective percentage interest</b>	<b>Country of incorporation</b>
Beijing Media Corporation Limited	9,9	China
Vodacom Cheetahs (Proprietary) Limited	8,2	South Africa

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>8. PROGRAMME AND FILM RIGHTS</b>		
<b>Cost price</b>		
– programme rights	<b>1 974</b>	1 424
– film rights	<b>788</b>	776
	<b>2 762</b>	2 200
<b>Accumulated amortisation</b>		
– programme rights	<b>(1 044)</b>	(686)
– film rights	<b>(420)</b>	(445)
	<b>(1 464)</b>	(1 131)
<b>Net book value</b>		
– programme rights	<b>930</b>	738
– film rights	<b>368</b>	331
	<b>1 298</b>	1 069

A significant portion of the group's cash obligations under contracts for pay-television programming and channels is denominated in US dollars. The group uses forward exchange contracts to hedge the exposure to foreign currency risk. The group generally covers forward 50% to 100% of firm commitments in foreign currency for up to two years.

At 31 March 2010 the group had entered into contracts for the purchase of programme and film rights. The group's commitments in respect of these contracts amounted to R8,7bn (2009: R8,1bn).

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>9. DEFERRED TAXATION</b>		
<b>Opening balance</b>	<b>(505)</b>	(1 245)
Accounted for in income statement	<b>80</b>	563
Accounted for against reserves	<b>182</b>	26
Acquisition of subsidiaries and joint ventures	<b>(278)</b>	(1)
Disposal of subsidiaries	<b>—</b>	3
Foreign currency translation effects	<b>75</b>	140
Transferred to non-current assets held-for-sale	<b>—</b>	9
<b>Closing balance</b>	<b>(446)</b>	(505)

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**9. DEFERRED TAXATION** (continued)

The deferred taxation assets and liabilities and movement thereon were attributable to the following items:

	1 April 2009 R'm	Charged to income R'm	Charged to equity R'm	Acquisition of subsidiaries and joint ventures R'm	Foreign exchange adjustments R'm	31 March 2010 R'm
<b>Deferred taxation assets</b>						
Property, plant and equipment	24	52	—	—	(3)	<b>73</b>
Intangible assets	17	(2)	—	2	(13)	<b>4</b>
Receivables and other current assets	25	10	—	—	—	<b>35</b>
Provisions and other current liabilities	370	23	—	18	(6)	<b>405</b>
Capitalised finance leases	186	(82)	—	—	—	<b>104</b>
Programme and film rights	8	(1)	—	—	—	<b>7</b>
Income received in advance	19	59	—	—	—	<b>78</b>
Tax losses carried forward	1 780	116	—	19	(319)	<b>1 596</b>
Share-based compensation	93	(31)	—	—	(2)	<b>60</b>
STC credits	334	(82)	—	—	—	<b>252</b>
Capital gains tax credits on capital losses	91	(27)	—	—	—	<b>64</b>
Derivatives	6	20	120	—	3	<b>149</b>
Other	14	4	—	—	(6)	<b>12</b>
	2 967	59	120	39	(346)	<b>2 839</b>
Valuation allowance	1 812	240	—	8	(326)	<b>1 734</b>
	1 155	(181)	120	31	(20)	<b>1 105</b>
<b>Deferred taxation liabilities</b>						
Property, plant and equipment	328	132	—	—	(6)	<b>454</b>
Intangible assets	1 051	(314)	—	309	(87)	<b>959</b>
Receivables and other current assets	68	(19)	—	—	—	<b>49</b>
Provisions and other current liabilities	3	(3)	—	—	—	<b>—</b>
Capitalised finance leases	73	(73)	—	—	—	<b>—</b>
Derivatives	63	—	(63)	—	—	<b>—</b>
Programme and film rights	46	17	—	—	—	<b>63</b>
Other	28	1	2	—	(5)	<b>26</b>
	1 660	(259)	(61)	309	(98)	<b>1 551</b>
<b>Net deferred taxation</b>	(505)	78	181	(278)	78	<b>(446)</b>

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 9. DEFERRED TAXATION (continued)

Valuation allowances are created against the net deferred taxation assets, when it is probable that the deferred taxation assets will not be realised in the near future, due to the timing on available tax loss carry-forwards that arose on these losses or due to the uncertainty of the utilisation of STC credits. Further valuation allowances have been raised when it is uncertain whether future taxable profits will be available to utilise unused tax losses and timing differences.

	South Africa R'm	Rest of Africa R'm	Asia R'm	Europe R'm	Latin America and USA R'm	Other R'm	Total R'm
Valuation allowance	508	15	113	425	569	104	<b>1 734</b>

The group has tax losses carried forward of approximately R5,3bn (2009: R5,5bn). A summary of the tax losses carried forward at 31 March 2010 by tax jurisdiction and the expected expiry dates are set out below:

	South Africa R'm	Rest of Africa R'm	Asia R'm	Europe R'm	Latin America and USA R'm	Other R'm	Total R'm
Expires in year one	31	—	—	25	—	—	<b>56</b>
Expires in year two	6	—	—	—	—	—	<b>6</b>
Expires in year three	—	—	—	—	—	—	<b>—</b>
Expires in year four	—	—	11	—	—	—	<b>11</b>
Expires in year five	4	—	1	2	—	4	<b>11</b>
Expires after year five	1 335	94	96	1 584	1 595	466	<b>5 170</b>
	<b>1 376</b>	<b>94</b>	<b>108</b>	<b>1 611</b>	<b>1 595</b>	<b>470</b>	<b>5 254</b>

The ultimate outcome of additional taxation assessments may vary from the amounts accrued. However, management believes that any additional taxation liability over and above the amount accrued would not have a material adverse impact on the group's income statement and statement of financial position.

Deferred taxation assets and liabilities are offset when the income tax relates to the same fiscal authority and there is a legal right to offset at settlement. The following amounts are shown in the consolidated statement of financial position:

	31 March 2010 R'm	31 March 2009 R'm
<b>Classification on statement of financial position</b>		
Deferred taxation assets	<b>814</b>	871
Deferred taxation liabilities	<b>(1 260)</b>	(1 376)
<b>Net deferred taxation liabilities</b>	<b>(446)</b>	(505)

The group charged deferred income tax of R181,4m (2009: R26,2m) to other comprehensive income as a result of changes in the fair value of derivative financial instruments that relate to forecast transactions or commitments.

Total deferred taxation assets amount to R813,6m of which R108,5m will be utilised within the next 12 months and R705,1m after 12 months. Total deferred taxation liabilities amount to R1 260,5m of which R3,7m will be utilised within the next 12 months and R1 256,8m after 12 months.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>10. INVENTORY</b>		
<b>Carrying value</b>		
Raw materials	<b>166</b>	256
Finished products, trading inventory and consumables	<b>265</b>	309
Work in progress	<b>37</b>	35
Decoders, internet and associated components	<b>426</b>	268
Gross inventory	<b>894</b>	868
Provision for slow-moving and obsolete inventories	<b>(201)</b>	(127)
Net inventory	<b>693</b>	741
The total provision charged to write inventory down to net realisable value in the income statement amounted to R102,0m (2009: R42,0m), and reversals of these provisions amounted to R2,0m (2009: R3,9m). Inventories written down to net realisable value amounted to R17,4m (2009: R3,1m).		
<b>11. TRADE RECEIVABLES</b>		
<b>Carrying value</b>		
Trade accounts receivable, gross	<b>2 665</b>	2 446
Less: Provision for impairment of receivables	<b>(227)</b>	(213)
	<b>2 438</b>	2 233
The group has no accounts receivable pledged at 31 March 2010 (2009: Rnil) as security against certain term loans and overdrafts with banks. Trade receivables of Media24 Newspapers to the value of Rnil (2009: R7,2m) have been ceded in respect of finance structure loans.		
The movement in the allowance account for impairment of trade receivables during the year was as follows:		
<b>Provision for impairment of receivables</b>		
<b>Opening balance</b>	<b>(213)</b>	(161)
Additional provisions charged to income statement	<b>(99)</b>	(118)
Provisions reversed to income statement	<b>32</b>	21
Provisions utilised	<b>38</b>	47
Transferred to non-current assets held-for-sale	<b>—</b>	7
Foreign currency translation effect	<b>17</b>	(7)
Other	<b>(2)</b>	(2)
<b>Closing balance</b>	<b>(227)</b>	(213)

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**11. TRADE RECEIVABLES** (continued)

The ageing of trade receivables as well as the amount of provision per age class, for each of the reportable segments (excluding associates), is presented below:

	31 March 2010					
	Neither past due nor impaired R'm	30 days and older R'm	60 days and older R'm	90 days and older R'm	120 days and older R'm	Total R'm
<b>Pay television</b>	<b>710</b>	<b>173</b>	<b>29</b>	<b>12</b>	<b>32</b>	<b>956</b>
Provision	—	(17)	(22)	(9)	(26)	(74)
Total	710	156	7	3	6	882
<b>Internet</b>	<b>473</b>	<b>52</b>	<b>15</b>	<b>14</b>	<b>50</b>	<b>604</b>
Provision	—	(13)	(6)	(10)	(42)	(71)
Total	473	39	9	4	8	533
<b>Technology</b>	<b>109</b>	<b>17</b>	<b>17</b>	<b>4</b>	<b>54</b>	<b>201</b>
Provision	—	(1)	—	—	(34)	(35)
Total	109	16	17	4	20	166
<b>Print</b>	<b>634</b>	<b>147</b>	<b>47</b>	<b>15</b>	<b>61</b>	<b>904</b>
Provision	—	(6)	(1)	(3)	(37)	(47)
Total	634	141	46	12	24	857
<b>Total</b>	<b>1 926</b>	<b>389</b>	<b>108</b>	<b>45</b>	<b>197</b>	<b>2 665</b>
Provision	—	(37)	(29)	(22)	(139)	(227)
<b>Total</b>	<b>1 926</b>	<b>352</b>	<b>79</b>	<b>23</b>	<b>58</b>	<b>2 438</b>

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 11. TRADE RECEIVABLES (continued)

	31 March 2009					
	Neither past due nor impaired R'm	30 days and older R'm	60 days and older R'm	90 days and older R'm	120 days and older R'm	Total R'm
<b>Pay television</b>	498	173	39	47	34	791
Provision	—	(5)	(20)	(28)	(11)	(64)
Total	498	168	19	19	23	727
<b>Internet</b>	264	62	13	10	35	384
Provision	—	(41)	(5)	(6)	(29)	(81)
Total	264	21	8	4	6	303
<b>Technology</b>	84	19	24	19	91	237
Provision	—	(1)	—	—	(25)	(26)
Total	84	18	24	19	66	211
<b>Print</b>	687	211	37	26	73	1 034
Provision	—	(13)	—	(5)	(24)	(42)
Total	687	198	37	21	49	992
<b>Total</b>	1 533	465	113	102	233	2 446
Provision	—	(60)	(25)	(39)	(89)	(213)
<b>Total</b>	1 533	405	88	63	144	2 233

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>12. OTHER RECEIVABLES</b>		
Prepayments and accrued income	<b>960</b>	1 054
Receivables from minority shareholders	<b>10</b>	16
Staff debtors	<b>10</b>	11
VAT and related taxes receivable	<b>202</b>	195
Preference dividend accrual	<b>144</b>	216
Insurance proceeds	<b>152</b>	97
Transponder lease receivable	<b>82</b>	—
Other receivables	<b>311</b>	293
	<b>1 871</b>	1 882

**13. RELATED PARTY TRANSACTIONS AND BALANCES**

The group entered into transactions and has balances with a number of related parties, including equity investees, joint ventures, directors, shareholders and entities under common control. Transactions that are eliminated on consolidation are not included. The transactions and balances with related parties are summarised below:

**Sale of goods and services to related parties**

	Notes		
Jane Raphaely & Associates (Proprietary) Limited	[a]	—	17
New Media Publishers (Proprietary) Limited	[a]	<b>83</b>	78
Various other related parties	[a]	<b>20</b>	34
		<b>103</b>	129

**Note**

[a] The group receives revenue from a number of its related parties mainly for the printing and distribution of magazines and newspapers. The nature of these related party relationships are that of joint ventures and associates.

**Purchase of goods and services from related parties**

New Media Publishers (Proprietary) Limited	[a]	<b>4</b>	5
Natal Witness Printing & Publishing Company (Proprietary) Limited	[a]	<b>11</b>	11
Various other related parties	[a]	<b>10</b>	2
		<b>25</b>	18

**Note**

[a] The group purchases goods and services from a number of its related parties mainly for the printing and distribution of magazines and newspapers. The nature of these related-party relationships are that of joint ventures and associates.

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**13. RELATED PARTY TRANSACTIONS AND BALANCES** (continued)**Other transactions with related parties***Tencent Holdings Limited ("Tencent")*

The group entered into a number of intellectual property and know-how licensing agreements with Tencent. On 27 June 2002 Tencent granted a sole and exclusive licence to a group company to use, and to authorise its affiliates ("the operators"), which carry on business in sub-Saharan Africa (including South Africa), Indonesia, Thailand, Greece and Cyprus to use certain proprietary intellectual property and know-how of Tencent for a licence fee computed at 40% of gross revenue derived by the operators by using this proprietary information. The agreement is for a term of 15 years and expires in 2017.

MIH India Global Internet Limited ("MIH India"), a joint venture of the group, entered into a transaction with Tencent, pursuant to which Tencent granted to MIH India and its subsidiaries a licence to use Tencent's technology and content in India in consideration of MIH India granting an option to Tencent to subscribe for new shares of MIH India. The licence will be exclusive to MIH India for an initial period of seven years. Upon termination of the exclusive period, the licence will continue on a non-exclusive basis. Tencent will also provide additional support services to MIH India.

In December 2008 Tencent exercised its option for a 6% share in MIH India and another 4% in March 2010. The group has performed an assessment, as required by IAS 27 "Consolidated and Separate Financial Statements", to determine whether the group would still exert control over MIH India in the event that the remaining option is exercised. The option to acquire an additional interest is currently exercisable. Based on this assessment, if Tencent were to exercise its option in full, all decisions made by the board of directors would require approval by both the group and Tencent's directors. As such, the group will exert joint control, as defined in IAS 31 "Interests in Joint Ventures", over MIH India with Tencent. The group has consolidated 100% of all assets, liabilities, income and expenses of MIH India up to 31 December 2008 and the proportionate share of the group's interest in MIH India thereafter.

The option granted falls within the scope of IFRS 2 "Share-based Payments", as equity of the company is being given in exchange for goods and services to be received. The group has therefore performed a calculation to determine the fair value of the option during 2009, which amounted to R31,5m and is being amortised over a seven-year period, being the licence period.

The balances of advances, deposits, receivables and payables between the group and related parties are as follows:

	Notes	31 March 2010 R'm	31 March 2009 R'm
<b>Receivables</b>			
New Media Publishers (Proprietary) Limited	[a]	20	21
Various other related parties	[a]	6	6
		<b>26</b>	<b>27</b>
<b>Payables</b>			
Tencent Technology (Shenzhen) Company Limited	[b]	—	21
New Media Publishers (Proprietary) Limited	[a]	2	9
Various other related parties	[a]	7	13
		<b>9</b>	<b>43</b>

Refer to note 7 for long-term loans to related parties.

**Notes**

[a] The group purchases goods and services from a number of its related parties mainly for the printing and distribution of magazines and newspapers. The nature of these related party relationships are all that of joint ventures and associates.

[b] The 6% stake purchased by Tencent during December 2008 in MIH India resulted in a shareholder loan payable to Tencent.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	<b>31 March 2010 R'000</b>	31 March 2009 R'000
<b>13. RELATED PARTY TRANSACTIONS AND BALANCES</b> <i>(continued)</i>		
<b>Directors' emoluments</b>		
<b>Non-executive directors</b>		
Fees for services as directors	<b>6 409</b>	5 432
Fees for services as directors of subsidiary companies	<b>5 247</b>	4 767
	<b>11 656</b>	10 199

No director has a notice period of more than one year.

No director's service contract includes predetermined compensation as a result of termination that would exceed one year's salary and benefits.

The individual directors received the following remuneration and emoluments during the current financial year:

<b>Executive directors</b>	<b>Salary R'000</b>	<b>Bonuses and performance- related fees R'000</b>	<b>Pension contributions R'000</b>	<b>Total R'000</b>
<b>2010</b>				
S J Z Pacak	<b>2 820</b>	<b>3 135</b>	<b>280</b>	<b>6 235</b>
J P Bekker	—	—	—	—
	<b>2 820</b>	<b>3 135</b>	<b>280</b>	<b>6 235</b>
<b>2009</b>				
S J Z Pacak	2 660	2 365	300	5 325
J P Bekker	—	—	—	—
	2 660	2 365	300	5 325

Remuneration received by executive directors for other services paid by subsidiary companies totalled R3,1m (2009: R2,1m).

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### Directors' emoluments (continued)

The individual directors received the following remuneration and emoluments during the current financial year:

Non-executive directors	Directors' fees		Committee <sup>1</sup> and trustee <sup>2</sup> fees			Directors' fees		Committee <sup>1</sup> and trustee <sup>2</sup> fees		Total 2009 R'000
	Paid by company R'000	Paid by subsidiaries R'000	Paid by company R'000	Paid by subsidiaries R'000	Total 2010 R'000	Paid by company R'000	Paid by subsidiaries R'000	Paid by company R'000	Paid by subsidiaries R'000	
T Vosloo <sup>3</sup>	1 887	1 233	—	95	3 215	1 682	1 357	—	88	3 127
J J M van Zyl <sup>3</sup>	354	578	390	176	1 498	311	675	382	161	1 529
L N Jonker	354	—	42	—	396	311	—	17	—	328
N P van Heerden <sup>3</sup>	354	80	—	—	434	311	76	—	—	387
B J van der Ross	354	—	—	—	354	311	—	—	—	311
G J Gerwel <sup>3</sup>	354	557	90	67	1 068	311	525	84	36	956
H S S Willemse	354	—	42	—	396	311	—	17	—	328
F-A du Plessis	354	—	135	137	626	311	—	135	129	575
T M F Phaswana <sup>3</sup>	354	124	—	—	478	311	175	—	—	486
L P Retief <sup>3</sup>	354	1 687	—	130	2 171	181	927	—	257	1 365
R C C Jafta <sup>3</sup>	354	186	135	197	872	311	175	135	186	807
D Meyer	148	—	—	—	148	—	—	—	—	—
	5 575	4 445	834	802	11 656	4 662	3 910	770	857	10 199

#### Notes on non-executive directors' remuneration

**Note 1:** Committee fees include fees for the attendance of the audit committee, the human resources committee and the nomination committee meetings of the board.

**Note 2:** Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds.

**Note 3:** Director's fees include fees for services as directors of Media24 Limited, Paarl Media Holdings (Proprietary) Limited, Via Afrika Limited, MIH Holdings Limited, MIH (Mauritius) Limited, Myriad International Holdings B.V. and MultiChoice South Africa Holdings (Proprietary) Limited.

#### Directors' interests in scheme shares of the Naspers Share Incentive Scheme

The executive directors of Naspers are allowed to participate in the Naspers Share Incentive Scheme. Details as at 31 March 2010 in respect of the executive directors' participation in scheme shares not yet released, are as follows:

Name	Purchase date	Number of N shares	Purchase price	Release period
J P Bekker <sup>1</sup>	2008/03/31	3 895 936	R167,23	2011/03/31
	2008/03/31	3 895 936	R176,11	2012/03/31
	2008/03/31	3 895 936	R185,56	2013/03/31
S J Z Pacak <sup>2</sup>	2006/07/08	50 000	R114,52	2010/07/08
	2006/07/08	50 000	R114,52	2011/07/08

<sup>1</sup> The managing director of Naspers has allocations, as indicated above, under the share incentive scheme, in terms of which Naspers N ordinary shares can be acquired at certain prices, with the vesting of the various tranches taking place over periods of five years. The purchase prices relating to the allocations were set at the middle market price of the shares on the purchase date, but increased by anticipated inflation over the course of the vesting periods of three, four and five years respectively, for each of the tranches. Inflation expectations were calculated by the Bureau for Economic Research of the University of Stellenbosch. The managing director does not earn any remuneration from the group, in particular no salary, bonus, car scheme, medical or pension contributions of any nature whatsoever. The managing director's contract is for a five-year period, which started on 1 April 2008. No compensation will apply to termination.

<sup>2</sup> With effect from 1 April 2009 Mr S J Z Pacak was reappointed as financial director.

On 30 March 2010 a total of 10 000 released Naspers N ordinary shares were sold by Mr S J Z Pacak upon payment of an average price of R23,50 per share (the original average offer prices based on the listed market prices of Naspers Limited N ordinary shares on the dates of the offers) due to the Naspers Share Incentive Trust, at an average selling price of R315,33 per Naspers N ordinary share.

#### Directors' interest in MIH (Mauritius) Limited Share Incentive Scheme

At 31 March 2010 a total of 556 000 (2009: 584 000) Naspers N ordinary shares were allocated to Mr S J Z Pacak with vesting periods until 27 February 2014.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 13. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

**Directors' interest in Naspers shares**

The directors of Naspers have the following interests in Naspers A ordinary shares on 31 March 2010:

Name	31 March 2010 Naspers A ordinary shares Beneficial			31 March 2009 Naspers A ordinary shares Beneficial		
	Direct	Indirect	Total	Direct	Indirect	Total
J J M van Zyl	745	—	745	745	—	745

Mr J P Bekker has an indirect 25% interest in Wheatfields 221 (Proprietary) Limited, which controls 168 605 Naspers Beleggings Beperk ordinary shares, 16 860 500 Keeromstraat 30 Beleggings Beperk ordinary shares and 133 350 Naspers A shares.

No other director of Naspers had any direct interest in Naspers A ordinary shares at 31 March 2010 or 31 March 2009.

The directors of Naspers have the following interests in Naspers N ordinary shares on 31 March:

Name	31 March 2010 Naspers N ordinary shares Beneficial			31 March 2009 Naspers N ordinary shares Beneficial		
	Direct	Indirect	Total	Direct	Indirect	Total
T Vosloo	—	213 000	213 000	25 000	260 000	285 000
J P Bekker	—	4 688 691	4 688 691	—	4 688 691	4 688 691
J J M van Zyl	50 361	190 796	241 157	50 361	190 796	241 157
L N Jonker <sup>(4)</sup>	1 000	52 000	53 000	1 000	65 000	66 000
N P van Heerden	—	2 600	2 600	—	2 600	2 600
B J van der Ross	—	—	—	—	—	—
G J Gerwel	—	—	—	—	—	—
H S S Willemse	—	3 120	3 120	—	3 120	3 120
F-A du Plessis	—	—	—	—	—	—
T M F Phaswana	3 530	—	3 530	3 530	—	3 530
L P Retief <sup>(1)</sup>	—	—	—	—	—	—
R C C Jafta	—	—	—	—	—	—
S J Z Pacak <sup>(2)</sup>	122 510	307 548	430 058	59 510	284 214	343 724
D Meyer <sup>(3)</sup>	—	—	—	—	—	—
	<b>177 401</b>	<b>5 457 755</b>	<b>5 635 156</b>	139 401	5 494 421	5 633 822

**Notes**

(1) The Media24 group entered into a contract with the Retief family trust in October 2008, which contains a put option whereby the Retief family trust can enforce a buy-out by Media24 group of their remaining interest in Paarl Media Holdings (Proprietary) Limited (currently 5%) and Paarl Coldset (Proprietary) Limited (currently 12,6%). Mr L P Retief, a director of Naspers Limited, is a related party to the Retief family trust.

(2) With effect from 1 April 2009 Mr S J Z Pacak was reappointed as financial director. The comparatives have been adjusted accordingly.

(3) Prof D Meyer was appointed as a director with effect from 25 November 2009.

(4) Mr L N Jonker's indirect shares were reclassified from non-beneficial to beneficial. The comparatives have been adjusted accordingly.

There have been no changes to the directors' interests in the table above between the end of the financial year and 30 June 2010.

**Key management remuneration and participation in share-based incentive plans**

Comparatives have not been restated to account for the change in the composition of key management.

The total of executive directors' and key management emoluments amounted to R416,2m (2009: R371,2m), comprising short-term employee benefits of R93,6m (2009: R90,6m), post-employment benefits of R7,1m (2009: R7,1m) and a share-based payment charge of R315,5m (2009: R273,5m). The aggregate number of share options granted to the executive directors and key management during the 2010 financial year and the number of shares allocated to the executive directors and key management at 31 March 2010 respectively are:

For shares listed on a recognised stock exchange as follows: 318 197 (2009: 783 938) Naspers Limited N ordinary shares were allocated during the 2010 financial year and an aggregate of 23 292 521 (2009: 23 343 360) N ordinary shares were allocated as at 31 March 2010.

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**13. RELATED PARTY TRANSACTIONS AND BALANCES** (continued)**Key management remuneration and participation in share-based incentive plans** (continued)

For shares in unlisted companies as follows: nil (2009: nil) Media24 Limited ordinary shares were allocated during 2010 and an aggregate of 9 480 (2009: 18 971) ordinary shares were allocated as at 31 March 2010; nil (2009: nil) Irdeto Access B.V. ordinary shares were allocated during 2010 and an aggregate of 200 000 (2009: 200 000) ordinary shares were allocated as at 31 March 2010; nil (2009: nil) Paarl Media Holdings (Proprietary) Limited ordinary shares were allocated during 2010 and an aggregate of nil (2009: 30 000) ordinary shares were allocated as at 31 March 2010; nil (2009: nil) MIH China (BVI) Limited ordinary shares were allocated during 2010 and an aggregate of 18 876 (2009: 23 941) shares were allocated as at 31 March 2010; nil (2009: nil) Entriq (Mauritius) Limited shares were allocated during 2010 and an aggregate of 420 000 (2009: 420 000) shares were allocated as at 31 March 2010; nil (2009: nil) MediaZone Holdings B.V. ordinary shares were allocated during 2010 and an aggregate of 100 000 (2009: 100 000) shares were allocated as at 31 March 2010; 225 599 (2009: 200 000) MIH India (Mauritius) Limited ordinary shares were allocated during 2010 and an aggregate of 2 799 758 (2009: 2 705 823) shares were allocated as at 31 March 2010; 367 586 (2009: nil) MIH Russia Internet B.V. ordinary shares were allocated during 2010 and an aggregate of 553 960 (2009: 194 612) shares were allocated as at 31 March 2010; 55 667 (2009: nil) MIH BuscaPé ordinary shares were allocated during 2010 and an aggregate of 55 667 (2009: nil) shares were allocated as at 31 March 2010.

For share appreciation rights (SARs) in unlisted companies as follows: nil (2009: 84 567) Media24 SARs were allocated during 2010 and an aggregate of 493 919 (2009: 804 328) SARs were allocated as at 31 March 2010; nil (2009: nil) MCA SARs were allocated during 2010 and an aggregate of 606 069 (2009: 859 148) SARs were allocated as at 31 March 2010; nil (2009: nil) M-Net/SuperSport SARs were allocated during 2010 and an aggregate of 262 005 (2009: 479 472) SARs were allocated as at 31 March 2010; 33 333 (2009: 23 500) MIH Brazil SARs were allocated during 2010 and an aggregate of 179 248 (2009: 147 601) SARs were allocated as at 31 March 2010; nil (2009: 31 910) Gadu-Gadu 2008 SARs were allocated during 2010 and an aggregate of 31 910 (2009: 31 910) SARs were allocated as at 31 March 2010; 68 900 (2009: 90 890) Irdeto 2008 SARs were allocated during 2010 and an aggregate of 159 790 (2009: 90 890) SARs were allocated as at 31 March 2010; 247 217 (2009: 86 155) MultiChoice 2008 SARs were allocated during 2010 and an aggregate of 316 527 (2009: 86 155) SARs were allocated as at 31 March 2010; 20 000 (2009: 109 449) MIH Allegro 2008 SARs were allocated during 2010 and an aggregate of 129 449 (2009: 109 449) SARs were allocated as at 31 March 2010; 2 842 (2009: 8 905) MIH China 2008 SARs were allocated during 2010 and an aggregate of 11 747 (2009: 8 905) SARs were allocated as at 31 March 2010; nil (2009: 17 820) Cloakware Inc. 2008 SARs were allocated during 2010 and an aggregate of nil (2009: 17 820) SARs were allocated as at 31 March 2010; nil (2009: 58 195) MIH Entriq Investments 2008 SARs were allocated during 2010 and an aggregate of nil (2009: 58 195) SARs were allocated as at 31 March 2010; nil (2009: 104 106) MIH Ricardo 2008 SARs were allocated during 2010 and an aggregate of 104 106 (2009: 104 106) SARs were allocated as at 31 March 2010; 7 358 (2009: nil) Allegro 2009 SARs were allocated during 2010 and an aggregate of 7 358 (2009: nil) SARs were allocated as at 31 March 2010.

These shares and SARs were granted on the same terms and conditions as those offered to employees of the group.

**14. SHARE CAPITAL AND PREMIUM****Authorised**

1 250 000 A ordinary shares of R20 each  
500 000 000 N ordinary shares of 2 cents each

**31 March  
2010**  
R'm

31 March  
2009  
R'm

**25**  
**10**  
**35**

25  
10  
35

**Issued**

712 131 A ordinary shares of R20 each (2009: 712 131)  
405 885 411 N ordinary shares of 2 cents each (2009: 404 305 411)

**14**  
**8**  
**22**

14  
8  
22

**Share premium**

**19 018**  
**19 040**  
**(1 517)**  
**(3 056)**  
**14 467**

18 585  
18 607  
(688)  
(2 845)  
15 074

Less: Accumulated losses on vesting of equity compensation

Less: 31 577 777 (2009: 31 854 868) N ordinary shares held as treasury shares at cost

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**14. SHARE CAPITAL AND PREMIUM** (continued)**Treasury shares**

The group holds a total of 31 577 777 N ordinary shares (2009: 31 854 868), or 7,8% (2009: 7,9%) of the gross number in issue at 31 March 2010 as treasury shares. Equity compensation plans hold 26 868 506 of the N ordinary shares (2009: 27 145 597) and the remaining 4 709 271 N ordinary shares (2009: 4 709 271) are held by various group companies.

**Voting and dividend rights**

The A ordinary shareholders are entitled to 1 000 votes per share and may receive nominal dividends as determined from time to time by the board of directors, but always limited to one-fifth of the dividend to which N ordinary shareholders are entitled. The A ordinary shareholders do not have a right to receive a dividend when dividends are declared to N ordinary shareholders, although a dividend to A ordinary shareholders could be proposed by the board. In respect of all other rights, the A ordinary shares rank *pari passu* with the N ordinary shares of the company. Naspers Beleggings Beperk holds 350 000 (2009: 350 000) A ordinary shares and Keeromstraat 30 Beleggings Beperk holds 219 344 (2009: 219 344) A ordinary shares of the total 712 131 A ordinary shares in issue at the year-end. As a result of the voting rights attached to these shares, the companies have significant influence over the group. The majority of the directors on the boards of these companies are also directors of Naspers Limited. Wheatfields 221 (Proprietary) Limited controls 133 350 (2009: 133 350) A ordinary shares.

**Unissued share capital**

The directors of the company have unrestricted authority until after the following annual general meeting to allot and issue the unissued 537 869 A ordinary shares and 94 114 589 N ordinary shares in the company, subject to the provisions of section 221 of the Companies Act, 1973, and the JSE Listings Requirements.

	<b>2010</b>	2009
	<b>Number of N shares</b>	Number of N shares
<b>Movement in N ordinary shares in issue during the year</b>		
Shares in issue at 1 April	<b>404 305 411</b>	403 309 411
Shares issued to share incentive trusts	<b>1 580 000</b>	996 000
<b>Shares in issue at 31 March</b>	<b>405 885 411</b>	404 305 411
<b>Movement in N ordinary shares held as treasury shares during the year</b>		
Shares held as treasury shares at 1 April	<b>31 854 868</b>	32 751 381
Shares issued to share incentive trusts	<b>1 580 000</b>	996 000
Shares acquired by participants from equity compensation plans	<b>(1 857 091)</b>	(1 892 513)
<b>Shares held as treasury shares at 31 March</b>	<b>31 577 777</b>	31 854 868
<b>Net number of N ordinary shares in issue at 31 March</b>	<b>374 307 634</b>	372 450 543
	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>Share premium</b>		
Balance at 1 April	<b>18 585</b>	18 462
Share premium on share issues	<b>433</b>	159
Gains on vesting of equity compensation transferred to treasury shares	<b>—</b>	(36)
<b>Balance at 31 March</b>	<b>19 018</b>	18 585

Refer to note 39 for share options in employee share incentive plans.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**14. SHARE CAPITAL AND PREMIUM** (continued)**Capital management**

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk.

Naspers relies upon distributions from its subsidiaries, associated companies, joint ventures and other investments to generate the funds necessary to meet the obligations and other cash flow requirements of the combined group. The operations of Naspers have been funded in a number of ways in the past. The internet and technology development activities were primarily funded by cash generated by the pay-television businesses and some debt financing.

Media24 used its statement of financial position and cash-generating capacity to utilise debt to finance its property, plant and equipment refurbishment and certain acquisitions.

Naspers's general business approach has been to acquire developing businesses and to provide funding to meet the cash needs of the business until it can, within a reasonable period of time, become self-funding. Funding is provided through a combination of loans and share capital, depending on the country-specific regulatory requirements. From a subsidiary's perspective, intergroup loan funding is generally considered to be part of the capital structure. The focus on increased profitability and cash flow generation will continue in the foreseeable future, although Naspers will continue to actively evaluate potential growth opportunities within its areas of expertise. Naspers will also grow its business in the future by making equity investments in growth companies. Naspers anticipates that it may fund future acquisitions and investments through the issue of debt or equity instruments and available cash resources.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2008 the group raised £700m (R11,3bn) through a syndicated three-year offshore revolving credit facility ("RCF") in order to partly fund the acquisition of Tradus plc. During the year ended 31 March 2009 the group utilised the proceeds from the sale of its Mediterranean pay-television operations to reduce the outstanding balance on this facility to approximately R5,7bn.

In November 2009 the group entered into a parallel revolving credit facility ("PCF") for US\$492m which is available until March 2011. At the same time the group entered into a forward-start revolving credit facility ("FSF"), which enables the group to refinance the RCF and PCF upon their maturity in March 2011. The FSF provides for up to US\$1,6bn of borrowing availability in various currencies and will terminate in March 2013. In February 2010 the group entered into a bilateral facility for US\$120m under the same terms and conditions as the FSF.

The borrower under all of these facilities is MIH B.V. and the facilities are guaranteed by Naspers Limited. The annual interest rate on borrowings under the facilities is calculated based on LIBOR or, for borrowings in euro, EURIBOR, plus a margin of 1,75% per annum in case of the RCF and 3,5% in case of the PCF, FSF and bilateral facility. The borrower is obligated to pay a commitment fee equal to 40% of the applicable margin under the facilities. The undrawn balance of the facilities is available to fund future investments by the group as part of its growth strategy.

As of 31 March 2010 Naspers had total interest-bearing debt (including capitalised finance leases) of R9,5bn (2009: R7,9bn) and total cash of R5,8bn (2009: R5,7bn). The net interest-bearing debt to equity ratio was 11% (2009: 7%) at 31 March 2010. The group excludes satellite transponders from total interest-bearing debt when evaluating and managing capital. These items are considered to be operating expenses. The adjusted total interest-bearing debt (excluding transponder leases) was R7,5bn (2009: R6,7bn) and the adjusted net interest-bearing debt to equity ratio was 5% (2009: 3%).

The group does not have a formal targeted debt-equity ratio. The group, as well as the Media24 and MIH groups, have specific financial covenants in place with various financial institutions to govern their debt.

South African exchange control regulations are administered by the South African Reserve Bank acting through its Financial Surveillance Department. The exchange control regulations provide for a common monetary area consisting of the Republic of South Africa, the Kingdom of Lesotho, the Kingdom of Swaziland and the Republic of Namibia, and restrict the export of capital from the common monetary area. Approval is required for any acquisitions outside of the common monetary area if the acquisition is funded from within the common monetary area.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>15. OTHER RESERVES</b>		
Other reserves on the statement of financial position comprise:		
Valuation reserve	<b>1 844</b>	1 843
Hedging reserve	<b>(407)</b>	(115)
Foreign currency translation reserve	<b>(737)</b>	1 170
Existing control business combination reserve	<b>97</b>	330
Share-based compensation reserve	<b>1 573</b>	928
	<b>2 370</b>	4 156

Refer to note 27 for the amount of reserves from discontinued operations that are included in the group's reserves as presented above.

The valuation reserve relates to the difference between the fair value and the book value of shares given in business combinations, as well as the fair value adjustments made to intangible assets during successive acquisitions are included in this reserve. This also relates to unrealised profits and losses that resulted from changes in the fair value of investments that are classified available-for-sale.

The hedging reserve relates to the changes in the fair value of derivative financial instruments. It hedges forecast transactions or the foreign currency part of firm commitments. The changes in fair value are recorded in the hedging reserve until the forecast transaction or firm commitment results in the recognition of an asset or liability, when such deferred gains or losses are then included in the initial measurement of the asset or liability.

The foreign currency translation reserve relates to exchange differences arising from the translation of foreign subsidiaries' joint ventures' and associates' income statements at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the statement of financial position date if the functional currency differs.

The existing control business combination reserve is used to account for transactions with minority shareholders in terms of the economic entity model, whereby the excess of the cost of the transactions over the acquirer's interest in previously recognised assets and liabilities is allocated to this reserve in equity. This reserve is also used in common control transactions (where all of the combining entities in a business combination are ultimately controlled by the same entity) where the excess of the cost over the acquirer's proportionate share of the net assets is allocated to this reserve.

The fair value of share options issued to employees is accounted for in the share-based compensation reserve over the vesting period. The reserve is adjusted at each year-end when the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to this reserve in equity for equity-settled plans.

**16. RETAINED EARNINGS**

Any future dividends declared from the distributable reserves of the company or its subsidiaries, which are not wholly owned subsidiaries of the company and are incorporated in the Republic of South Africa, may be subject to secondary taxation on companies ("STC") at a rate of 10% of the dividends declared. Dividends received by group companies during their various dividend cycles can be carried forward as unutilised STC credits. These STC credits can then be utilised to reduce any STC payable on future dividends declared by group companies. The group's total unutilised STC credits at 31 March 2010 amounted to R2,5bn (2009: R3,3bn). The group has raised a valuation allowance against deferred tax assets of R156,6m relating to unutilised STC credits at 31 March 2010 (2009: R252,5m) due to uncertainties relating to the utilisation of these credits. The valuation allowance was based on the difference between the total unutilised STC credit available to the group, and the estimated STC liability for the next annual dividend cycle.

The board of directors has proposed that a dividend of 235 cents (2009: 207 cents) per N ordinary share and 47 cents (2009: 41 cents) per A ordinary share be paid to shareholders on 27 September 2010. If approved by the shareholders of the company at its annual general meeting, the company will pay a total dividend of R954,2m based on the number of shares in issue at 31 March 2010. The company has enough STC credits carried forward to cover such a dividend. The utilisation of these STC credits will however lead to the realisation of a deferred taxation asset of R95,4m that will be charged to the income statement during the 2011 financial year.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**17. POST-RETIREMENT LIABILITIES****17.1 MEDICAL LIABILITY**

The group operates a number of post-retirement medical benefit schemes. The obligation of the group to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employees remaining in service until retirement age and completing a minimum service period. The group provides for post-retirement medical aid benefits on the accrual basis determined each year by way of a valuation. The key assumptions and valuation method are described below. The directors believe that adequate provision has been made for future liabilities. Media24 Limited and Via Afrika Limited entered into agreements during the year ended 31 March 2004 with certain employees to terminate their future participation in the post-retirement medical aid benefits plan, in exchange for certain future contributions to endowment policies for these employees. The endowment policy asset amounted to R54,8m at 31 March 2009 and has matured during the year ended 31 March 2010.

**Key assumptions and valuation method**

The actuarial valuation method used to value the liabilities is the projected unit credit method prescribed by IAS 19. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over the expected working lifetime.

The most significant actuarial assumptions used for the current and previous valuations are outlined below:

The principal actuarial assumptions used for accounting purposes were:

	<b>31 March 2010</b>	31 March 2009
Discount rate	<b>10,2% pa</b>	9,9% pa
Healthcare cost inflation	<b>9,2% pa</b>	8,9% pa
Average retirement age	<b>60</b>	60
Membership discontinued at retirement	<b>0%</b>	0%

We assumed that current in-service members would retire on their current medical scheme option and that there would be no change in options at retirement.

Actuarial assumptions are generally more suited to the estimation of the future experience of larger groups of individuals. The overall experience of larger groups is less variable and is more likely to tend to the expected value of the underlying statistical distribution. The smaller the group size, the less likely it is that the actual future experience will be close to that expected. Furthermore, note that even if the assumptions are appropriate for the group overall, they may not be appropriate at an individual level.

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>Post-retirement medical liability</b>		
<b>Opening balance</b>	<b>155</b>	142
Current service cost	<b>10</b>	2
Interest cost	<b>15</b>	12
Employer benefit payments	<b>(7)</b>	(6)
Actuarial loss	<b>6</b>	6
	<b>179</b>	156
<i>Less: Short-term portion</i>	<b>(1)</b>	(1)
<b>Closing balance</b>	<b>178</b>	155

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 17. POST-RETIREMENT LIABILITIES (continued)

## 17.1 MEDICAL LIABILITY (continued)

	31 March				
	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm
<b>Trend information</b>					
Present value of obligations	<b>179</b>	156	142	150	139
Experience adjustments: In respect of present value of obligations – actuarial loss/(gain)	<b>6</b>	6	4	6	(4)

As the value of the liability is based on a number of assumptions, a sensitivity analysis is presented below to show the effect of a one-percentage point decrease or increase in the rate of healthcare cost inflation:

Healthcare cost inflation	Assump- tion		
	9,2%	(1%)	+1%
Accrued liability 31 March 2010 (R'm)	179	156	208
% change	—	(12,8%)	+16,3%
Current service cost plus interest cost 2010/11 (R'm)	27	24	33
% change	—	(11,1%)	+22,2%

## 17.2 PENSION AND PROVIDENT BENEFITS

The group provides retirement benefits for its full-time employees by way of various separate defined contribution pension and provident funds. All full-time employees have access to these funds. Contributions to these funds are paid on a fixed scale. The South African retirement funds of the group are governed by the Pension Funds Act of South Africa. Substantially all the group's full-time employees are members of either one of the group's retirement benefit plans or a third-party plan.

An amount of R279,4m (2009: R277,5m) was recognised as an expense in relation to the group's retirement funds.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

				<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>18. LONG-TERM LIABILITIES</b>					
<b>Interest-bearing: Capitalised finance leases</b>					
Total liabilities				<b>1 736</b>	865
Less: Current portion				<b>2 065</b>	1 267
				<b>(329)</b>	(402)
<b>Interest-bearing: Loans and other</b>					
Total liabilities				<b>6 877</b>	5 934
Less: Current portion				<b>7 471</b>	6 594
				<b>(594)</b>	(660)
<b>Non-interest-bearing: Programme and film rights</b>					
Total liabilities				<b>—</b>	—
Less: Current portion				<b>736</b>	850
				<b>(736)</b>	(850)
<b>Non-interest-bearing: Loans and other</b>					
Total liabilities				<b>137</b>	107
Less: Current portion				<b>153</b>	123
				<b>(16)</b>	(16)
<b>Net long-term liabilities</b>				<b>8 750</b>	6 906
<b>Interest-bearing: Capitalised finance leases</b>					
<b>Type of lease</b>	<b>Currency of year-end balance</b>	<b>Year of final repayment</b>	<b>Weighted average year-end interest rate</b>	<b>31 March 2010 R'm</b>	<b>31 March 2009 R'm</b>
Buildings, manufacturing equipment, vehicles, computers and office equipment	ZAR	Various	Various	<b>45</b>	57
				<b>45</b>	57
Transmission equipment and satellites	EUR	2011	9,1%	<b>—</b>	175
	USD	2011	8,2%	<b>336</b>	623
	EUR	2011	4,4%	<b>—</b>	57
	EUR	2013	9,1%	<b>27</b>	95
	EUR	2013	3,5%	<b>34</b>	58
	USD	2013	4,1%	<b>118</b>	202
	USD	2024	6,0%	<b>1 505</b>	—
				<b>2 020</b>	1 210
<b>Total capitalised finance leases</b>				<b>2 065</b>	1 267

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

					<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>18. LONG-TERM LIABILITIES</b> (continued)						
<b>Interest-bearing: Capitalised finance leases</b> (continued)						
<b>Minimum instalments</b>						
Payable within year one					<b>451</b>	484
Payable within year two					<b>396</b>	461
Payable within year three					<b>222</b>	377
Payable within year four					<b>156</b>	102
Payable within year five					<b>154</b>	—
Payable after year five					<b>1 502</b>	—
					<b>2 881</b>	1 424
Future finance costs on finance leases					<b>(816)</b>	(157)
<b>Present value of finance lease liabilities</b>					<b>2 065</b>	1 267
<b>Present value</b>						
Payable within year one					<b>329</b>	402
Payable within year two					<b>298</b>	408
Payable within year three					<b>140</b>	357
Payable within year four					<b>80</b>	100
Payable within year five					<b>84</b>	—
Payable after year five					<b>1 134</b>	—
Present value of finance lease liabilities					<b>2 065</b>	1 267
<b>Interest-bearing: Loans and other</b>						
Liabilities	Asset secured	Currency of year-end balance	Year of final repayment	Weighted average year-end interest rate	31 March 2010 R'm	31 March 2009 R'm
<b>Secured</b>						
Syndication of banks	Guarantees	USD	2013	3,8%	<b>6 710</b>	5 716
Various institutions	Various	Various	Various	Various	<b>29</b>	16
<b>Unsecured</b>						
Term loan: Nedbank Limited		ZAR	2012	10,7%	<b>37</b>	138
Term loan: CommerzBank		ZAR	2011	10,3%	<b>135</b>	200
Term loan: Standard Bank		ZAR	2011	8,1%	<b>9</b>	43
Term loan: Nedbank Limited		ZAR	2012	14,7%	<b>54</b>	48
Preference share investments		ZAR	2012	14,7%	<b>(26)</b>	(24)
Loans from minority shareholders		EUR	—	3,9%	<b>353</b>	429
Loans from minority shareholders		ZAR	Various	Various	<b>170</b>	28
Right to subscription shares		ZAR	2012	Various	<b>(28)</b>	(24)
Other loans		Various	Various	Various	<b>28</b>	24
					<b>7 471</b>	6 594

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 18. LONG-TERM LIABILITIES (continued)

Non-interest-bearing: Programme and film rights	Currency of year-end balance	Year of final repayment	31 March 2010 R'm	31 March 2009 R'm
<b>Liabilities</b>				
<b>Unsecured</b>				
Programme and film rights liabilities	USD	2011	<b>736</b>	850
			<b>736</b>	850
<b>Non-interest-bearing: Loans and other</b>				
<b>Loans</b>				
<b>Unsecured</b>				
MTN Limited	ZAR	2012	<b>105</b>	96
Loans from minority shareholders	Various	Various	<b>11</b>	12
Other	Various	Various	<b>37</b>	15
			<b>153</b>	123
<b>Total long-term liabilities</b>				
<i>Repayment terms of long-term liabilities (excluding capitalised finance leases)</i>				
– Payable within year one			<b>1 241</b>	1 526
– Payable within year two			<b>58</b>	5 905
– Payable within year three			<b>7 002</b>	114
– Payable within year four			<b>10</b>	10
– Payable within year five			<b>27</b>	—
– Payable after year five			<b>22</b>	12
			<b>8 360</b>	7 567
<i>Interest rate profile of long-term liabilities (long and short-term portion, including capitalised finance leases)</i>				
– Loans at fixed rates: 1 – 12 months			<b>350</b>	571
– Loans at fixed rates: more than 12 months			<b>1 830</b>	6 687
– Interest-free loans			<b>889</b>	973
– Loans linked to variable rates			<b>7 356</b>	603
			<b>10 425</b>	8 834

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 19. PROVISIONS

The following account balances have been determined based on management's estimates and assumptions:

	1 April 2009 R'm	Additional provisions raised R'm	Unutilised provisions reversed to income R'm	Provisions utilised R'm	Disposal of subsidiary R'm	Foreign currency trans- lation R'm	31 March 2010 R'm	Less short- term portion R'm	Long- term portion R'm
<b>Group</b>									
Warranties	168	1	—	—	—	(36)	133	(132)	1
Pending litigation	11	3	(5)	—	—	(1)	8	(6)	2
Reorganisation	—	18	—	(8)	—	—	10	(10)	—
Onerous contracts	17	17	(1)	(7)	—	(2)	24	(12)	12
Ad valorem duties	23	—	—	—	—	—	23	(23)	—
Decommissioning costs	11	1	(5)	—	—	(3)	4	(4)	—
Other	2	—	—	—	(2)	—	—	—	—
	232	40	(11)	(15)	(2)	(42)	202	(187)	15

	1 April 2008 R'm	Additional provisions raised R'm	Unutilised provisions reversed to income R'm	Credited/ charged to other accounts R'm	Provisions utilised R'm	Foreign currency trans- lation R'm	31 March 2009 R'm	Less short- term portion R'm	Long- term portion R'm
<b>Group</b>									
Warranties	7	146	—	—	(3)	18	168	(168)	—
Pending litigation	19	7	(10)	(5)	(1)	1	11	(9)	2
Reorganisation	8	—	—	—	(8)	—	—	—	—
Onerous contracts	—	17	—	—	—	—	17	(17)	—
Ad valorem duties	23	—	—	—	—	—	23	(23)	—
Decommissioning costs	9	2	—	—	—	—	11	(11)	—
Loyalty provision	17	—	—	(17)	—	—	—	—	—
Other	7	—	—	(5)	—	—	2	(2)	—
	90	172	(10)	(27)	(12)	19	232	(230)	2

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 19. PROVISIONS (continued)

Further details describing the provisions at 31 March 2010 are included below:

Included in warranties are Irdeto's 12-month warranty on all hardware provided as well as warranties for possible taxes payable and a smart card swap-out on the disposal of NetMed.

The group is currently involved in various litigation matters. The litigation provision has been made based on legal counsel and management's estimates of costs and claims relating to these actions (refer to note 21).

The provision for onerous contracts relates to compensation for early termination of a contract with a business partner, as well as obligations that the group has in terms of lease agreements, but the premises have been vacated. The group is liable for the rent under these contracts. The obligation will be settled over the remaining lease periods.

The provision for ad valorem duties relates to an investigation by tax authorities into the value ascribed to digital satellite decoders purchased for onward sale to major retailers. The provision was raised for the payment of these duties.

The provision for decommissioning relates to the estimated costs of decommissioning rented buildings. The lease agreements require that we return the rented buildings in the original state.

Other provisions relate to various liabilities of the group with uncertain timings and amounts.

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>20. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES</b>		
Deferred income	<b>1 485</b>	1 372
Accrued expenses	<b>1 982</b>	1 842
Amounts owing in respect of investments acquired	<b>32</b>	97
Taxes and other statutory liabilities	<b>851</b>	620
Bonus accrual	<b>282</b>	165
Accrual for leave	<b>210</b>	129
Other personnel accruals	<b>89</b>	76
Cash-settled share-based payment liability (short term)	<b>24</b>	71
Other current liabilities	<b>271</b>	307
	<b>5 226</b>	4 679

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**21. COMMITMENTS AND CONTINGENCIES**

The group is subject to commitments and contingencies that occur in the normal course of business, including legal proceedings and claims that cover a wide range of matters. The group plans to fund these commitments and liabilities out of existing loan facilities and internally generated funds.

**(a) Capital expenditure**

Commitments in respect of contracts placed for capital expenditure at 31 March 2010 amounted to R526,6m (2009: R358,9m).

**(b) Programme and film rights**

At 31 March 2010 the group had entered into contracts for the purchase of programme and film rights. The group's commitments in respect of these contracts amounted to R8,7bn (2009: R8,1bn).

**(c) Transponder leases**

During the year ended 31 March 2010 the group entered into new leasing contracts for new and an increased number of satellite transponders. The commitment outstanding as at 31 March 2010 amounted to R7,7bn (2009: R4,3bn).

**(d) Set-top boxes**

At 31 March 2010 the group had entered into contracts for the purchase of set-top boxes (decoders). The group's commitments in respect of these contracts amounted to R358,7m (2009: R311,5m).

**(e) Other commitments**

At 31 March 2010 the group had entered into contracts for the receipt of various services. These service contracts are for the receipt of advertising, satellite and DVB-H broadcast capacity, computer and decoder support services, access to networks and contractual relationships with customers, suppliers and employees. The group's commitments in respect of these agreements amounted to R656,6m (2009: R479,2m).

**(f) Operating lease commitments**

The group has the following operating lease liabilities at 31 March 2010 and 31 March 2009:

Minimum operating lease payments:

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
Payable in year one	<b>190</b>	196
Payable in year two	<b>149</b>	132
Payable in year three	<b>116</b>	98
Payable in year four	<b>81</b>	76
Payable in year five	<b>58</b>	46
Payable after five years	<b>104</b>	153
	<b>698</b>	701

The group leases office, manufacturing and warehouse space under various non-cancellable operating leases. Certain contracts contain renewal options and escalation clauses for various periods of time.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 21. COMMITMENTS AND CONTINGENCIES (continued)

#### (g) Litigation claims

##### **MultiChoice South Africa ("MCSA")/SARS**

MCSA instituted legal proceedings against the South African Revenue Services ("SARS") in relation to the ad valorem tariff determination on decoders, which SARS made in 2004. The proceedings were defended by SARS and in late 2006 the dispute was referred to the Customs Appeal Committee. MCSA's appeal to this body was not successful and the dispute will now go to court. The matter was heard on 26 and 27 August 2009 and judgment was handed down on 10 September 2009. MCSA's application was successful. The court ordered that the decoders must be classified under tariff heading 8479.89.90 of part 1 of schedule 1 of Customs and Excise Act, No 91 of 1964. SARS was also ordered to pay MultiChoice's costs, including the costs of two counsels. SARS has subsequently made application to the Supreme Court of Appeal for leave to appeal the judgment.

##### **Caxton and CTP Publishers and Printers Limited ("Caxton")/MCSA, M-Net, Naspers, Media24**

On 13 March 2008 Caxton launched an application to review and set aside the decision of the Independent Communications Authority of South Africa ("Icasa") to award MCSA a commercial subscription broadcasting licence. The application was served on six respondents, namely Icasa, MCSA, M-Net, Naspers, Media24 and the minister of communications.

The court dismissed the review application by Caxton, but accepted Icasa's tender that it would hear the complaint as the regulatory body that has jurisdiction in the matter. Caxton sought leave to appeal this decision, ultimately from the Supreme Court of Appeal, but the application was dismissed.

##### **EyeBall Networks Inc./Gadu-Gadu S.A. ("Gadu-Gadu")**

On 19 May 2008 Gadu-Gadu was served with a claim for US\$22,2m filed against it by EyeBall Networks Inc. ("EyeBall") in a court in British Columbia, Canada. The claim arose from a master software licence agreement entered into on 23 March 2005 pursuant to which Gadu-Gadu acquired a licence to use some of EyeBall's products. The licence terminated no later than 9 November 2006 and EyeBall alleges that Gadu-Gadu continued to use EyeBall's products and that it is therefore entitled to claim the full amount of the licence fees that would have been payable based on its current standard pricing. Gadu-Gadu denies that it used EyeBall's products after the date of termination, and accordingly, that it owes any licence fees to EyeBall and is defending the claim. Gadu-Gadu also filed a counterclaim against EyeBall and Sales Manager Software Sp. z.o.o., EyeBall's representative in Poland, for damages and loss arising from the wrongful breach and repudiation of the transaction agreements and their failure to perform the obligations under the transaction agreements. The pleadings have been filed and lists of documents have been exchanged by Gadu-Gadu and EyeBall. Examinations for discovery have not yet been held. The trial has been set down for hearing for 15 days commencing 15 November 2010.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**21. COMMITMENTS AND CONTINGENCIES** (continued)**(g) Litigation claims** (continued)**MIH Germany**

MIH Germany B.V. and Myriad International Holdings B.V. ("MIH Germany") were involved in an arbitration in Germany. The dispute was governed by the arbitration rules of the German institution for arbitration (DIS Rules) and was covered by an express confidentiality ruling by the arbitration tribunal in question. An oral hearing took place from 12 to 14 October 2009. The parties then exchanged written post-hearing submissions on 18 December 2009 and statements of their respective fees and costs in January 2010. The arbitration tribunal issued its award on 8 June 2010. In the award, it dismissed the claimant's claim and ordered it to pay a substantial portion of MIH Germany's legal costs and fees.

**Taxation matters**

The group operates a number of businesses in jurisdictions where withholding taxes are payable on certain transactions or payments. In some circumstances transactions could possibly lead to withholding taxes being payable. We continue to seek relevant advice and work with our advisors to identify and quantify such tax exposures. Our current assessment of possible withholding tax exposures, including interest and potential penalties amounts to approximately R229,6m (US\$31,3m) (2009: R181m (US\$19m)).

**Paarl Print fire**

On 17 April 2009 a fire destroyed the premises of Paarl Print (Proprietary) Limited in Paarl and claimed the lives of 13 people. A formal inquiry in terms of section 32 of the Occupational Health and Safety Act (Act 85 of 1993) is currently in progress, the outcome of which is expected in the 2010 calendar year. The formal inquiry will be followed by an inquest, a mandatory process followed in cases of unnatural deaths. The outcome of these two processes will determine whether there will be any claims against the company or its officials, or related claims from third parties.

**(h) Guarantees**

At 31 March 2010 the group had provided guarantees of R1,2bn (2009: R1,9bn) mainly in respect of bank guarantees for sport rights, office rental, services and other contracts.

**(i) Assets pledged as security**

The group pledged property, plant and equipment, investments, cash and cash equivalents and accounts receivable with a net carrying value of R4,6bn at 31 March 2010 (2009: R4,4bn) to a number of banks as security for certain bank overdrafts and term loans listed in note 18 to the value of R2,1bn (2009: R1,3bn). Included in the above amount, Rnil (2009: R7,2m) relates to financial instruments.

MultiChoice Africa Limited ("MAL") entered into a Revolving Facility Agreement with Absa Bank. This agreement entitles MAL access to a guaranteed facility of US\$55,8m (2009: US\$83,3m). MIH China has pledged such number of Tencent Holdings Limited ordinary par value shares with a market value of US\$375m as security pursuant to this agreement. This facility bears interest at the London Interbank Offer Rate ("LIBOR") +2% per annum.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>22. REVENUE</b>		
<b>Revenue – continuing operations</b>		
Subscription revenue	<b>14 762</b>	13 521
Advertising revenue	<b>3 814</b>	3 776
e-Commerce revenue	<b>2 854</b>	2 488
Circulation revenue	<b>1 235</b>	1 139
Technology revenue	<b>1 209</b>	1 520
Printing revenue	<b>1 098</b>	1 188
Hardware sales	<b>864</b>	825
Book publishing and book sales revenue	<b>645</b>	876
Distribution revenue	<b>234</b>	245
Sublicence revenue	<b>213</b>	175
Decoder maintenance	<b>177</b>	142
Contract publishing	<b>163</b>	166
Reconnection fees	<b>84</b>	52
Other revenue	<b>646</b>	577
	<b>27 998</b>	26 690
<b>Revenue – discontinuing operations</b>		
NetMed NV	—	944
	—	944
Other revenue includes revenues from backhaul charges, financing service fees and instant messaging.		
<b>Barter revenue</b>		
Amount of barter revenue included in total revenue	<b>112</b>	87
<b>23. EXPENSES BY NATURE</b>		
Operating profit includes the following items:		
<b>Depreciation classification</b>		
Cost of providing services and sale of goods	<b>545</b>	586
Selling, general and administration expenses	<b>333</b>	324
	<b>878</b>	910
<b>Amortisation classification</b>		
Cost of providing services and sale of goods	<b>123</b>	135
Selling, general and administration expenses	<b>1 090</b>	1 111
	<b>1 213</b>	1 246

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2010 R'm	31 March 2009 R'm
<b>23. EXPENSES BY NATURE</b> <i>(continued)</i>		
<b>Operating leases</b>		
Buildings	204	195
Satellites and transponders	57	84
Other equipment	30	37
	<b>291</b>	316
<b>Auditor's remuneration</b>		
Audit fees	58	42
Audit fees – prior year underprovision	4	7
Audit-related fees	2	2
Tax fees	25	25
All other fees	10	2
	<b>99</b>	78
<b>Foreign exchange (losses)/profits</b>		
On capitalisation of forward exchange contracts in hedging transactions	(29)	116
Other	6	8
	<b>(23)</b>	124
<b>Staff costs</b>		
As at 31 March 2010 the group had 11 577 (2009: 11 715) permanent employees.		
The total cost of employment of all employees, including executive directors, was as follows:		
Salaries, wages and bonuses	4 689	4 666
Retirement benefit costs	279	278
Medical aid fund contributions	194	203
Post-retirement benefits	17	18
Training costs	55	55
Share-based compensation expenses	484	424
<b>Total staff costs</b>	<b>5 718</b>	5 644
<b>Fees paid to non-employees for administration, management and technical services</b>	<b>140</b>	193
<b>Research and development costs</b>	<b>21</b>	32
<b>Advertising expenses</b>	<b>1 100</b>	1 033
<b>Amortisation of programme and film rights</b>	<b>2 997</b>	3 075
<b>Cost of inventories sold</b>	<b>3 866</b>	5 134

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>24. OTHER GAINS/(LOSSES) – NET</b>		
<b>Loss on sale of assets</b>	<b>(47)</b>	(25)
<b>Fair value adjustment of financial instruments</b>	<b>—</b>	(14)
<b>Impairment losses</b>	<b>(939)</b>	(160)
Impairment of goodwill and other intangible assets	<b>(384)</b>	(18)
Impairment of property, plant and equipment due to fire damage	<b>(144)</b>	(79)
Impairment of other property, plant and equipment and other assets	<b>(81)</b>	(63)
Welkom Yizani refinancing	<b>(330)</b>	—
<b>Gain on settlement of transponder lease</b>	<b>253</b>	—
<b>Compensation received from third parties for property, plant and equipment impaired, lost or stolen</b>	<b>369</b>	112
<b>Total other gains/(losses) – net</b>	<b>(364)</b>	(87)
Refer to notes 4, 5 and 6 for further information on the above impairments.		
<b>25. FINANCE COSTS/(INCOME)</b>		
<b>Interest paid</b>		
Loans and overdrafts	<b>600</b>	675
Finance lease equipment	<b>93</b>	109
Other	<b>190</b>	94
	<b>883</b>	878
<b>Interest received</b>		
Loans and bank accounts	<b>(348)</b>	(572)
	<b>(348)</b>	(572)
<b>Net loss/(profit) from foreign exchange translation and fair value adjustments on derivative financial instruments</b>		
On translation of assets and liabilities	<b>(141)</b>	337
On translation of transponder leases	<b>(82)</b>	(5)
On translation of forward exchange contracts	<b>377</b>	43
	<b>154</b>	375
<b>Preference dividends (BEE structures)</b>	<b>(268)</b>	(378)
<b>Other finance costs/(income) – net</b>	<b>(114)</b>	(3)
<b>Total finance costs/(income)</b>	<b>421</b>	303

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2010 R'm	31 March 2009 R'm
<b>26. TAXATION</b>		
Normal taxation		
South Africa	<b>1 351</b>	1 400
Current year	<b>1 395</b>	1 390
Prior year	<b>(44)</b>	10
Foreign taxation	<b>530</b>	595
Current year	<b>555</b>	596
Prior year	<b>(25)</b>	(1)
Secondary taxation on companies	<b>5</b>	4
Income taxation for the year	<b>1 886</b>	1 999
Deferred taxation		
South Africa	<b>6</b>	(290)
Current year	<b>(22)</b>	(285)
Prior year	<b>28</b>	(5)
Foreign taxation	<b>(84)</b>	(273)
Current year	<b>(62)</b>	(273)
Change in rate	<b>(22)</b>	—
<b>Total taxation per income statement</b>	<b>1 808</b>	1 436
<b>Reconciliation of taxation</b>		
Taxation at statutory rates	<b>1 613</b>	1 337
Adjusted for:		
Non-deductible expenses	<b>404</b>	232
Non-taxable income	<b>(195)</b>	(166)
Temporary differences	<b>676</b>	588
Assessed losses utilised	<b>—</b>	(104)
Initial recognition of prior year taxes	<b>(36)</b>	5
Other taxes	<b>364</b>	137
Changes in taxation rates	<b>(23)</b>	—
Tax attributable to associate income	<b>(576)</b>	(412)
Tax adjustment for foreign taxation rates	<b>(419)</b>	(181)
<b>Taxation provided in income statement</b>	<b>1 808</b>	1 436

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**27. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE**

On 31 October 2007 the group publicly announced that it had initiated a formal process to sell its Greek and Cypriot pay-television operations ("NetMed"). On 14 April 2008 the group announced that it had entered into a conditional sale agreement for the disposal of NetMed to ForthNet SA, a leading Greek telecommunications company. The transaction was concluded on 27 August 2008. The results of these operations were classified as discontinued operations and previously included in the pay-television segment of the group.

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>NetMed NV and NetMed Hellas S.A.</b>		
Revenue	—	944
Cost of providing services and sale of goods	—	(604)
Selling, general and administration expenses	—	(140)
<b>Operating profit</b>	—	200
Finance cost – net	—	(15)
Profit on sale of investments	—	1
<b>Profit before taxation</b>	—	186
Taxation	—	(59)
<b>Profit for the year</b>	—	127
<b>Attributable to:</b>		
Equity holders of the group	—	129
Minority interest	—	(2)
	—	127
<b>Profit arising on discontinuance of operations</b>		
Profit arising on disposal of NetMed	—	2 965
	—	2 965
<b>Profit from discontinued operations</b>	—	3 092
<b>Cash flow information</b>		
Amounts of net cash flow relating to the discontinued operations:		
Operating activities	—	159
Investing activities	—	(6)
Financing activities	—	(87)
<b>Net cash inflow</b>	—	66

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**27. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS AND LIABILITIES HELD-FOR-SALE** (continued)

On 10 November 2008 the group announced that an agreement had been concluded for the sale of MWEB's sub-Saharan Africa business excluding South Africa ("MWEB Africa Limited"). The transaction was concluded in April 2009.

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>MWEB Africa Limited</b>		
<b>Non-current assets classified as held-for-sale</b>		
Property, plant and equipment	—	45
Goodwill	—	361
Other intangible assets	—	102
Deferred taxation	—	2
Inventory	—	17
Trade receivables	—	34
Other receivables	—	35
Cash and cash equivalents	—	79
	—	675
<b>Non-current liabilities classified as held-for-sale</b>		
Long-term liabilities	—	3
Deferred taxation	—	12
Trade payables	—	18
Accrued expenses and other current liabilities	—	228
Tax payable	—	3
	—	264

On 10 October 2007 the group publicly announced that it had entered into an agreement in terms of which it would sell its interest in Educor Holdings Limited to ICESA Education Services and the transaction was concluded early in January 2008. The group retained certain property, plant and equipment classified as non-current assets held-for-sale as detailed below.

Selected financial information relating to these operations:

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>Educor Holdings Limited</b>		
<b>Non-current assets classified as held-for-sale</b>		
Property, plant and equipment	<b>12</b>	11

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 28. EARNINGS PER SHARE

	31 March							
	2010				2009			
	Gross R'm	Taxation R'm	Minority interest R'm	Net R'm	Gross R'm	Taxation R'm	Minority interest R'm	Net R'm
<b>Earnings</b>								
Net profit attributable to shareholders				<b>3 257</b>				5 761
<b>Headline adjustments</b>								
Adjustments for:	<b>(17)</b>	<b>7</b>	<b>50</b>	<b>40</b>	(2 708)	5	7	(2 696)
Insurance proceeds	<b>(369)</b>	<b>47</b>	<b>90</b>	<b>(232)</b>	(113)	32	17	(64)
Impairment of property, plant and equipment and other assets	<b>225</b>	<b>(40)</b>	<b>(34)</b>	<b>151</b>	117	(23)	(12)	82
Impairment of goodwill and intangible assets	<b>384</b>	—	<b>(11)</b>	<b>373</b>	22	(1)	—	21
(Profit)/loss on sale of property, plant and equipment	<b>(156)</b>	<b>(6)</b>	<b>6</b>	<b>(156)</b>	27	(1)	(3)	23
Profit on sale of intangibles	<b>(73)</b>	<b>1</b>	—	<b>(72)</b>	—	—	—	—
Discontinuance of operations	—	—	—	—	(2 965)	—	—	(2 965)
Profit on sale of investments	<b>(120)</b>	—	—	<b>(120)</b>	(10)	(2)	5	(7)
Remeasurement included in equity-accounted earnings	<b>30</b>	<b>5</b>	—	<b>35</b>	—	—	—	—
Impairments of equity-accounted earnings	<b>62</b>	—	<b>(1)</b>	<b>61</b>	214	—	—	214
<b>Headline earnings</b>				<b>3 297</b>				3 065
Headline profit from discontinued operations	—	—	—	—	(186)	59	(2)	(129)
<b>Headline earnings from continuing operations</b>				<b>3 297</b>				2 936

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	2010 Number of N shares	2009 Number of N shares
<b>28. EARNINGS PER SHARE</b> <i>(continued)</i>		
Number of N ordinary shares in issue at year-end	<b>374 307 634</b>	372 450 543
Adjusted for movement in shares held by share trusts	<b>(1 356 802)</b>	(1 446 968)
Weighted average number of N ordinary shares in issue during the year	<b>372 950 832</b>	371 003 575
Adjusted for effect of future share-based compensation payments	<b>10 869 345</b>	3 104 348
Diluted weighted average number of N ordinary shares in issue during the year	<b>383 820 177</b>	374 107 923
<b>Continuing operations</b>		
Earnings per N ordinary share (cents)		
Basic	<b>873</b>	719
Fully diluted	<b>848</b>	713
Headline earnings per N ordinary share (cents)		
Basic	<b>884</b>	792
Fully diluted	<b>859</b>	785
<b>Discontinued operations</b>		
Earnings per N ordinary share (cents)		
Basic	—	834
Fully diluted	—	827
Headline earnings per N ordinary share (cents)		
Basic	—	35
Fully diluted	—	34
<b>Total</b>		
Earnings per N ordinary share (cents)		
Basic	<b>873</b>	1 553
Fully diluted	<b>848</b>	1 540
Headline earnings per N ordinary share (cents)		
Basic	<b>884</b>	827
Fully diluted	<b>859</b>	819
Dividend paid A ordinary share (cents)	<b>41</b>	36
Dividend paid N ordinary share (cents)	<b>207</b>	180
Proposed dividend per A ordinary share (cents)	<b>47</b>	41
Proposed dividend per N ordinary share (cents)	<b>235</b>	207

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>29. CASH FROM OPERATIONS</b>		
Profit before taxation per income statement	<b>5 760</b>	4 775
Profit before taxation from discontinued operations	<b>—</b>	186
	<b>5 760</b>	4 961
Adjustments:		
– Non-cash and other	<b>1 242</b>	1 767
Loss on sale of assets	<b>47</b>	27
Depreciation and amortisation	<b>2 091</b>	2 156
Share-based compensation expenses	<b>484</b>	438
Net finance cost/(income)	<b>421</b>	319
Share of equity-accounted results	<b>(2 058)</b>	(1 473)
Impairment of equity-accounted investments	<b>62</b>	214
Profit on sale of investments	<b>(144)</b>	(36)
Gain on settlement of transponder lease	<b>(253)</b>	—
Insurance proceeds not yet received	<b>(142)</b>	(94)
Insurance proceeds received elsewhere included	<b>(286)</b>	—
Impairment losses	<b>939</b>	139
Other	<b>81</b>	77
– Working capital	<b>264</b>	(910)
Cash movement in trade and other receivables	<b>(130)</b>	(625)
Cash movement in payables, provisions and accruals	<b>584</b>	(51)
Cash movements for programme and film rights	<b>(180)</b>	(199)
Cash movement in inventories	<b>(10)</b>	(35)
<b>Cash from operations</b>	<b>7 266</b>	5 818
<b>30. ACQUISITION OF SUBSIDIARIES</b>		
Fair value of assets and liabilities acquired:		
Property, plant and equipment	<b>24</b>	41
Investments and loans	<b>7</b>	—
Intangible assets	<b>912</b>	129
Net current (liabilities)/assets	<b>(14)</b>	105
Deferred taxation	<b>(278)</b>	1
Long-term liabilities	<b>(36)</b>	(3)
	<b>615</b>	273
Minority interest	<b>(122)</b>	(62)
Derecognition of investment in associate	<b>(2)</b>	(77)
Goodwill	<b>2 766</b>	520
Purchase consideration	<b>3 257</b>	654
Amount to be settled in future	<b>(155)</b>	(152)
Settlement of amounts owing in respect of prior year's purchases	<b>—</b>	24
Cash in subsidiaries acquired	<b>(57)</b>	(88)
<b>Net cash outflow from acquisition of subsidiaries</b>	<b>3 045</b>	438

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>31. DISPOSAL OF SUBSIDIARIES</b>		
Book value of assets and liabilities:		
Property, plant and equipment	—	5
Goodwill	—	6
Other intangible assets	<b>1</b>	—
Assets classified as held-for-sale	—	1 197
Other net assets	—	738
Non-current assets classified as held-for-sale	<b>380</b>	—
Foreign currency translation	<b>1</b>	—
Long-term liabilities	—	5
	<b>382</b>	1 951
Profit on sale	<b>100</b>	2 983
Selling price	<b>482</b>	4 934
Cash in subsidiaries disposed of	<b>(79)</b>	(628)
<b>Net cash inflow from disposal of subsidiaries</b>	<b>403</b>	4 306
<b>32. ACQUISITION OF JOINT VENTURES</b>		
Fair value of assets and liabilities acquired:		
Property, plant and equipment	—	1
Net current assets/(liabilities)	<b>7</b>	(6)
Deferred taxation	—	(3)
	<b>7</b>	(8)
Goodwill	<b>24</b>	16
<b>Purchase consideration (net cash outflow from acquisition of joint ventures)</b>	<b>31</b>	8

**33. ADDITIONAL INVESTMENTS**

Included in additional investments in subsidiaries of R240m are the following: Moonfish Media R21m, GG Network S.A. R5m, Ricardo.ch AG minority buy-out of R30m, additional investments through MIH Allegro B.V. of R35m, Pagamento Digital R28m, Kurasani R29m, Strika Entertainment (Proprietary) Limited R9m and other investments of R5m. These investments were allocated to the existing control business combination reserve. A payment of R78m relates to an additional investment in Digital Mobile Television (Proprietary) Limited. This amount was disclosed as an amount payable in the 2009 financial year.

Included in additional investments in associates of R842m are the following: Nimbuzz B.V. R19m, Mail.ru R771m and Buzz City PTE Limited R52m. These investments were allocated to the investments in associates.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>34. PARTIAL DISPOSAL OF INTEREST IN SUBSIDIARIES</b>		
Selling price	—	271
<b>Net cash inflow on partial disposal of interest in subsidiaries</b>	<b>—</b>	<b>271</b>
<b>35. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	<b>6 785</b>	6 642
Bank overdrafts and call loans	<b>(958)</b>	(917)
	<b>5 827</b>	5 725
<b>Restricted cash</b>		
Restricted cash is still included in cash and cash equivalents due to the fact that it mostly relates to cash held on behalf of customers. The following cash balances are restricted from immediate use according to agreements with banks and other financial institutions:		
Africa	<b>13</b>	13
Europe	<b>102</b>	64
Thailand	<b>1</b>	1
USA	<b>11</b>	15
<b>Total restricted cash</b>	<b>127</b>	93

### 36. SEGMENT INFORMATION

The group has adopted IFRS 8 for the year ending 31 March 2010 and the comparative segment information for the year ending 31 March 2009 has been appropriately restated. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. The chief operating decision-maker has been identified as the executive committee that makes strategic decisions.

The group proportionally consolidates its share of the results of its associated companies in the various reportable segments. This is considered to be more reflective of the economic value of these investments.

The group has identified its operating segments based on its business by service or product and aggregated them into the following reporting segments: pay television, internet (with Tencent being disclosed separately from the other internet operations), technology and print. Below are the types of services and products from which each segment generates revenue.

- » *Pay television* – the group offers digital satellite and other pay-television services to subscribers through MultiChoice South Africa and MultiChoice Africa in the rest of sub-Saharan Africa.
- » *Internet* – the group operates internet platforms to provide various services and products. These platforms are built around communities, and each of them provides various services, including e-commerce, games, MVAS and IVAS (mobile and internet value-added services), content, communication and social networking. These services are provided via mobile or PC/laptops. The main platforms are Tencent, Allegro, Ricardo, Mail.ru, BuscaPé, MWEB, Sanook!, ibibo, Compera, Gadu-Gadu, Nimbuzz, ACL, MXit, 24.com and Buzz City.
- » *Technology* – through Irdeto, the group provides digital content management and protection systems to customers globally to protect, manage and monetise all digital media on any platform.
- » *Print* – through Media24 in Africa, the group publishes newspapers, magazines and books. Its activities also include printing and distribution. The group also has print interests in Brazil through its 30% stake in the magazine publisher, Abril S.A., and in China through its stake in the listed Beijing Media Company and Xin'an Media Company.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 36. SEGMENT INFORMATION (continued)

March 2010	Pay television R'm	Internet	
		Tencent R'm	Other internet R'm
<b>Revenue</b>			
External	16 659	4 874	4 307
Intersegmental	70	—	42
<b>Total revenue</b>	<b>16 729</b>	<b>4 874</b>	<b>4 349</b>
Cost of providing services and sale of goods	(8 691)	(1 428)	(1 306)
Selling, general and administration expenses	(2 294)	(904)	(2 781)
<b>Ebitda</b>	<b>5 744</b>	<b>2 542</b>	<b>262</b>
Depreciation	(471)	(159)	(166)
Amortisation – Software	(16)	(20)	(31)
Interest on capitalised finance leases	(86)	—	(5)
<b>Operational profit</b>	<b>5 171</b>	<b>2 363</b>	<b>60</b>
Interest received	806	53	337
Interest paid	(405)	—	(918)
Investment income	221	—	—
Share of equity-accounted results <sup>(1)</sup>	(1)	9	(4)
<b>Profit before taxation</b>	<b>5 792</b>	<b>2 425</b>	<b>(525)</b>
Taxation	(1 413)	(319)	(134)
<b>Profit after taxation</b>	<b>4 379</b>	<b>2 106</b>	<b>(659)</b>
Minority interest	(693)	(26)	31
<b>Profit from operations</b>	<b>3 686</b>	<b>2 080</b>	<b>(628)</b>
Amortisation of other intangibles	(395)	(32)	(671)
Foreign exchange (losses)/gains	(52)	(1)	91
Impairment of investment in associates	—	—	—
Exceptional items	145	(86)	(103)
<b>Net profit/(loss)</b>	<b>3 384</b>	<b>1 961</b>	<b>(1 311)</b>
<b>Additional disclosure</b>			
Impairment of assets	(52)	—	—
Impairment of goodwill	—	—	(335)
Share of equity-accounted results <sup>(2)</sup>	(1)	1 961	90

**Notes**

(1) Includes immaterial associates not proportionally consolidated.

(2) All associates' results are accounted for using the equity method.

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GroupReview of  
OperationsGovernance and  
SustainabilityFinancial  
StatementsNotice of Annual  
General Meeting

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

Technology R'm	Print R'm	Total reportable segments R'm	Corporate R'm	Less:		Eliminations R'm	Total R'm
				Proportionally consolidated associates R'm			
1 207	10 204	37 251	—	(9 253)	—	—	27 998
425	186	723	159	—	(882)	—	—
1 632	10 390	37 974	159	(9 253)	(882)	—	27 998
(448)	(5 876)	(17 749)	(126)	3 511	596	—	(13 768)
(1 086)	(3 282)	(10 347)	(263)	2 590	286	—	(7 734)
98	1 232	9 878	(230)	(3 152)	—	—	6 496
(44)	(251)	(1 091)	(2)	215	—	—	(878)
(7)	(83)	(157)	—	79	—	—	(78)
—	(2)	(93)	—	—	—	—	(93)
47	896	8 537	(232)	(2 858)	—	—	5 447
103	28	1 327	151	(64)	(1 066)	—	348
(100)	(463)	(1 886)	—	27	1 069	—	(790)
—	—	221	47	—	—	—	268
—	—	4	—	2 476	—	—	2 480
50	461	8 203	(34)	(419)	3	—	7 753
(55)	(349)	(2 270)	(59)	485	36	—	(1 808)
(5)	112	5 933	(93)	66	39	—	5 945
—	(33)	(721)	(32)	25	33	—	(695)
(5)	79	5 212	(125)	91	72	—	5 250
(117)	(232)	(1 447)	—	132	—	—	(1 315)
21	(168)	(109)	(9)	(36)	—	—	(154)
—	(62)	(62)	—	—	—	—	(62)
(1)	100	55	(76)	(187)	(254)	—	(462)
(102)	(283)	3 649	(210)	—	(182)	—	3 257
—	(205)	(257)	(330)	—	—	—	(587)
—	(47)	(382)	—	—	—	—	(382)
—	8	2 058	—	—	—	—	2 058

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 36. SEGMENT INFORMATION (continued)

March 2009	Pay television R'm	Internet	
		Tencent R'm	Other internet R'm
<b>Revenue</b>			
External	14 858	3 281	4 130
Intersegmental	39	—	40
<b>Total revenue</b>	14 897	3 281	4 170
Cost of providing services and sale of goods	(7 375)	(937)	(1 298)
Selling, general and administration expenses	(2 325)	(756)	(2 487)
<b>Ebitda</b>	5 197	1 588	385
Depreciation	(460)	(122)	(176)
Amortisation – Software	(12)	(19)	(22)
Interest on capitalised finance leases	(101)	—	(8)
<b>Operational profit</b>	4 624	1 447	179
Interest received	1 144	69	582
Interest paid	(405)	—	(1 407)
Investment income	304	—	—
Share of equity-accounted results <sup>(1)</sup>	(56)	—	3
<b>Profit before taxation</b>	5 611	1 516	(643)
Taxation	(1 228)	(125)	(80)
<b>Profit after taxation</b>	4 383	1 391	(723)
Minority interest	(585)	(14)	7
<b>Profit from operations</b>	3 798	1 377	(716)
Discontinued operations	3 092	—	—
Amortisation of other intangibles	(379)	(26)	(670)
Foreign exchange (losses)/gains	(134)	(78)	(147)
Impairment of investment in associates	(187)	—	—
Exceptional items	(64)	(77)	(7)
<b>Net profit/(loss)</b>	6 126	1 196	(1 540)
<b>Additional disclosure</b>			
Impairment of assets	(51)	(17)	(11)
Impairment of goodwill	—	—	—
Share of equity-accounted results <sup>(2)</sup>	44	1 196	25

**Notes**

(1) Includes immaterial associates not proportionally consolidated.

(2) All associates' results are accounted for using the equity method.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

Technology R'm	Print R'm	Total reportable segments R'm	Corporate R'm	Less: Proportionally consolidated associates R'm	Eliminations R'm	Total R'm
1 514	10 722	34 505	—	(7 815)	—	26 690
358	156	593	125	—	(718)	—
1 872	10 878	35 098	125	(7 815)	(718)	26 690
(572)	(6 177)	(16 359)	(102)	3 088	563	(12 810)
(1 375)	(3 312)	(10 255)	(233)	2 479	155	(7 854)
(75)	1 389	8 484	(210)	(2 248)	—	6 026
(57)	(261)	(1 076)	(3)	169	—	(910)
(7)	(66)	(126)	—	59	—	(67)
—	—	(109)	—	—	—	(109)
(139)	1 062	7 173	(213)	(2 020)	—	4 940
178	36	2 009	352	(84)	(1 705)	572
(123)	(579)	(2 514)	—	40	1 705	(769)
—	—	304	74	—	—	378
—	(3)	(56)	—	1 708	—	1 652
(84)	516	6 916	213	(356)	—	6 773
34	28	(1 371)	(93)	28	—	(1 436)
(50)	544	5 545	120	(328)	—	5 337
—	(95)	(687)	—	15	2	(670)
(50)	449	4 858	120	(313)	2	4 667
—	—	3 092	—	—	—	3 092
(167)	(433)	(1 675)	—	317	—	(1 358)
(50)	(88)	(497)	6	116	—	(375)
—	(27)	(214)	—	—	—	(214)
(3)	13	(138)	1	97	(11)	(51)
(270)	(86)	5 426	127	217	(9)	5 761
(2)	(90)	(171)	—	17	—	(154)
—	(6)	(6)	—	—	—	(6)
—	296	1 473	—	—	—	1 473

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**36. SEGMENT INFORMATION** (continued)

The operational profit as disclosed in the segment disclosure above is management's measure of each segment's operational performance. A reconciliation of the segmental operational profit to operating profit and profit before taxation as reported in the income statement is provided below:

	<b>31 March 2010</b>	31 March 2009
	<b>R'm</b>	R'm
<b>Operational profit per segment report</b>	<b>5 447</b>	4 940
Adjusted for:		
Interest on capitalised finance leases	<b>93</b>	109
Amortisation of other intangible assets	<b>(1 135)</b>	(1 179)
Other gains/(losses)	<b>(364)</b>	(87)
<b>Operating profit per the income statement</b>	<b>4 041</b>	3 783
Interest received	<b>348</b>	572
Interest paid	<b>(883)</b>	(878)
Other finance income/(cost) – net	<b>114</b>	3
Share of equity-accounted results	<b>2 058</b>	1 473
Impairment of investment in associates	<b>(62)</b>	(214)
Profit on sale of investments	<b>144</b>	36
<b>Profit before taxation as per the income statement</b>	<b>5 760</b>	4 775

Sales between segments are carried out at arm's length, and are eliminated in the "Eliminations" column. The revenue from external parties and all other items of income, expenses, profits and losses reported in the segment report is measured in a manner consistent with that in the income statement.

The revenues from external customers for each major group of products and services are disclosed in note 22. The group is not reliant on any one major customer as the group's products are consumed by the general public in a large number of countries.

**Geographical information**

The group operates in five main geographical areas:

**Africa** – The group derives revenues from television platform services, print media activities, internet services and technology products and services. The group is domiciled in the Republic of South Africa and it is therefore presented separately.

**Asia** – The group's activities comprise its interest in internet and print activities based in China, India, Thailand and Singapore.

**Europe** – The group's activities comprise its interest in internet activities based in Central and Eastern Europe and Russia. Furthermore, the group generates revenue from technology products and services provided by subsidiaries based in the Netherlands.

**Latin America** – The group's activities comprise its interest in internet and print activities based in Brazil.

**Other** – Includes the group's provision of various products through internet and technology activities located mainly in Australia and the United States of America.

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**36. SEGMENT INFORMATION** (continued)

	Africa						
	South Africa	Rest of Africa	Latin America	Asia	Europe	Other	Total
	R'm	R'm	R'm	R'm	R'm	R'm	R'm
<b>March 2010</b>							
External revenue <sup>(1)</sup>	<b>19 638</b>	<b>4 516</b>	<b>4 169</b>	<b>5 412</b>	<b>2 885</b>	<b>631</b>	<b>37 251</b>
Segment assets <sup>(2)</sup>	<b>9 511</b>	<b>1 979</b>	<b>6 729</b>	<b>5 257</b>	<b>15 580</b>	<b>972</b>	<b>40 028</b>
<b>March 2009</b>							
External revenue <sup>(1)</sup>	17 889	5 114	4 046	3 893	2 792	771	34 505
Segment assets <sup>(2)</sup>	8 982	823	3 981	4 295	16 708	1 547	36 336

**Notes**

(1) Revenue includes the group's proportionate share of associates' external revenue.

(2) Segment assets consist of non-current assets excluding financial instruments, deferred taxation and the proportionate share of associates' assets.

Revenue is allocated to a country based on location of subscribers or users.

**37. FINANCIAL RISK MANAGEMENT****Financial risk factors**

The group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The group's overall risk management programme seeks to minimise the potential adverse effects on the financial performance of the group. The group uses derivative financial instruments, such as forward exchange contracts and interest rate swaps, to hedge certain risk exposures. The group does not speculate with or engage in the trading of financial instruments. The group had no significant price risk for the years ending 31 March 2010 and 31 March 2009.

Risk management is carried out by the management of the group under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks. The various boards of directors within the group provide written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative instruments and the investment of excess liquidity.

**Foreign exchange risk**

The group operates internationally and is exposed to foreign exchange risk. Although a substantial portion of the group's revenue is denominated in the currencies of the countries in which it operates, a significant portion of cash obligations, including satellite transponder leases and contracts for pay-television programming, are denominated in US dollars. Where the group's revenue is denominated in local currency depreciation of the local currency against the US dollar adversely affects the group's earnings and its ability to meet cash obligations. Some entities in the group use forward exchange contracts to hedge their exposure to foreign currency risk in connection with their obligations. Management may hedge the net position in the major foreign currencies by using forward currency contracts. The group generally covers forward 50% to 100% of firm commitments in foreign currency for up to two years in the pay-television business. The group also uses forward exchange contracts to hedge foreign currency exposure in its print business where cover is generally taken for 75% to 100% of firm commitments in foreign currency for up to one year.

The group has classified its forward exchange contracts relating to forecast transactions and firm commitments as cash flow and fair value hedges, and measures them at fair value. The transactions relate mainly to programming costs, transponder lease instalments and the acquisition of inventory items. A cumulative after-tax loss of R407,7m (2009: R1 15,7m after-tax loss) has been deferred in a hedging reserve at 31 March 2010. This amount is expected to realise over the next two years. The fair value of all forward exchange contracts designated as cash flow hedges at 31 March 2010 was a net liability of R527,9m (2009: net asset of R293,2m), comprising assets of Rnil (2009: R293,8m) and liabilities of R527,9m (2009: R0,6m), that were recognised as derivative financial instruments. The fair value of all forward exchange contracts designated as fair value hedges at 31 March 2010 was a liability of R195,4m (2009: asset of R97,7m).

During the year ended 31 March 2010 the group recognised gains on fair value hedges of R187,4m (2009: Rnil) and losses of R209,8m (2009: Rnil) on the hedged items attributable to the hedged risks. The amount recognised in the income statement due to the ineffectiveness of cash flow hedges was R123,0m (2009: Rnil). As at 31 March 2010 the group had no hedges of net investments in foreign operations.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**37. FINANCIAL RISK MANAGEMENT** (continued)**Foreign exchange risk** (continued)

The table below sets out the periods when the cash flows are expected to occur for both fair value and cash flow hedges in place at 31 March 2010:

Total outstanding FECs at 31 March 2010	Maturing within one year			Maturing within one to two years	
	EUR 'm	USD 'm	Other 'm	EUR 'm	USD 'm
Pay television	5	242	—	4	222
Corporate	—	26	—	—	—
Print	62	3	3	—	—
	67	271	3	4	222
<b>Rand value (R'm)</b>	<b>763</b>	<b>2 633</b>	<b>32</b>	<b>51</b>	<b>1 874</b>
<b>Average exchange rate</b>	<b>11,39</b>	<b>9,72</b>	<b>10,67</b>	<b>12,75</b>	<b>8,44</b>

Total outstanding FECs at 31 March 2009	Maturing within one year			Maturing within one to two years	
	EUR 'm	USD 'm	Other 'm	EUR 'm	USD 'm
Pay television	12	174	—	5	182
Internet	—	1	—	—	—
Corporate	—	34	—	—	17
Print	49	3	—	—	—
	61	212	—	5	199
<b>Rand value (R'm)</b>	<b>769</b>	<b>1 801</b>	<b>—</b>	<b>65</b>	<b>2 042</b>
<b>Average exchange rate</b>	<b>12,54</b>	<b>8,50</b>	<b>—</b>	<b>14,37</b>	<b>10,26</b>

Where the group has surplus funds offshore, the treasury policy is to spread the funds between more than one currency to limit the effect of foreign exchange rate fluctuations and to achieve the highest level of interest income. As at 31 March 2010 the group had a net cash balance of R5,8bn (2009: R5,8bn), of which R3,2bn (2009: R2,4bn) was held in South Africa. The R2,6bn (2009: R3,4bn) held offshore was largely denominated in US dollar, euro and Polish zloty.

**Foreign currency sensitivity analysis**

The group's presentation currency is the South African rand, but as it operates internationally, it is exposed to a number of currencies, of which the exposure to the US dollar, euro and Polish zloty is the most significant.

The sensitivity analysis below details the group's sensitivity to a 10% decrease (2009: 10% decrease) in the rand against the US dollar, euro and Polish zloty, as well as a 10% decrease (2009: 10% decrease) of the US dollar against the euro. This analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the above percentage change in foreign currency rates. The sensitivity analysis includes external loans, as well as loans to foreign operations within the group, but excludes loans considered part of the net foreign investment and translation differences due to translating from functional currency to presentation currency.

A 10% decrease (2009: 10% decrease) of the rand against the US dollar, euro and Polish zloty, and a 10% decrease (2009: 10% decrease) of the US dollar against the euro, would result in an after-tax gain of R103,9m (2009: R101,7m after-tax loss). Other equity would increase by R213,0m (2009: R361,4m increase).

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**37. FINANCIAL RISK MANAGEMENT** (continued)**Foreign exchange risk** (continued)**Foreign exchange rates**

The exchange rates used by the group to translate foreign entities' income statements and statement of financial position are as follows:

Currency (1FC = ZAR)	31 March 2010		31 March 2009	
	Average rate	Closing rate	Average rate	Closing rate
US dollar	7,7123	7,3343	8,7867	9,5188
Euro	10,9054	9,9165	12,2595	12,6218
Thai baht	0,2292	0,2265	0,2555	0,2685
Chinese yuan renminbi	1,1295	1,0743	1,2815	1,3931
Brazilian real	4,1460	4,1111	4,4655	4,1327
British pound	12,3308	11,1308	14,7426	13,6085
Polish zloty	2,6061	2,5702	3,2879	2,7194

The average rates listed above are only approximate average rates for the year. The group measures separately the transactions of each of its material operations, using the particular currency of the primary economic environment in which the operation conducts its business, translated at the prevailing exchange rate on the transaction date.

Derivative financial instruments	31 March 2010		31 March 2009	
	Assets R'm	Liabilities R'm	Assets R'm	Liabilities R'm
<b>Current portion</b>				
Foreign exchange contracts	—	625	352	63
Other derivatives – put options	—	71	—	—
Other derivatives – interest rate swaps	—	151	—	130
	—	847	352	193
<b>Non-current portion</b>				
Foreign exchange contracts	—	98	55	39
Other derivatives – put options <sup>(1)</sup>	—	579	—	360
Other derivatives – interest rate swaps	—	7	—	144
	—	684	55	543
<b>Total</b>	—	1 531	407	736

**Note**

- (1) Media24 Group entered into a contract with the Retief family trust in October 2008 which contains a put option whereby the Retief family trust can enforce a buy-out by Media24 Group of its remaining interest in Paarl Media Holdings (Proprietary) Limited (currently 5%) and Paarl Coldset (Proprietary) Limited (currently 12,6%). Mr L P Retief, a director of Naspers Limited (refer to note 13), is a related party to the Retief family trust.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**37. FINANCIAL RISK MANAGEMENT** (continued)**Foreign exchange risk** (continued)

	31 March 2010		31 March 2009	
	Foreign currency amount 'm	R'm	Foreign currency amount 'm	R'm
<b>Uncovered foreign liabilities</b>				
The group had the following uncovered foreign liabilities:				
US dollar	1 050	7 703	415	3 943
British pound	4	45	4	55
Euro	46	460	69	860
Singapore dollar	1	4	1	7
Australian dollar	—	—	1	8
South Korean won	256	2	558	4
Other	48	22	460	117

**Credit risk**

The group is exposed to certain concentrations of credit risk relating to the following assets:

**Investments and loans**

There is no concentration of credit risk within investments and loans, except for preference shares in Welkom Yizani and Phuthuma Nathi. Shareholder agreements are in place, which regulate the shares held by Welkom Yizani and Phuthuma Nathi, and management monitors the credit risk regularly.

**Trade receivables**

Receivables consist primarily of invoiced amounts from normal trading activities. The group has a large diversified customer base across many geographical areas. The majority of trade receivables consist of receivables within the pay-television, newspapers, magazines and printing segments. Various credit checks are performed on new debtors to determine the quality of their credit history. These checks are also performed on existing debtors with long-overdue accounts. Furthermore, current debtors are monitored to ensure they do not exceed their credit limits. As at 31 March 2010 the directors were unaware of any significant unprovided or uninsured concentration of credit risk.

**Other receivables**

There is no concentration of credit risk within other receivables, except for the accrued preference share dividends relating to the preference share investments, as disclosed above. The level of interest in related party receivables minimises the credit risk.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 37. FINANCIAL RISK MANAGEMENT (continued)

#### Credit risk (continued)

##### Cash, deposits and derivative assets

The group is exposed to certain concentrations of credit risk relating to its cash, current investments and derivative assets. It places these instruments mainly with major banking groups and high-quality institutions that have high credit ratings. The group's treasury policy is designed to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. As at 31 March 2010 the group held the majority of its cash, deposits and derivative assets with local and international banks with a 'Baa1' credit rating or higher (Moody's International rating). The counterparties that are used by the group are evaluated on a continuous basis.

The maximum amount of credit risk that the group is exposed to is R13,4bn (2009: R13,5bn), and has been calculated as follows:

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
Investments and loans	<b>3 503</b>	3 611
Receivables and loans	<b>3 106</b>	2 858
Derivative financial instruments	—	407
Cash and cash equivalents	<b>6 785</b>	6 642
	<b>13 394</b>	13 518

Intergroup guarantees are no longer included in the group's maximum credit risk disclosure. Refer to note 18 in the company's financial statements for the group guarantees.

#### Liquidity risk

Prudent liquidity risk management implies, among others, maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. In terms of the articles of association of the company, no limitation is placed on its borrowing capacity.

The facilities expiring within one year are subject to renewal at various dates during the next year. The group had the following unutilised banking facilities as at 31 March 2010 and 31 March 2009:

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
On call	<b>1 477</b>	1 304
Expiring within one year	<b>249</b>	269
Expiring beyond one year	<b>5 868</b>	4 248
	<b>7 594</b>	5 821



## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 37. FINANCIAL RISK MANAGEMENT (continued)

## Liquidity risk (continued)

31 March 2009	Carrying value R'm	Contractual cash flows R'm	0 – 12 months R'm	1 – 5 years R'm	5 years + R'm
<b>Non-derivative financial liabilities</b>					
– Interest-bearing:					
Capitalised finance leases	(1 267)	(1 424)	(484)	(940)	—
– Interest-bearing: Loans and other	(6 594)	(7 001)	(801)	(6 200)	—
– Non-interest-bearing:					
Programme and film rights	(850)	(874)	(766)	(108)	—
– Non-interest-bearing:					
Loans and other	(122)	(122)	(13)	(101)	(8)
– Trade payables	(1 662)	(1 662)	(1 662)	—	—
– Accrued expenses and other current liabilities	(2 029)	(2 029)	(2 029)	—	—
– Related party payables	(43)	(43)	(43)	—	—
– Dividends payable	(10)	(10)	(10)	—	—
– Bank overdrafts and call loans	(917)	(917)	(917)	—	—
	Carrying value R'm	Contractual cash flows R'm	0 – 12 months R'm	1 – 2 years R'm	2 years + R'm
<b>Derivative financial assets/ (liabilities)</b>					
– Forward exchange contracts	305	(4 677)	(2 570)	(2 107)	—
– Shareholders' liabilities	(360)	(420)	(6)	(7)	(407)
– Interest rate swaps	(274)	(274)	(130)	(122)	(22)

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**37. FINANCIAL RISK MANAGEMENT** (continued)**Interest rate risk**

As part of the process of managing the group's fixed and floating borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Where appropriate, the group uses derivative instruments, such as interest rate swap agreements, purely for hedging purposes. The fair value of these instruments will not change significantly as a result of changes in interest rates due to their short-term nature and the floating interest rates. As at 31 March 2010 the group had the following interest rate swaps in place:

Institution	Fair value of liability R'm	Loan amount 'm	Rate of loan %	Rate of swap
Citibank	(116)	US\$948	3,8	3 month using USLIBOR plus facility fee
Rand Merchant Bank	(8)	R248	8,41	3 month average JIBAR with cap of 10,47%
Rand Merchant Bank	(1)	R23	9,53	3 month average JIBAR with cap of 12,42%
Rand Merchant Bank	—	R14	12,78	3 month average JIBAR with cap of 12,42%
Rand Merchant Bank	—	R9	8,06	3 month average JIBAR with cap of 10,5%
Rand Merchant Bank	(6)	R200	8,41	3 month average JIBAR with cap of 10,6%
Rand Merchant Bank	(13)	R250	10,00	3 month average JIBAR with fix rate of 11,45%
Investec	(14)	R250	12,00	3 month average JIBAR with cap of 12,3% and floor of 11,2%
	<b>(158)</b>			

Please refer to note 18 for the interest rate profile and repayment terms of long-term liabilities as at 31 March 2010 and 31 March 2009.

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date (after taking into account the effect of hedging) and the stipulated change taking place at the beginning of the next financial year and held constant throughout the reporting period in the case of instruments that have floating rates. The group is mainly exposed to interest rate fluctuations of the South African, American and European repo rates. The following changes in the repo rates represent management's best estimate of the possible change in interest rates at the respective year-ends:

- » South African repo rate: increases by 100 basis points (2009: decreases by 100 basis points)
- » American and European repo rates: increases by 100 basis points each (2009: decreased by 100 basis points each)

If interest rates changes as stipulated above and all other variables were held constant, specifically foreign exchange rates, the group's profit after tax for the year ended 31 March 2010 would increase by R23,2m (2009: decrease by R53,5m). Other equity would remain unchanged (2009: decrease by R34,7m).

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**38. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair values, together with the carrying values, net gains and losses recognised in profit and loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

	Carrying value R'm	Fair value R'm	Net gains and (losses) recognised in profit and loss R'm	Total interest income R'm	Total interest expense R'm	Impair- ment R'm
<b>31 March 2010</b>						
<b>Assets</b>						
Investments and loans	3 503	3 503	(6)	272	—	367
Loans and receivables	3 417	3 417	—	268	—	330
Originated loans	5	5	—	—	—	—
Related party loans	81	81	(6)	4	—	37
Receivables and loans	3 106	3 106	133	27	—	44
Accounts receivable	2 438	2 438	2	1	—	44
Other receivables	642	642	(2)	26	—	—
Related party receivables	26	26	133	—	—	—
Cash and cash equivalents	6 785	6 785	78	315	—	—
<b>Total</b>	<b>13 394</b>	<b>13 394</b>	<b>205</b>	<b>614</b>	<b>—</b>	<b>411</b>
<b>Liabilities</b>						
Long-term liabilities	8 750	8 738	32	—	524	—
Interest-bearing:						
Capitalised finance leases	1 736	1 736	30	—	55	—
Loans and other	6 877	6 865	—	—	461	—
Non-interest-bearing:						
Loans and other	137	137	2	—	8	—
Short-term payables and loans	5 545	5 527	(8)	—	144	—
Interest-bearing:						
Capitalised finance leases	329	329	52	—	37	—
Loans and other	594	576	—	—	23	—
Non-interest-bearing:						
Programme and film rights	736	736	(61)	—	33	—
Loans and other	16	16	—	—	—	—
Trade payables	1 721	1 721	47	—	26	—
Accrued expenses and other current liabilities	2 138	2 138	37	—	23	—
Related party payables	9	9	(83)	—	2	—
Dividends payable	2	2	—	—	—	—
Derivatives	1 531	1 531	(378)	—	72	—
Foreign exchange contracts	723	723	(374)	—	—	—
Other derivatives – shareholders' liabilities	650	650	(10)	—	42	—
Other derivatives – interest rate swaps	158	158	6	—	30	—
Bank overdrafts and call loans	958	958	5	—	101	—
<b>Total</b>	<b>16 784</b>	<b>16 754</b>	<b>(349)</b>	<b>—</b>	<b>841</b>	<b>—</b>

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 38. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Carrying value R'm	Fair value R'm	Net gains and (losses) recognised in profit and loss R'm	Total interest income R'm	Total interest expense R'm	Impair- ment R'm
<b>31 March 2009</b>						
<b>Assets</b>						
Investments and loans	3 611	3 611	(1)	383	—	6
Loans and receivables	3 571	3 571	—	377	—	—
Originated loans	7	7	—	1	—	—
Related party loans	33	33	(1)	5	—	6
Receivables and loans	2 858	2 858	(37)	16	—	124
Accounts receivable	2 233	2 233	(1)	3	—	36
Other receivables	598	598	—	13	—	(19)
Related party receivables	27	27	(36)	—	—	107
Derivative – foreign exchange contracts	407	407	7	—	—	—
Cash and cash equivalents	6 642	6 642	(162)	548	—	22
<b>Total</b>	<b>13 518</b>	<b>13 518</b>	<b>(193)</b>	<b>947</b>	<b>—</b>	<b>152</b>
<b>Liabilities</b>						
Long-term liabilities	6 906	6 905	(49)	—	641	—
Interest-bearing:						
Capitalised finance leases	865	865	5	—	110	—
Interest-bearing: Loans and other	5 935	5 934	(54)	—	531	—
Non-interest-bearing:						
Loans and other	106	106	—	—	—	—
Short-term payables and loans	5 672	5 668	(35)	—	86	—
Interest-bearing:						
Capitalised finance leases	402	402	—	—	—	—
Interest-bearing: Loans and other	660	656	—	—	35	—
Non-interest-bearing:						
Programme and film rights	850	850	—	—	40	—
Non-interest-bearing:						
Loans and other	16	16	—	—	—	—
Trade payable	1 662	1 662	20	—	2	—
Accrued expenses and other current liabilities	2 029	2 029	6	—	9	—
Related party payables	43	43	(61)	—	—	—
Dividends payable	10	10	—	—	—	—
Derivative financial instruments	736	736	(11)	—	26	—
Foreign exchange contracts	102	102	(11)	—	—	—
Other derivatives – shareholders' liabilities	360	360	—	—	24	—
Other derivatives – interest rate swaps	274	274	—	—	2	—
Bank overdrafts and call loans	917	917	—	—	116	—
<b>Total</b>	<b>14 231</b>	<b>14 226</b>	<b>(95)</b>	<b>—</b>	<b>869</b>	<b>—</b>

The fair value of financial instruments was calculated using market information and other relevant valuation techniques, and does not necessarily represent the values that the group will realise in the normal course of business. The carrying amounts of cash and cash equivalents, bank overdrafts, receivables and payables are deemed to reflect fair value due to the short maturities of these instruments. The fair values of forward exchange contracts and other derivative instruments are based on quoted market prices, other prices that are observable for the asset or liability, either directly or indirectly, or valuation techniques that include unobservable inputs. The fair values of interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

### 38. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- » Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- » Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- » Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value R'm	Level 1 R'm	Level 2 R'm	Level 3 R'm	Total R'm
<b>31 March 2010</b>					
<b>Liabilities measured at fair value</b>					
<b>Liabilities</b>					
Foreign exchange contracts	723	—	723	—	723
Other derivatives – shareholders' liabilities	650	—	—	650	650
Other derivatives – interest rate swaps	158	—	158	—	158
<b>Total</b>	<b>1 531</b>	<b>—</b>	<b>881</b>	<b>650</b>	<b>1 531</b>

There were no transfers between level 1 and level 2 during the period.

The following table presents the changes in level 3 instruments for the year ending 31 March 2010:

	Other derivatives – shareholders' liabilities R'm	Total R'm
<b>Reconciliation of level 3 instruments</b>		
Opening balance at 1 April 2009	360	360
Total losses in income statement	53	53
Purchases	264	264
Foreign currency translation effects	(22)	(22)
Settlements	(5)	(5)
<b>Closing balance 31 March 2010</b>	<b>650</b>	<b>650</b>

Total losses for the period included in the income statement for assets still held at the end of the period amounted to R53,0m. Of this amount included in the income statement R42,7m was included in "Other finance (costs)/income – net", R5,3m in "Other gains/(losses) – net", and R4,8m in "Foreign exchange profits/(losses)".

If one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no significant change in the fair value measurements of level 3 instruments.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**39. EQUITY COMPENSATION BENEFITS**

The following share incentive plans were in operation during the financial year:

	Date of incorporation	Maximum awards permissible (note 4)	Vesting period	Period to expiry from date of offer	IFRS 2 classification
<b>Share trusts</b>					
Naspers	14 August 1987	note 1	*	10 years	Equity-settled
Media24	31 August 2000	15%	*	10 years	Cash-settled
Paarl Media Holdings	29 May 2001	5%	*	10 years	Cash-settled
Via Afrika	21 November 2003	10%	*	10 years	Cash-settled
MIH Holdings	27 September 1993	note 1	*	10 years	Equity-settled
MIH (Mauritius)	25 March 1999	note 1	*	10 years	Equity-settled
Irdeto Access	14 October 1999	10%	*	10 years	note 3
MIH China (BVI)	23 February 2003	note 2	**	10 years	Equity-settled
2005 MIH China (BVI)	30 September 2005	note 2	**	5 years	Equity-settled
Entriq (Mauritius)	6 May 2003	15%	**	10 years	Cash-settled
MediaZone Holdings B.V.	8 August 2006	15%	**	10 years	Equity-settled
M-Net	12 June 1991	note 1	*	10 years	Equity-settled
SuperSport	12 June 1991	note 1	*	10 years	Equity-settled
MIH India (Mauritius)	22 February 2007	15%	***	10 years	Equity-settled
MIH Russia Internet B.V.	4 June 2007	10%	***	10 years	Equity-settled
MIH BuscaPé Holdings B.V.	15 March 2010	6%	*	5 years and 3 months	Equity-settled
<b>SAR</b>					
Media24	20 September 2005	10%	*	5 years and 14 days	Equity-settled
MultiChoice Africa	20 September 2005	10%	*	5 years and 14 days	Equity-settled
M-Net/SuperSport	20 September 2005	10%	*	5 years and 14 days	Equity-settled
NetMed NV	11 November 2005	10%	*	5 years and 14 days	Equity-settled
MIH Brazil Holdings B.V.	9 June 2006	10%	*	5 years and 14 days	Equity-settled
Irdeto Access B.V.	9 June 2006	15%	*	5 years and 14 days	Equity-settled
Cloakware Inc. 2008	11 July 2008	15%	***	5 years and 14 days	Equity-settled
MIH Entriq Investments B.V. 2008	11 July 2008	10%	***	5 years and 14 days	Equity-settled
Gadu-Gadu S.A. 2008	11 July 2008	10%	***	5 years and 14 days	Equity-settled
MIH Allegro B.V. 2008	11 July 2008	10%	***	5 years and 14 days	Equity-settled
MIH Ricardo B.V. 2008	11 July 2008	15%	***	5 years and 14 days	Equity-settled
Irdeto Access B.V. 2008	5 September 2008	15%	***	5 years and 14 days	Equity-settled
MIH (China) Mauritius 2008	5 September 2008	10%	***	5 years and 14 days	Equity-settled
MultiChoice Africa 2008	2 April 2008	10%	*	5 years and 14 days	Equity-settled
Allegro B.V. 2009	25 September 2009	10%	***	5 years and 14 days	Equity-settled
Molotok No1	12 June 2009	10%	*	5 years and 14 days	Equity-settled

**Note 1** – These share trusts issue Naspers N ordinary shares. Collectively they may issue no more than 11% of the total number of issued N ordinary shares.

**Note 2** – The MIH China (BVI) and 2005 MIH China (BVI) share trusts may collectively issue no more than 10% of the total number of MIH China Limited ordinary shares in issue.

**Note 3** – Offers before September 2005 are cash-settled and offers after September 2005 are equity-settled.

**Note 4** – The percentage reflected in this column is the maximum percentage of the respective companies issued/notional share capital that the applicable Trust/SAR plan may hold and subsequently allocate to participants.

Vesting period: \*One-third vest after years 3, 4 and 5.

\*\*One-quarter vest after years 1, 2, 3 and 4.

\*\*\*One-fifth vest after years 1, 2, 3, 4 and 5.

The Naspers  
GroupReview of  
OperationsGovernance and  
Sustainability**Financial  
Statements**Notice of Annual  
General Meeting**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**39. EQUITY COMPENSATION BENEFITS** (continued)**Additional information**

All share options are granted with an exercise price of not less than 100% of market value or fair value of the respective company's shares on the date of the grant. All SARs are granted with an exercise price of not less than 100% of fair value of the SARs on the date of the grant. All unvested share options/SARs are subject to forfeiture upon termination of employment. All cancelled options/SARs are cancelled by mutual agreement between the employer and employee.

**MIH Holdings Limited**

In terms of a section 311 scheme of arrangement, Naspers Limited offered on 20 December 2002 one Naspers N ordinary share to all the minority shareholders of MIH Holdings Limited, including the MIH Holdings plan, for every 2,25 MIH Holdings shares that it held. All the MIH Holdings shares were exchanged for Naspers N ordinary shares on 23 December 2002. Subsequent offers are of Naspers N ordinary shares. Unvested share options are subject to forfeiture upon termination of employment. Cancelled options are cancelled by mutual agreement between the employer and employee.

**MIH (Mauritius) Limited**

As part of the merger between MIH Limited and MIH (Mauritius) Limited, Naspers offered on 20 December 2002 3,5 Naspers N ordinary shares for each MIH Limited share held by minority shareholders, including the MIH Limited plan. The MIH Limited plan was converted into the MIH (Mauritius) Limited plan at which time all its MIH Limited shares were exchanged for Naspers N ordinary shares and Naspers American Depositary Securities ("ADSs"). Subsequent offers are of Naspers N ordinary shares.

**M-Net and SuperSport**

In terms of a section 311 scheme of arrangement, Naspers Limited offered on 4 March 2004 one Naspers N ordinary share to all the minority shareholders of M-Net and SuperSport, including the M-Net and SuperSport plans, for every 4,5 M-Net/SuperSport linked unit that it held, or R8,50 per M-Net/SuperSport linked unit. The linked units were exchanged for 574 726 (M-Net) and 525 228 (SuperSport) Naspers N ordinary shares during April 2004.

The Naspers Group

Review of Operations

Governance and Sustainability

Financial Statements

Notice of Annual General Meeting

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 39. EQUITY COMPENSATION BENEFITS (continued)

Movements in terms of the share trust incentive plans are as follows:

31 March 2010	Naspers	Media24	Paarl Media	Via Afrika	MIH Holdings	MIH (Mauritius) (US\$-based)
<b>Shares</b>						
Outstanding at 1 April	17 557 772	938 083	704 073	66 822	983 237	204 071
Granted	37 553	—	—	—	178 786	—
Exercised	(175 781)	(260 194)	(549 040)	—	(221 524)	(145 041)
Forfeited	(33 404)	(41 155)	(15 333)	(53 650)	(62 864)	(1 330)
Expired	(8 802)	—	—	—	(338)	—
Outstanding at 31 March	17 377 338	636 734	139 700	13 172	877 297	57 700
Available to be implemented at 31 March	5 156 990	621 724	139 700	13 172	202 067	57 700
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(US\$)</b>
Outstanding at 1 April	130,23	8,76	10,59	5,00	111,70	2,83
Granted	261,71	—	—	—	257,98	—
Exercised	39,54	9,62	11,50	—	72,18	3,01
Forfeited	166,07	9,43	11,50	5,00	157,57	2,12
Expired	24,87	—	—	—	26,99	—
Outstanding at 31 March	131,42	8,36	6,91	5,00	148,24	2,39
Available to be implemented at 31 March	28,19	8,07	6,91	5,00	57,58	2,39
<b>Weighted average share price of options taken up during the year</b>						
Shares	175 781	260 194	549 040	—	221 524	145 041
Weighted average share price	257,25	29,15	29,07	—	245,98	28,69
<b>31 March 2009</b>	<b>Naspers</b>	<b>Media24</b>	<b>Paarl Media</b>	<b>Via Afrika</b>	<b>MIH Holdings</b>	<b>MIH (Mauritius) (US\$-based)</b>
<b>Shares</b>						
Outstanding at 1 April	18 160 580	1 869 537	1 011 801	81 590	1 309 473	363 925
Granted	41 889	—	—	—	57 328	—
Exercised	(627 865)	(880 426)	(292 394)	(10 858)	(362 633)	(159 854)
Forfeited	(16 832)	(51 028)	(15 334)	(3 910)	(20 931)	—
Outstanding at 31 March	17 557 772	938 083	704 073	66 822	983 237	204 071
Available to be implemented at 31 March	5 201 832	784 612	408 740	66 822	291 336	204 071
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(US\$)</b>
Outstanding at 1 April	126,56	8,21	10,48	5,00	87,10	2,72
Granted	174,38	—	—	—	176,01	—
Exercised	26,83	7,59	10,16	5,00	33,46	2,57
Forfeited	103,80	8,94	11,50	5,00	105,64	—
Outstanding at 31 March	130,23	8,76	10,59	5,00	111,70	2,83
Available to be implemented at 31 March	26,98	7,74	9,93	5,00	41,25	2,82
<b>Weighted average share price of options taken up during the year</b>						
Shares	627 865	880 426	292 394	10 858	362 633	159 854
Weighted average share price	160,60	28,81	28,03	10,14	169,09	19,58

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**39. EQUITY COMPENSATION BENEFITS** (continued)

Movements in terms of the share trust incentive plans are as follows:

<b>31 March 2010</b>	<b>MIH (Mauritius) (rand)</b>	<b>Irdeto Access B.V.</b>	<b>MIH China (BVI)</b>	<b>2005 MIH China (BVI)</b>	<b>Entriq</b>
<b>Shares</b>					
Outstanding at 1 April	8 066 131	566 231	7 963	23 234	4 244 500
Granted	527 045	—	—	—	—
Exercised	(705 768)	(106 078)	(1 088)	(8 263)	—
Forfeited	(88 251)	(21 948)	—	(55)	(427 400)
Cancelled	—	—	—	—	(65 000)
Outstanding at 31 March	7 799 157	438 205	6 875	14 916	3 752 100
Available to be implemented at 31 March	3 466 386	336 502	6 875	14 125	3 727 650
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Outstanding at 1 April	102,07	7,52	246,62	767,03	0,65
Granted	263,69	—	—	—	—
Exercised	56,96	7,13	245,47	770,36	—
Forfeited	145,55	8,79	—	1 872,39	0,65
Cancelled	—	—	—	—	0,65
Outstanding at 31 March	116,48	7,67	246,81	761,11	0,65
Available to be implemented at 31 March	56,96	7,22	246,81	690,27	0,65
<b>Weighted average share price of options taken up during the year</b>					
Shares	705 768	106 078	1 088	8 263	—
Weighted average share price	232,48	14,74	8 964,98	10 018,19	—
<b>31 March 2009</b>	<b>MIH (Mauritius) (rand)</b>	<b>Irdeto Access B.V.</b>	<b>MIH China (BVI)</b>	<b>2005 MIH China (BVI)</b>	<b>Entriq</b>
<b>Shares</b>					
Outstanding at 1 April	7 722 711	659 991	9 377	25 581	4 951 900
Granted	1 068 924	—	—	—	—
Exercised	(609 576)	(84 603)	(1 414)	(2 335)	—
Forfeited	(115 928)	(8 209)	—	(12)	(707 400)
Expired	—	(948)	—	—	—
Outstanding at 31 March	8 066 131	566 231	7 963	23 234	4 244 500
Available to be implemented at 31 March	3 116 376	226 772	7 963	14 359	3 973 700
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Outstanding at 1 April	88,18	7,52	225,76	773,29	0,65
Granted	158,73	—	—	—	—
Exercised	30,14	6,87	108,26	826,81	—
Forfeited	85,39	8,78	—	2 481,05	0,65
Expired	—	7,90	—	—	—
Outstanding at 31 March	102,07	7,52	246,62	767,03	0,65
Available to be implemented at 31 March	34,79	6,86	246,62	671,53	0,65
<b>Weighted average share price of options taken up during the year</b>					
Shares	609 576	84 603	1 414	2 335	—
Weighted average share price	164,47	15,92	4 226,94	4 443,99	—

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 39. EQUITY COMPENSATION BENEFITS (continued)

Movements in terms of the share trust incentive plans are as follows:

31 March 2010	MediaZone	M-Net	SuperSport	MIH India	MIH Russia	MIH BuscaPé
<b>Shares</b>						
Outstanding at 1 April	501 500	57 413	75 123	10 369 940	245 207	—
Granted	—	—	—	4 418 821	492 793	804 295
Exercised	—	(25 639)	(33 010)	—	—	—
Forfeited	(155 500)	—	—	(2 369 510)	(7 869)	—
Outstanding at 31 March	346 000	31 774	42 113	12 419 251	730 131	804 295
Available to be implemented at 31 March	259 500	31 774	42 113	3 578 959	94 918	—
<b>Weighted average exercise price</b>	<b>(US\$)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(US\$)</b>	<b>(euro)</b>	<b>(euro)</b>
Outstanding at 1 April	0,82	8,75	34,83	0,54	12,64	—
Granted	—	—	—	0,57	15,12	15,40
Exercised	—	8,68	35,11	—	—	—
Forfeited	0,82	—	—	0,54	12,64	—
Outstanding at 31 March	0,82	8,81	34,60	0,55	14,31	15,40
Available to be implemented at 31 March	0,82	8,81	34,60	0,54	12,64	—
<b>Weighted average share price of options taken up during the year</b>						
Shares	—	25 639	33 010	—	—	—
Weighted average share price	—	215,37	215,71	—	—	—
<b>31 March 2009</b>	<b>MediaZone</b>	<b>M-Net</b>	<b>SuperSport</b>	<b>MIH India</b>	<b>MIH Russia</b>	<b>MIH BuscaPé</b>
<b>Shares</b>						
Outstanding at 1 April	912 000	118 518	151 576	7 448 953	245 207	—
Granted	—	—	—	2 950 969	—	—
Exercised	—	(59 135)	(73 450)	—	—	—
Forfeited	(410 500)	(1 970)	(3 003)	(29 982)	—	—
Outstanding at 31 March	501 500	57 413	75 123	10 369 940	245 207	—
Available to be implemented at 31 March	250 750	57 413	75 123	2 751 260	49 032	—
<b>Weighted average exercise price</b>	<b>(US\$)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(US\$)</b>	<b>(euro)</b>	<b>(euro)</b>
Outstanding at 1 April	0,82	8,34	33,94	0,54	12,64	—
Granted	—	—	—	0,54	—	—
Exercised	—	7,94	33,21	—	—	—
Forfeited	0,82	8,70	29,74	0,54	—	—
Outstanding at 31 March	0,82	8,75	34,83	0,54	12,64	—
Available to be implemented at 31 March	0,82	8,75	34,83	0,54	12,64	—
<b>Weighted average share price of options taken up during the year</b>						
Shares	—	59 135	73 450	—	—	—
Weighted average share price	—	139,71	145,52	—	—	—

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**39. EQUITY COMPENSATION BENEFITS** (continued)

Movements in terms of the share appreciation rights plans are as follows:

<b>31 March 2010</b>	<b>Media24</b>	<b>MultiChoice Africa</b>	<b>M-Net/ SuperSport</b>	<b>NetMed</b>	<b>MIH Brazil</b>	<b>Irdeto Access</b>
<b>SARs</b>						
Outstanding at 1 April	9 618 622	7 530 463	5 716 714	—	170 600	306 943
Granted	2 201 342	—	—	—	54 253	—
Exercised	(5 011)	(2 324 719)	(2 186 829)	—	—	(33 942)
Forfeited	(1 438 688)	(256 367)	(169 769)	—	—	(84 957)
Cancelled	(310 409)	—	—	—	—	—
Outstanding at 31 March SARs available to be implemented at 31 March	10 065 856 3 577 140	4 949 377 180 922	3 360 116 321 185	— —	224 853 42 313	188 044 —
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(euro)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Outstanding at 1 April	22,61	38,46	9,25	—	43,91	15,20
Granted	21,40	—	—	—	47,77	—
Exercised	21,55	29,08	9,20	—	—	15,20
Forfeited	22,86	38,50	9,23	—	—	15,20
Cancelled	21,55	—	—	—	—	—
Outstanding at 31 March SARs available to be implemented at 31 March	22,36 21,86	42,86 30,46	9,28 9,13	— —	44,84 42,17	15,20 —
<b>Weighted average share price of SARs taken up during the year</b>						
SARs	5 011	2 324 719	2 186 829	—	—	33 942
Weighted average SAR price	23,65	73,65	25,07	—	—	16,00
<b>31 March 2009</b>		<b>MultiChoice Africa</b>	<b>M-Net/ SuperSport</b>	<b>NetMed</b>	<b>MIH Brazil</b>	<b>Irdeto Access</b>
<b>SARs</b>						
Outstanding at 1 April	11 424 586	9 866 396	8 593 745	5 725 383	136 223	323 045
Granted	876 959	—	—	—	36 063	—
Exercised	(1 107 978)	(1 799 910)	(2 516 300)	(5 601 954)	—	—
Forfeited	(1 368 727)	(536 023)	(360 731)	(123 429)	(1 686)	(16 102)
Cancelled	(206 218)	—	—	—	—	—
Outstanding at 31 March SARs available to be implemented at 31 March	9 618 622 1 660 360	7 530 463 167 900	5 716 714 142 909	— —	170 600 —	306 943 —
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(rand)</b>	<b>(euro)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Outstanding at 1 April	22,41	36,54	9,19	1,08	42,17	15,20
Granted	23,65	—	—	—	50,39	—
Exercised	21,55	27,27	9,04	1,08	—	—
Forfeited	22,63	40,62	9,31	1,08	42,17	15,20
Cancelled	21,55	—	—	—	—	—
Outstanding at 31 March SARs available to be implemented at 31 March	22,61 21,55	38,46 23,70	9,25 9,00	— —	43,91 —	15,20 —
<b>Weighted average share price of SARs taken up during the year</b>						
SARs	1 107 978	1 799 910	2 516 300	5 601 954	—	—
Weighted average SAR price	23,66	73,65	25,07	2,81	—	—

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**39. EQUITY COMPENSATION BENEFITS** (continued)

Movements in terms of the share appreciation rights plans are as follows:

31 March 2010	MultiChoice Africa 2008	Irdeto Access B.V. 2008	Gadu-Gadu S.A. 2008	MIH Allegro B.V. 2008	MIH (China) Mauritius 2008
<b>SARs</b>					
Outstanding at 1 April	1 580 233	208 927	636 580	398 121	9 039
Granted	1 921 083	617 283	357 856	106 015	2 971
Exercised	(82 193)	—	—	(67 595)	—
Forfeited	(116 036)	(14 437)	(111 140)	(3 042)	—
Outstanding at 31 March	3 303 087	811 773	883 296	433 499	12 010
SARs available to be implemented at 31 March	—	39 897	109 095	53 727	1 806
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(US\$)</b>	<b>(PLN)</b>	<b>(euro)</b>	<b>(US\$)</b>
Outstanding at 1 April	69,31	16,00	13,55	38,16	4 847,35
Granted	80,74	10,20	13,55	74,93	9 708,18
Exercised	69,31	—	—	38,16	—
Forfeited	72,74	13,75	13,55	38,16	—
Outstanding at 31 March	75,84	11,63	13,55	47,15	6 049,81
SARs available to be implemented at 31 March	—	16,00	13,55	38,16	4 848,20
<b>Weighted average share price of SARs taken up during the year</b>					
SARs	82 193	—	—	67 595	—
Weighted average SAR price	82,18	—	—	74,93	—
<b>31 March 2009</b>	<b>MultiChoice Africa 2008</b>	<b>Irdeto Access B.V. 2008</b>	<b>Gadu-Gadu S.A. 2008</b>	<b>MIH Allegro B.V. 2008</b>	<b>MIH (China) Mauritius 2008</b>
<b>SARs</b>					
Outstanding at 1 April	—	—	—	—	—
Granted	1 620 756	209 381	668 092	452 881	9 039
Forfeited	(40 523)	(454)	(31 512)	(54 760)	—
Outstanding at 31 March	1 580 233	208 927	636 580	398 121	9 039
SARs available to be implemented at 31 March	—	—	—	—	—
<b>Weighted average exercise price</b>	<b>(rand)</b>	<b>(US\$)</b>	<b>(PLN)</b>	<b>(euro)</b>	<b>(US\$)</b>
Outstanding at 1 April	—	—	—	—	—
Granted	69,31	16,00	13,55	38,16	4 847,35
Forfeited	69,31	16,00	13,55	38,16	—
Outstanding at 31 March	69,31	16,00	13,55	38,16	4 847,35
SARs available to be implemented at 31 March	—	—	—	—	—
<b>Weighted average share price of SARs taken up during the year</b>					
SARs	—	—	—	—	—
Weighted average SAR price	—	—	—	—	—

**|| NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**39. EQUITY COMPENSATION BENEFITS** (continued)

Movements in terms of the share appreciation rights plans are as follows:

	Cloakware Inc. 2008	MIH Entriq Investments B.V. 2008	MIH Ricardo B.V. 2008	Allegro BV 2009	Molotok No1
<b>31 March 2010</b>					
<b>SARs</b>					
Outstanding at 1 April	162 699	749 120	1 615 075	—	—
Granted	—	—	418 489	78 857	284 226
Exercised	—	—	(39 891)	—	—
Forfeited	(17 598)	(182 488)	(232 133)	—	—
Cancelled	(137 750)	(566 632)	—	—	—
Outstanding at 31 March	7 351	—	1 761 540	78 857	284 226
SARs available to be implemented at 31 March	1 468	—	268 595	—	—
<b>Weighted average exercise price</b>					
	(US\$)	(US\$)	(euro)	(euro)	(euro)
Outstanding at 1 April	7,25	2,22	1,58	—	—
Granted	—	—	1,59	74,93	17,80
Exercised	—	—	1,58	—	—
Forfeited	7,25	2,22	1,58	—	—
Cancelled	7,25	2,22	—	—	—
Outstanding at 31 March	7,25	—	1,58	74,93	17,80
SARs available to be implemented at 31 March	7,25	—	1,58	—	—
<b>Weighted average share price of SARs taken up during the year</b>					
SARs	—	—	39 891	—	—
Weighted average SAR price	—	—	1,59	—	—

	Cloakware Inc. 2008	MIH Entriq Investments B.V. 2008	MIH Ricardo B.V. 2008	Allegro BV 2009	Molotok No1
<b>31 March 2009</b>					
<b>SARs</b>					
Outstanding at 1 April	—	—	—	—	—
Granted	162 699	749 120	1 792 290	—	—
Forfeited	—	—	(177 215)	—	—
Outstanding at 31 March	162 699	749 120	1 615 075	—	—
SARs available to be implemented at 31 March	—	—	—	—	—
<b>Weighted average exercise price</b>					
	(US\$)	(US\$)	(euro)	(euro)	(euro)
Outstanding at 1 April	—	—	—	—	—
Granted	7,25	2,22	1,58	—	—
Forfeited	—	—	1,58	—	—
Outstanding at 31 March	7,25	2,22	1,58	—	—
SARs available to be implemented at 31 March	—	—	—	—	—
<b>Weighted average share price of SARs taken up during the year</b>					
SARs	—	—	—	—	—
Weighted average SAR price	—	—	—	—	—

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 39. EQUITY COMPENSATION BENEFITS (continued)

Share option allocations outstanding and currently available to be implemented at 31 March 2010 by exercise price:

Exercise prices/range of exercise prices	Share options outstanding			Share options currently available	
	Number outstanding at 31 March 2010	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2010	Weighted average exercise price
<b>Naspers Limited (rand)</b>					
10,00 – 20,00	39 835	2,50	18,32	39 835	18,32
20,01 – 25,00	2 592 411	2,51	23,42	2 592 411	23,42
25,01 – 30,00	849 724	2,75	28,85	849 724	28,85
30,01 – 35,00	1 490 854	2,71	30,96	1 490 854	30,96
40,01 – 45,00	11 550	4,20	42,89	11 550	42,89
45,01 – 50,00	100 000	4,44	50,00	100 000	50,00
50,01 – 60,15	8 950	3,72	52,06	8 950	52,06
110,00 – 120,00	191 000	6,35	114,52	63 666	114,52
120,01 – 130,00	9 437	6,44	124,00	–	–
130,01 – 145,00	283 640	7,95	138,87	–	–
160,01 – 175,00	3 959 142	8,00	167,29	–	–
175,01 – 200,00	7 803 242	8,00	180,83	–	–
250,01 – 275,00	26 683	9,43	251,00	–	–
275,01 – 300,00	10 870	9,91	288,00	–	–
	<b>17 377 338</b>		131,42	<b>5 156 990</b>	28,19
<b>Media24 Limited (rand)</b>					
6,04	49 868	2,12	6,04	49 868	6,04
6,90	11 728	2,67	6,90	11 728	6,90
6,92	396 088	0,72	6,92	396 088	6,92
8,12	37 126	3,84	8,12	37 126	8,12
11,63	113 737	4,52	11,63	113 737	11,63
20,42	28 187	5,46	20,42	13 177	20,42
	<b>636 734</b>		8,36	<b>621 724</b>	8,07
<b>Paarl Media Holdings Limited (rand)</b>					
4,80	95 700	2,16	4,80	95 700	4,80
11,50	44 000	5,00	11,50	44 000	11,50
	<b>139 700</b>		6,91	<b>139 700</b>	6,91
<b>Via Afrika Limited (rand)</b>					
5,00	13 172	4,46	5,00	13 172	5,00
<b>MIH Holdings Limited (rand)</b>					
6,91 – 20,00	30 191	1,94	14,06	30 191	14,06
20,01 – 40,00	55 965	2,95	25,43	55 965	25,43
40,01 – 60,00	48 569	3,91	41,63	48 569	41,63
80,01 – 100,00	322	0,43	93,26	322	93,26
100,01 – 120,00	89 143	5,45	105,35	39 974	105,35
120,01 – 140,00	323 943	7,43	133,79	23 713	123,99
140,01 – 160,00	255	8,93	146,50	—	—
160,01 – 180,00	57 563	8,15	175,68	3 333	175,00
180,01 – 200,00	93 508	7,35	185,91	—	—
250,01 – 275,00	154 329	9,43	251,00	—	—
300,01 – 320,00	23 509	9,96	304,05	—	—
	<b>877 297</b>		148,24	<b>202 067</b>	57,58
<b>MIH (Mauritius) Limited (US\$)</b>					
1,10 – 1,10	8 700	1,88	1,10	8 700	1,10
1,11 – 2,50	23 330	1,70	2,12	23 330	2,12
2,51 – 5,00	25 670	3,37	3,07	25 670	3,07
	<b>57 700</b>		2,39	<b>57 700</b>	2,39

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**39. EQUITY COMPENSATION BENEFITS** (continued)

Share option allocations outstanding and currently available to be implemented at 31 March 2010 by exercise price:

Exercise prices/range of exercise prices	Share options outstanding			Share options currently available	
	Number outstanding at 31 March 2010	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2010	Weighted average exercise price
<b>MIH (Mauritius) Limited (rand)</b>					
8,19 – 15,00	142 115	1,88	8,19	142 115	8,19
15,01 – 40,00	1 842 925	3,00	24,14	1 842 925	24,14
40,01 – 65,00	565 179	4,21	44,83	565 179	44,83
65,01 – 75,00	9 060	0,17	74,22	9 060	74,22
100,01 – 125,00	998 195	5,93	119,40	578 355	118,93
125,01 – 145,00	1 481 980	7,94	138,91	2 497	144,00
145,01 – 160,00	871 200	8,78	153,18	16 248	145,99
160,01 – 175,00	1 033 058	7,10	174,63	310 007	175,00
175,01 – 190,00	328 889	7,83	179,58	—	—
250,01 – 275,00	401 679	9,43	251,17	—	—
275,01 – 300,00	434	9,70	292,56	—	—
300,01 – 320,00	124 443	9,96	304,05	—	—
	<b>7 799 157</b>		116,48	<b>3 466 386</b>	56,96
<b>Irdeto Access B.V. (US\$)</b>					
6,70	243 623	4,24	6,70	243 623	6,70
7,90	99 001	5,50	7,90	61 624	7,90
9,90	95 581	6,47	9,90	31 255	9,90
	<b>438 205</b>		7,67	<b>336 502</b>	7,22
<b>MIH China (BVI) Limited (US\$)</b>					
34,00	2 500	2,90	34,00	2 500	34,00
368,41	4 375	4,19	368,41	4 375	368,41
	<b>6 875</b>		246,81	<b>6 875</b>	246,81
<b>2005 MIH China (BVI) Limited (US\$)</b>					
612,75	12 856	0,50	612,75	12 856	612,75
654,02	309	0,66	654,02	309	654,02
1 434,92	1 024	1,44	1 434,92	680	1 434,92
2 481,05	727	2,24	2 481,05	280	2 481,05
	<b>14 916</b>		761,11	<b>14 125</b>	690,27
<b>Entriq (Mauritius) Limited (US\$)</b>					
0,65	3 752 100	4,96	0,65	3 727 650	0,65
<b>MediaZone Holdings B.V. (US\$)</b>					
0,82	346 000	6,36	0,82	259 500	0,82

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 39. EQUITY COMPENSATION BENEFITS (continued)

Share option allocations outstanding and currently available to be implemented at 31 March 2010 by exercise price:

Exercise prices/range of exercise prices	Share options outstanding			Share options currently available	
	Number outstanding at 31 March 2010	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2010	Weighted average exercise price
<b>M-Net Limited (rand)</b>					
8,51 – 13,50	<b>31 758</b>	2,94	8,80	<b>31 758</b>	8,80
13,51 – 30,50	<b>16</b>	3,84	16,88	<b>16</b>	16,88
	<b>31 774</b>		8,81	<b>31 774</b>	8,81
<b>SuperSport Limited (rand)</b>					
–	<b>13 052</b>	2,87	—	<b>13 052</b>	—
25,01 – 40,00	<b>15</b>	3,84	28,65	<b>15</b>	28,65
40,01 – 55,00	<b>27 076</b>	3,16	49,53	<b>27 076</b>	49,53
55,01 – 60,00	<b>1 970</b>	—	58,66	<b>1 970</b>	58,66
	<b>42 113</b>		34,60	<b>42 113</b>	34,60
<b>MIH India (US\$)</b>					
0,54	<b>8 000 430</b>	7,51	0,54	<b>3 578 959</b>	0,54
0,57	<b>4 418 821</b>	9,56	0,57	—	—
	<b>12 419 251</b>		0,55	<b>3 578 959</b>	0,54
<b>MIH Russia (euro)</b>					
12,64	<b>237 338</b>	7,19	12,64	<b>94 918</b>	12,64
15,12	<b>492 793</b>	9,99	15,12	—	—
	<b>730 131</b>		14,31	<b>94 918</b>	12,64
<b>MIH BuscaPé (euro)</b>					
15,40	<b>804 295</b>	5,24	15,40	—	—

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

## 39. EQUITY COMPENSATION BENEFITS (continued)

Share appreciation rights allocations outstanding and currently available to be implemented at 31 March 2010 by exercise price:

Exercise prices	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2010	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2010	Weighted average exercise price
<b>Media24 Limited (rand)</b>					
21,40	<b>2 145 854</b>	4,54	21,40	—	—
21,55	<b>5 097 360</b>	0,56	21,55	<b>3 225 126</b>	21,55
23,65	<b>828 121</b>	3,44	23,65	—	—
24,75	<b>1 056 429</b>	1,61	24,75	<b>352 014</b>	24,75
25,15	<b>938 092</b>	2,50	25,15	—	—
	<b>10 065 856</b>		22,36	<b>3 577 140</b>	21,86
<b>MultiChoice Africa (Proprietary) Limited (rand)</b>					
23,70	<b>1 526 938</b>	0,55	23,70	<b>105 295</b>	23,70
39,87	<b>1 268 020</b>	1,49	39,87	<b>75 627</b>	39,87
58,21	<b>2 154 419</b>	2,31	58,21	—	—
	<b>4 949 377</b>		42,86	<b>180 922</b>	30,46
<b>M-Net/SuperSport (rand)</b>					
9,00	<b>1 670 320</b>	0,54	9,00	<b>246 499</b>	9,00
9,56	<b>1 689 796</b>	1,52	9,56	<b>74 686</b>	9,56
	<b>3 360 116</b>		9,28	<b>321 185</b>	9,13
<b>MIH Brazil Holdings B.V. (US\$)</b>					
42,17	<b>134 537</b>	1,57	42,17	<b>42 313</b>	42,17
47,57	<b>50 482</b>	4,46	47,57	—	—
50,39	<b>39 834</b>	3,56	50,39	—	—
	<b>224 853</b>		44,84	<b>42 313</b>	42,17
<b>Irdeto Access B.V. (US\$)</b>					
15,20	<b>188 044</b>	2,53	15,20	—	—
<b>MultiChoice Africa 2008 (rand)</b>					
69,31	<b>1 627 751</b>	3,59	69,31	—	—
82,18	<b>1 675 336</b>	4,43	82,18	—	—
	<b>3 303 087</b>		75,84	—	—
<b>Irdeto Access B.V. 2008 (US\$)</b>					
10,20	<b>611 689</b>	4,53	10,20	—	—
16,00	<b>200 084</b>	3,52	16,00	<b>39 897</b>	16,00
	<b>811 773</b>		11,63	<b>39 897</b>	16,00

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**39. EQUITY COMPENSATION BENEFITS** (continued)

Share appreciation rights allocations outstanding and currently available to be implemented at 31 March 2010 by exercise price:

Exercise prices	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2010	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2010	Weighted average exercise price
<b>Gadu-Gadu S.A. 2008 (PLN)</b>					
13,55	<b>883 296</b>	3,79	13,55	<b>109 095</b>	13,55
<b>MIH Allegro B.V. 2008 (euro)</b>					
38,16	<b>327 484</b>	3,41	38,16	<b>53 727</b>	38,16
74,93	<b>106 015</b>	4,50	74,93	—	—
	<b>433 499</b>		47,15	<b>53 727</b>	38,16
<b>MIH (China) Mauritius 2008 (US\$)</b>					
3 352,92	<b>134</b>	3,83	3 352,92	<b>26</b>	3 352,92
3 809,17	<b>937</b>	3,97	3 809,17	<b>187</b>	3 809,17
4 994,57	<b>7 968</b>	3,52	4 994,57	<b>1 593</b>	4 994,57
9 344,20	<b>2 648</b>	4,46	9 344,20	—	—
12 692,10	<b>323</b>	5,00	12 692,10	—	—
	<b>12 010</b>		6 049,81	<b>1 806</b>	4 848,20
<b>Cloakware Inc. 2008 (US\$)</b>					
7,25	<b>7 351</b>	3,35	7,25	<b>1 468</b>	7,25
<b>MIH Ricardo B.V. 2008 (euro)</b>					
1,58	<b>1 343 051</b>	3,43	1,58	<b>268 595</b>	1,58
1,59	<b>418 489</b>	4,48	1,59	—	—
	<b>1 761 540</b>		1,58	<b>268 595</b>	1,58
<b>Allegro B.V. 2009 (euro)</b>					
74,93	<b>78 857</b>	4,63	74,93	—	—
<b>Molotok No1 (euro)</b>					
17,80	<b>284 226</b>	4,99	17,80	—	—

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**39. EQUITY COMPENSATION BENEFITS** (continued)

Share trust incentive plans grants made during the year:

	<b>Naspers Limited (rand)</b>	<b>MIH Holdings Limited (rand)</b>	<b>MIH (Mauritius) Limited (rand)</b>	<b>MIH India (US\$)</b>	<b>MIH Russia (euro)</b>	<b>MIH BuscaPé (euro)</b>
<b>31 March 2010</b>						
Weighted average fair value at measurement date	<b>124,49</b>	<b>115,76</b>	<b>118,52</b>	<b>0,30</b>	<b>6,79</b>	<b>6,71</b>
This weighted average fair value has been calculated using the Bermudan binomial option-pricing model, using the following inputs and assumptions:						
Weighted average share price	<b>261,71</b>	<b>257,82</b>	<b>254,64</b>	<b>0,57</b>	<b>15,12</b>	<b>15,40</b>
Weighted average exercise price	<b>261,71</b>	<b>257,82</b>	<b>254,64</b>	<b>0,57</b>	<b>15,12</b>	<b>15,40</b>
Weighted average expected volatility (%) *	<b>37,2</b>	<b>38,4</b>	<b>37,8</b>	<b>51,6</b>	<b>44,5</b>	<b>47,9</b>
Weighted average option life (years)	<b>10,0</b>	<b>10,0</b>	<b>10,0</b>	<b>10,0</b>	<b>10,0</b>	<b>5,3</b>
Weighted average dividend yield (%)	<b>1,3</b>	<b>1,3</b>	<b>1,2</b>	—	—	—
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	<b>8,6</b>	<b>8,6</b>	<b>8,6</b>	<b>3,7</b>	<b>3,5</b>	<b>2,5</b>
Weighted average annual suboptimal rate (%)	<b>93,3</b>	<b>216,0</b>	<b>125,6</b>	<b>90,0</b>	<b>150,0</b>	<b>248,0</b>
Weighted average vesting period (years)	<b>4,0</b>	<b>4,0</b>	<b>4,0</b>	<b>3,0</b>	<b>3,0</b>	<b>4,0</b>

**31 March 2009**

Weighted average fair value at measurement date	89,89	81,03	84,44	0,31	—	—
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This weighted average fair value has been calculated using the Bermudan binomial option-pricing model, using the following inputs and assumptions:

Weighted average share price	174,38	176,01	158,73	0,54	—	—
Weighted average exercise price	174,38	176,01	158,73	0,54	—	—
Weighted average expected volatility (%) *	34,5	34,5	42,5	56,8	—	—
Weighted average option life (years)	10,0	9,7	10,0	10,0	—	—
Weighted average dividend yield (%)	0,9	0,9	0,9	—	—	—
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	10,3	9,4	8,7	3,8	—	—
Weighted average annual suboptimal rate (%)	93,3	210,5	125,6	90,0	—	—
Weighted average vesting period (years)	4,0	4,0	4,0	3,0	—	—

Various early exercise expectations were calculated based on historical exercise behaviours.

\*The weighted average expected volatility of all share option grants listed above is determined using historical daily share prices except for the MIH India, MIH Russia and MIH BuscaPé plans where historical annual company valuations are used.

## » NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

**39. EQUITY COMPENSATION BENEFITS** (continued)

Share appreciation rights plans grants made during the year:

	Media24 (rand)	MIH Brazil (US\$)	Multi- Choice Africa 2008 (rand)	Irdeeto Access B.V. 2008 (US\$)	Gadu-Gadu S.A. 2008 (PLN)	MIH Allegro B.V. 2008 (euro)
<b>31 March 2010</b>						
Weighted average fair value at measurement date	6,66	22,60	34,06	3,43	5,39	29,21
This weighted average fair value has been calculated using the Bermudan binomial option-pricing model, using the following inputs and assumptions:						
Weighted average SAR price	21,40	47,77	80,74	10,21	13,55	73,72
Weighted average exercise price	21,40	47,77	80,74	10,21	13,55	73,72
Weighted average expected volatility (%) *	7,6	40,0	34,4	23,1	48,2	48,3
Weighted average option life (years)	5,0	5,0	5,0	5,0	5,0	5,0
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8,3	8,4	8,2	8,2	2,7	2,6
Weighted average annual suboptimal rate (%)	168,9	93,3	293,8	114,5	248,0	248,0
Weighted average vesting period (years)	4,0	4,0	4,0	3,0	3,0	3,0
<b>31 March 2009</b>						
Weighted average fair value at measurement date	8,14	18,40	30,44	3,02	6,31	14,15
This weighted average fair value has been calculated using the Bermudan binomial option-pricing model, using the following inputs and assumptions:						
Weighted average SAR price	23,65	50,39	69,31	16,00	13,55	38,16
Weighted average exercise price	23,65	50,39	69,31	16,00	13,55	38,16
Weighted average expected volatility (%) *	7,6	34,5	34,9	12,5	56,5	41,3
Weighted average option life (years)	5,0	5,0	5,0	5,0	5,0	5,0
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	9,4	4,0	9,0	4,0	4,4	4,3
Weighted average annual suboptimal rate (%)	168,9	93,3	293,8	114,5	248,0	248,0
Weighted average vesting period (years)	4,0	4,0	4,0	3,0	3,0	3,0

Various early exercise expectations were calculated based on historical exercise behaviours.

\*The weighted average expected volatility of all SAR grants listed above is determined using historical annual company valuations.

**» NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)**39. EQUITY COMPENSATION BENEFITS** (continued)

Share appreciation rights plans grants made during the year:

	MIH (China) Mauritius 2008 (US\$)	Cloakware Inc. 2008 (US\$)	MIH Entriq Investments B.V. 2008 (US\$)	MIH Ricardo B.V. 2008 (euro)	MIH Allegro 2009 (euro)	MIH Molotok No1 (euro)
<b>31 March 2010</b>						
Weighted average fair value at measurement date	3 619,51	—	—	0,65	27,60	6,24
This weighted average fair value has been calculated using the Bermudan binomial option-pricing model, using the following inputs and assumptions:						
Weighted average SAR price	8 293,80	—	—	1,59	74,93	17,80
Weighted average exercise price	8 293,80	—	—	1,59	74,93	17,80
Weighted average expected volatility (%) *	56,6	—	—	48,2	43,9	36,5
Weighted average option life (years)	5,0	—	—	5,0	5,0	5,0
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	1,7	—	—	2,7	2,6	2,3
Weighted average annual suboptimal rate (%)	171,0	—	—	169,0	248,0	100,0
Weighted average vesting period (years)	3,0	—	—	3,0	3,0	4,0

**31 March 2009**

Weighted average fair value at measurement date	2 309,57	2,55	0,44	0,60	—	—
This weighted average fair value has been calculated using the Bermudan binomial option-pricing model, using the following inputs and assumptions:						
Weighted average SAR price	4 967,42	7,25	2,22	1,58	—	—
Weighted average exercise price	4 967,42	7,25	2,22	1,58	—	—
Weighted average expected volatility (%) *	57,1	36,6	14,2	41,0	—	—
Weighted average option life (years)	5,0	5,0	5,0	5,0	—	—
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	2,6	3,5	4,0	4,3	—	—
Weighted average annual suboptimal rate (%)	169,0	77,0	114,5	169,0	—	—
Weighted average vesting period (years)	3,0	3,0	3,0	3,0	—	—

Various early exercise expectations were calculated based on historical exercise behaviours.

\*The weighted average expected volatility of all SAR grants listed above is determined using historical annual company valuations, except for the MIH (China) Mauritius 2008 plan where historical daily share prices are used.

	<b>31 March 2010</b>	31 March 2009
	<b>R'm</b>	R'm
<b>Share-based payment liability</b>		
Total carrying amount of cash-settled share-based payment liability	<b>29</b>	82
Total intrinsic value of liability for vested benefits	<b>22</b>	47

## » COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	Notes	31 March 2010 R'm	31 March 2009 R'm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	2	5 453	5 453
Loans to subsidiaries	3	19 069	17 917
Property, plant and equipment	4	2	2
Investments and loans	5	372	655
Deferred taxation	7	98	83
<b>Current assets</b>			
Current portion of long-term loans	3	1 245	1 041
Other receivables	8	28	41
Cash and cash equivalents		197	1 741
<b>TOTAL ASSETS</b>		<b>26 464</b>	<b>26 933</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital and premium	9	17 222	16 788
Other non-distributable reserves		1 636	1 477
Retained earnings		7 559	8 621
<b>Non-current liabilities</b>			
Post-retirement medical liability	10	3	2
<b>Current liabilities</b>			
Amounts owing in respect of investments acquired	11	14	18
Accrued expenses and other current liabilities	12	24	27
Taxation		6	—
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26 464</b>	<b>26 933</b>

The accompanying notes are an integral part of these company annual financial statements.

## » COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	31 March 2010 R'm	31 March 2009 R'm
<b>Revenue</b>			
Selling, general and administration expenses	14	(247)	(228)
Other (losses)/gains – net	13	(190)	142
<b>Operating loss</b>			
Interest received	15	160	350
Other finance income/(costs) – net	15	38	79
<b>(Loss)/profit before taxation</b>			
Taxation	16	(239)	343
		(22)	(92)
<b>(Loss)/profit for the year</b>			
<b>Attributable to:</b>			
Equity holders of the company		(261)	251
Minority interest		—	—
		<b>(261)</b>	<b>251</b>

The accompanying notes are an integral part of these company annual financial statements.

**» COMPANY STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2010

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>(Loss)/profit for the year</b>	<b>(261)</b>	251
<b>Total comprehensive income for the year</b>	<b>(261)</b>	251
<b>Attributable to:</b>		
Equity holders of the company	<b>(261)</b>	251
Minority interest	—	—
	<b>(261)</b>	251

The accompanying notes are an integral part of these company annual financial statements.

**» COMPANY STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2010

	Share capital and premium		Share-based compensation reserve R'm	Valuation reserve R'm	Retained earnings R'm	Total R'm
	A shares R'm	N shares R'm				
<b>Balance at 1 April 2008</b>	14	16 603	23	1 296	9 064	27 000
Total comprehensive income for the year	—	—	—	—	251	251
Share capital issued	—	159	—	—	—	159
Treasury shares movement	—	14	—	—	—	14
Share-based compensation movements	—	(2)	158	—	—	156
Dividends	—	—	—	—	(694)	(694)
<b>Balance at 31 March 2009</b>	14	16 774	181	1 296	8 621	26 886
<b>Balance at 1 April 2009</b>	<b>14</b>	<b>16 774</b>	<b>181</b>	<b>1 296</b>	<b>8 621</b>	<b>26 886</b>
Total comprehensive income for the year	—	—	—	—	(261)	(261)
Share capital issued	—	434	—	—	—	434
Share-based compensation movements	—	—	159	—	—	159
Dividends	—	—	—	—	(801)	(801)
<b>Balance at 31 March 2010</b>	<b>14</b>	<b>17 208</b>	<b>340</b>	<b>1 296</b>	<b>7 559</b>	<b>26 417</b>

The accompanying notes are an integral part of these company annual financial statements.

## » COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2010

	Note	31 March 2010 R'm	31 March 2009 R'm
<b>Cash flows from operating activities</b>			
Cash utilised in operations	17	(64)	(61)
Finance income/(costs) – net		150	350
Taxation paid		(30)	(127)
<i>Net cash from operating activities</i>		<b>56</b>	162
<b>Cash flows from financing activities</b>			
Loans granted to subsidiaries		(824)	(492)
Proceeds from share issue		7	17
Preference dividends received		20	20
Dividend paid by holding company		(794)	(688)
<i>Net cash utilised in financing activities</i>		<b>(1 591)</b>	(1 143)
Net decrease in cash and cash equivalents		<b>(1 535)</b>	(981)
Forex translation adjustments on cash and cash equivalents		(9)	6
Cash and cash equivalents at beginning of the year		<b>1 741</b>	2 716
<b>Cash and cash equivalents at end of the year</b>		<b>197</b>	1 741

The accompanying notes are an integral part of these company annual financial statements.

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

**1. PRINCIPAL ACCOUNTING POLICIES**

The annual financial statements of the company are presented in accordance with, and comply with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements. The accounting policies for the holding company are the same as those of the group, where applicable (refer to note 2 of the consolidated financial statements).

Investments in subsidiaries are accounted for in the company's financial statements at cost.

**2. INVESTMENTS IN SUBSIDIARIES**

The following information relates to Naspers Limited's direct interest in its significant subsidiaries:

Name of subsidiary	Functional currency	Effective percentage interest*		Direct investment in shares		Nature of business	Country of incorporation
		2010 %	2009 %	2010 R'm	2009 R'm		
Media24 Holdings (Proprietary) Limited	ZAR	85,0	85,0	1	1	Investment holding	South Africa
Heemstede Beleggings (Proprietary) Limited	ZAR	100,0	100,0	—	—	Investment holding	South Africa
MIH Holdings Limited	ZAR	100,0	100,0	5 452	5 452	Investment holding	South Africa
Naspers Properties (Proprietary) Limited	ZAR	100,0	100,0	—	—	Properties holding	South Africa
Intelprop (Proprietary) Limited	ZAR	100,0	100,0	—	—	Investment holding	South Africa
				<b>5 453</b>	<b>5 453</b>		

\* The effective percentage interest shown is the effective financial interest, after adjusting for the interests of any equity compensation plans treated as treasury shares.

**3. LOANS TO SUBSIDIARIES**

	31 March 2010 R'm	31 March 2009 R'm
Media24 Limited	1 245	1 041
MIH Holdings Limited group	18 712	17 851
Naspers Properties (Proprietary) Limited	298	—
Intelprop (Proprietary) Limited	59	66
	<b>20 314</b>	<b>18 958</b>
Less: Current portion	<b>(1 245)</b>	<b>(1 041)</b>
	<b>19 069</b>	<b>17 917</b>

The loans to subsidiary companies do not have any fixed repayment terms except for the Media24 Limited loan, which is payable on demand. All the loans to subsidiary companies at 31 March 2010 are interest free, except for R750m (2009: R650m) of the Media24 Limited loan account bearing interest at a rate of prime less 3% and R198m (2009: Rnil) of the Naspers Properties loan account bearing interest at a rate of prime less 0,75%.

For the year ended 31 March 2010 Naspers Limited subordinated R300m (2009: R300m) of the R1 245m (2009: R1 041m) loan to Media24, for the benefit of other current and future creditors of Media24 Limited.

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

	31 March		Total
	Office equipment R'm	Total 2010 R'm	2009 R'm
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Cost</b>			
Opening balance	2	2	—
Acquisitions	—	—	2
<b>Closing balance</b>	2	2	2
<b>Net book value</b>	2	2	2

	31 March		31 March
		2010 R'm	2009 R'm
<b>5. INVESTMENTS AND LOANS</b>			
<b>Loans and receivables</b>			
Welkom Yizani preference shares		392	694
Less: Short-term accrued dividends on preference shares		(20)	(39)
<b>Long-term portion of loans and receivables</b>		372	655

The Welkom Yizani BEE transaction was refinanced during the year ended 31 March 2010. Welkom Yizani redeemed 21,1 million preference shares at a nominal value and the company waived R119m of accumulated preference dividends as part of the transaction. The total refinancing charge of R330m is included in "Other gains/(losses) – net" in the income statement. The preference dividend rate was reduced from 75% to 65% of the prime interest rate from December 2009. See note 7 in the consolidated financial statements for further details concerning this investment.

**6. RELATED-PARTY TRANSACTIONS AND BALANCES****Loans and interest**

For details on related party loans, interest and dividends received refer to notes 3, 12, 13 and 15.

	31 March		31 March
		2010 R'000	2009 R'000
<b>Directors' emoluments</b>			
<b>Executive directors</b>			
Remuneration for other services paid by subsidiary companies		6 235	2 061
<b>Non-executive directors</b>			
Fees for services as directors		6 409	5 432
Fees for services as directors of subsidiary companies		5 247	4 767
		<b>17 891</b>	12 260

Refer to note 13 of the consolidated financial statements for disclosure on executive director remuneration.

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

### 7. DEFERRED TAXATION

The company created a deferred taxation asset of R96m (2009: R81m) on unutilised secondary tax on companies ("STC") credits. The unutilised STC credits amounted to R2,4bn on 31 March 2010 (2009: R3,2bn). Management recorded a valuation allowance of R1,4bn (2009: R2,4bn) against the unutilised STC credits on 31 March 2010 as it is not expected that all the unutilised credits will realise. See note 16 of the consolidated financial statements for management's assumptions, which are based on changes relating to STC legislation.

	1 April 2009 R'm	Charged to income R'm	31 March 2010 R'm
<b>Deferred taxation balances</b>			
Provisions and other current liabilities	2	1	<b>3</b>
STC credits	81	15	<b>96</b>
Prepaid expenses	—	(1)	<b>(1)</b>
	83	15	<b>98</b>
		<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>8. OTHER RECEIVABLES</b>			
Accrued Welkom Yizani preference dividends		<b>20</b>	39
Other receivables		<b>8</b>	2
		<b>28</b>	41
<b>9. SHARE CAPITAL AND PREMIUM</b>			
<b>Authorised</b>			
1 250 000 A ordinary shares of R20 each		<b>25</b>	25
500 000 000 N ordinary shares of 2 cents each		<b>10</b>	10
		<b>35</b>	35
<b>Issued</b>			
712 131 A ordinary shares of R20 each		<b>14</b>	14
405 885 411 N ordinary shares of 2 cents each (2009: 404 305 411)		<b>8</b>	8
		<b>22</b>	22
<b>Share premium</b>		<b>19 018</b>	18 585
		<b>19 040</b>	18 607
<i>Less: 17 423 134 N ordinary shares held as treasury shares (2009: 17 570 915 N ordinary shares)</i>		<b>(1 818)</b>	(1 819)
		<b>17 222</b>	16 788

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

	2010 Number of N shares	2009 Number of N shares
<b>9. SHARE CAPITAL AND PREMIUM (continued)</b>		
<b>Movement in N ordinary shares in issue during the year</b>		
Shares in issue at 1 April	404 305 411	403 309 411
Shares issued to share incentive trusts	1 580 000	996 000
<b>Shares in issue at 31 March</b>	<b>405 885 411</b>	404 305 411
<b>Movement in N ordinary shares held as treasury shares during the year</b>		
Shares held as treasury shares at 1 April	17 570 915	18 168 780
Shares issued to the Naspers equity compensation plan	28 000	30 000
Shares acquired by participants from the Naspers equity compensation plan	(175 781)	(627 865)
<b>Shares held as treasury shares at 31 March</b>	<b>17 423 134</b>	17 570 915

**Voting and dividend rights**

The A ordinary shareholders are entitled to 1 000 votes per share and shall be entitled to nominal dividends as determined from time to time by the board of directors, but always limited to one-fifth of the dividend to which N ordinary shareholders are entitled. The A ordinary shareholders do not have a right to receive a dividend when dividends are declared to N ordinary shareholders, although a dividend to A ordinary shareholders could be proposed by the board. In respect of all other rights, the A ordinary shares rank pari passu with the N ordinary shares of the company.

	31 March 2010 R'm	31 March 2009 R'm
<b>Share premium</b>		
Opening balance at 1 April	18 585	18 426
Share premium on share issues	433	159
<b>Balance at 31 March</b>	<b>19 018</b>	18 585

**Capital management and valuation reserve**

See notes 14 and 15 of the consolidated financial statements for the group's capital management policy and more details regarding the nature of the valuation reserve.

**10. POST-RETIREMENT MEDICAL LIABILITY**

The company operates a post-retirement medical benefit scheme. The obligation of the company to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners, however, remain entitled to this benefit. The company provides for post-retirement medical aid benefits on the accrual basis determined each year by an independent actuary. The directors are confident that adequate provision has been made for future liabilities.

	31 March 2010 R'm	31 March 2009 R'm
Balance at 1 April	2	2
Provisions charged to income statement	1	—
<b>Balance at 31 March</b>	<b>3</b>	2

Refer to note 17 of the consolidated financial statements for additional information including the actuarial assumptions.

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

**11. AMOUNTS OWING IN RESPECT OF INVESTMENTS ACQUIRED**

On 24 March 2004 the last conditions precedent relating to schemes of arrangement under section 311 of the South African Companies Act, 1973, were satisfied, in terms of which Naspers Limited acquired an additional 19,62% financial interest in Electronic Media Network Limited and SuperSport International Holdings Limited respectively (which was sold to MultiChoice Africa (Proprietary) Limited during 2005). An amount of R816m was due to minority shareholders on 31 March 2004. Some of these minority shareholders have not surrendered their share certificates and claimed payment for their shares, therefore an amount of R14m was still outstanding as at 31 March 2010 (2009: R18m).

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
<b>12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES</b>		
Accrued expenses	<b>12</b>	9
Related party creditors	—	8
Bonus accrual	<b>4</b>	3
Other current liabilities	<b>8</b>	7
	<b>24</b>	27
<b>13. OTHER (LOSSES)/GAINS – NET</b>		
<b>Subsidiaries</b>		
Dividends – unlisted shares	<b>140</b>	140
Welkom Yizani refinancing	<b>(330)</b>	—
<b>Other investments</b>		
Profit on the sale of property, plant and equipment	—	2
<b>Total other (losses)/gains – net</b>	<b>(190)</b>	142

Refer to note 5 for information on the refinancing of the Welkom Yizani black economic empowerment scheme.

**14. EXPENSES BY NATURE**

Operating profit includes the following items:

**Staff costs**

As at 31 March 2010 the company had 21 (2009: 12) permanent employees.

The total cost of employment of all employees was as follows:

Salaries, wages, bonuses, retirement benefit costs, medical aid fund contributions, post-retirement benefits and training costs	<b>15</b>	10
Share-based compensation charges	<b>159</b>	158
<b>Total staff costs</b>	<b>174</b>	168
<b>Fees paid to non-employees for administration, management and technical services</b>	<b>67</b>	57
<b>Auditor's remuneration</b>		
Audit fees	<b>3</b>	3
All other fees	<b>3</b>	—
	<b>6</b>	3

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

	31 March 2010 R'm	31 March 2009 R'm
<b>15. FINANCE INCOME/(COSTS) – NET</b>		
<b>Interest received</b>		
Loans and bank accounts	91	292
Subsidiaries	69	58
	<b>160</b>	350
<b>Other finance income/(costs) – net</b>		
Net (loss)/profit from foreign exchange translation of assets	(9)	6
Preference dividends (BEE structures)	47	73
	<b>38</b>	79
<b>Finance income/(costs) – net</b>	<b>198</b>	429
<b>16. TAXATION</b>		
Normal taxation		
South Africa		
Current year	36	91
Prior year underprovision	—	9
Income taxation for the year	36	100
Deferred taxation	(14)	(8)
Current year	(11)	(8)
Prior year	(3)	—
<b>Total taxation per income statement</b>	<b>22</b>	92
<b>Reconciliation of taxation</b>		
Taxation at statutory rates	(67)	96
Adjusted for:		
Non-deductible expenses	156	55
Non-taxable income	(53)	(60)
Prior year adjustments	(3)	9
Other taxes	(11)	(8)
<b>Taxation provided in income statement</b>	<b>22</b>	92
<b>17. CASH UTILISED IN OPERATIONS</b>		
(Loss)/profit before tax per income statement	(239)	343
Adjustments:		
– Non-cash and other	188	(383)
Welkom Yizani refinancing	330	—
Expenses paid by subsidiary	37	29
Finance income/(costs) – net	(199)	(429)
Investment income	(140)	(140)
Share-based compensation charges	159	158
Other	1	(1)
– Working capital	(13)	(21)
Cash movement in trade and other receivables	(8)	(2)
Cash movement in payables, provisions and accruals	(5)	(19)
<b>Cash utilised in operations</b>	<b>(64)</b>	(61)

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

### 18. FINANCIAL RISK MANAGEMENT

#### Foreign exchange risk

See note 37 of the consolidated financial statements for the group's risks.

#### Foreign currency sensitivity analysis

The company's presentation currency is the South African rand, but as it operates internationally, it is exposed to the US dollar and the euro.

The sensitivity analysis below details the company's sensitivity to a 10% decrease (2009: 10% decrease) in the rand against the US dollar and the euro. These percentage decreases represent management's assessment of the possible changes in the foreign exchange rates at the respective year-ends. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for the above percentage change in foreign currency rates.

A 10% decrease (2009: 10% decrease) of the rand against the US dollar and the euro would result in a profit after tax of R2m (2009: R4m profit after tax).

#### Credit risk

Refer to note 37 of the consolidated financial statements for the group's credit risks.

The maximum amount of credit risk related to financial assets that the company is exposed to, is R20,9bn (2009: R21,4bn), and has been calculated as follows:

	<b>31 March 2010 R'm</b>	31 March 2009 R'm
Loans to subsidiaries	<b>20 314</b>	18 958
Investments and loans	<b>372</b>	655
Other receivables	<b>20</b>	39
Cash and cash equivalents	<b>197</b>	1 741
	<b>20 903</b>	21 393

The company has guaranteed various revolving credit facilities of R12,3bn (2009: R9,5bn) in MIH B.V. of which the undrawn balance is available to fund future investments. The guarantees have also been disclosed as part of the company's liquidity risk below.

#### Liquidity risk

Refer to note 37 of the consolidated financial statements for the group's liquidity risks.

The following analysis details the company's remaining contractual maturity for its non-derivative financial liabilities. The analysis is based on the undiscounted cash flows of financial liabilities based on the earliest date at which the company can be required to pay. The analysis includes both interest and principal cash flows.

	<b>Carrying amount R'm</b>	<b>Contractual cash flows R'm</b>	<b>0 – 12 months R'm</b>
<b>31 March 2010</b>			
<b>Non-derivative financial liabilities</b>			
– Amount owing in respect of investments acquired	<b>14</b>	<b>14</b>	<b>14</b>
– Accrued expenses and other current liabilities	<b>19</b>	<b>19</b>	<b>19</b>
– Financial guarantees	<b>—</b>	<b>12 277</b>	<b>12 277</b>
<b>31 March 2009</b>			
<b>Non-derivative financial liabilities</b>			
– Amounts owing in respect of investments acquired	18	18	18
– Accrued expenses and other current liabilities	23	23	23

#### Interest rate risk

See note 37 of the consolidated financial statements for the group policy.

## » NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS (continued)

**18. FINANCIAL RISK MANAGEMENT** (continued)**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date and the stipulated change taking place at the beginning of the next financial year and held constant throughout the reporting period in the case of instruments that have floating rates. The company is mainly exposed to interest rate fluctuations of the South African, American and European repo rates. The following changes in the repo rates represent management's assessment of the possible change in interest rates at the respective year-ends:

- » South African repo rate: increases by 100 basis points (2009: decreases by 100 basis points)
  - » American and European repo rates: increases by 100 basis points each (2009: decreases by 100 basis points each).
- If interest rates change as stipulated above and all other variables were held constant, specifically foreign exchange rates, the company's profit after tax for the year ended 31 March 2010 would increase by R11m (2009: decrease by R22m).

**19. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair values together with the carrying values, net gains and losses recognised in profit and loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

	Carrying value R'm	Fair value R'm	Net (losses)/ gains recognised in profit and loss R'm	Refinancing R'm	Total interest income R'm
<b>31 March 2010</b>					
<b>Assets</b>					
Loans to subsidiaries	20 314	20 314	—	—	69
Investments and loans	372	372	—	(330)	47
Other receivables	20	20	—	—	—
Cash and cash equivalents	197	197	(9)	—	92
<b>Total</b>	<b>20 903</b>	<b>20 903</b>	<b>(9)</b>	<b>(330)</b>	<b>208</b>
<b>Liabilities</b>					
Amount owing in respect of investments acquired	14	14	—	—	—
Accrued expenses and other current liabilities	19	19	—	—	—
<b>Total</b>	<b>33</b>	<b>33</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>31 March 2009</b>					
<b>Assets</b>					
Loans to subsidiaries	18 958	18 958	—	—	59
Investments and loans	655	655	—	—	73
Other receivables	39	39	—	—	—
Cash and cash equivalents	1 741	1 741	6	—	292
<b>Total</b>	<b>21 393</b>	<b>21 393</b>	<b>6</b>	<b>—</b>	<b>424</b>
<b>Liabilities</b>					
Amounts owing in respect of investments acquired	18	18	—	—	—
Accrued expenses and other current liabilities	23	23	—	—	—
<b>Total</b>	<b>41</b>	<b>41</b>	<b>—</b>	<b>—</b>	<b>—</b>

Refer to note 38 of the consolidated financial statements for details regarding the calculation of the fair values of financial instruments.

**20. EQUITY COMPENSATION BENEFITS**

Please refer to note 39 of the consolidated financial statements for details regarding the Naspers Limited share incentive plan.