



NASPERS ANNUAL REPORT 2009

The Naspers group



Internet

(including major brands of associates)

Internet platforms mainly in Central and Eastern Europe, China, Russia, Brazil, Africa, India and Thailand. Services include e-commerce, communities, communication, social networks, entertainment and mobile applications.



INTERNET - 24.com, ACL, Allegro, AlleWakacje.pl, allo, Ancestry24, Aruodas.lt, Aukro, Beijing Youth Daily online, Careers24, ceneo.pl, Channel24, Compera nTime, Crossfire and Xunixian are licensed games, Dungeon & Fighter, Fin24, EDOMUS.LT, Food24, Gadu-Gadu, GoTravel24, GadunaGlos, Health24, Heureka!, ibibo, Images24, Kalahari.net, KV.EE, LIVECHAT software, mail.ru, Mobile QQ, Mobilne Gadu-Gadu, MojaGeneracja, Molotok, MWEB, MWEB (Thailand), MXit, nauka.pl, Netads24, News24, Nimbuzz, oferta.pl, OPENFM, OSTA.EE, otoDom.cz, otoMoto.pl, Qzone, PAYBACK, PayGSM, Pay U SA, platnosc!, platforma iStore.pl, PracaAllegro, Property24, QQ, QXL, Ricardo, Sanook!, Skelbia.it, Sports24, Tencent, teszvesz, Titan24.com, Wheels24, Women24, qq.com QQ Dancer, QQ Doctor, QQ Download, QQ Friends, QQ eye, QQ Fantasy, QQ Game, QQ Mail, QQ Member, QQ Music, QQ Live, QQ Pinyin Input Method, 3G.QQ.com, QQ Pet, QQ San Guo, QQ Show, QQ Speed, QQ Tang, Vatera.hu, Xin'an Evening News online.



Pay television

Pay-television subscriber platforms and channels, including mobile television, in Africa.



PAY TELEVISION - M-Net Action, AfricaMagic, AfricaMagic Plus, Big Brother, Carte Blanche, Channel O, DStv, Idols, KooWee, kykNET, MK, M-Net, M-Net Movies 1 and 2, M-Net Series, M-Net Stars, MultiChoice Africa, Oracle Airtime Sales, SuperSport, SuperSport Travel, SuperSport United Football Club.



Print media

(including major brands of associates)

Magazines, newspapers, printing, distribution and book publishing businesses in South Africa, as well as print media investments in Brazil and China.



NEWSPAPERS - Africa: Beeld, City Press, Daily Sun, Die Burger, Rapport, Soccer Laduuuuumal, Son, Sondag, Sunday Sun, Supa Strikas, Volksblad and various community newspapers. **China:** Beijing Youth Daily, Titan Weekly Newspaper, Xin'an Evening News.

MAGAZINES - Africa: Destiny, DRUM, FAIRLADY, FEMINA, FHM, FINWEEK, heat, HUISgenoot, KICKOFF, Landbouweekblad, Men's Health, Move!, SARIE, Sports Illustrated, seventeen, TRUE LOVE, tuis, tv24, tvplus, Twende, Weg, YOU and some 41 more.

Brazil: Claudia, EXAME, Nova, Ana Maria, Vejá, Viagem, Viva! and some 90 more. **China:** All Sports, Golf Digest China, Soccer Weekly, Women's Health and more.

PRINTING - Paarl Gravure, Paarl Media, Paarl Print, Paarl Labels, Paarl Web, Paarl Web Gauteng, Print24.

LOGISTICS - ON THE DOT.

BOOKS - Atica & Scipione (Brazil), Collegium (Botswana), Future Entrepreneurs, idem smile, Jonathan Ball Publishers, Leisure Books/Leserskring, Lux Verbi.BM, Mwajionera Publishers (Zambia), NB Publishers, Nasou Via Afrika, Stimela Publishers, Van Schaik Uitgewers.



Technology

Developing some underlying technologies for internet, pay-television and mobile platforms.

irdeto

TECHNOLOGY - Irdeto, Cloakware, Entriq.





NASPERS
GROUP OPERATIONS



Offices:

- Internet
- Pay television
- Print media
- Technology

» Chairman's and managing director's report

OVERVIEW

During the past year Naspers's revenue grew by 30% to R26,7 billion. Operating profit before amortisation and other gains/losses increased by 21% to R5,1 billion, while core headline earnings per N ordinary share grew by 4%. The past year's financial performance is analysed in the financial review on page 16 of this annual report.

The past twelve months evidenced a global economic downturn. Each business in the group played the field as it found it and each adapted as fast as possible to these new conditions. As a whole, the group's growth was satisfactory.

Emerging markets are at the centre of our strategy. In aggregate and at consumer level they came under pressure, but fared better than developed economies.

Our recent acquisitions in the internet segment - Allegro, Ricardo and Gadu-Gadu - performed steadily. Associates Tencent in China and mail.ru in Russia expanded.

Our pay-television businesses proved resilient. When people experience economic pressure, they spend more time at home and pay television is an affordable entertainment option. We invested substantially to grow, and the gross subscriber base proves this.

Our technology business, Irdeto, was more impacted by the economy than our consumer-facing units.

Print circulations in South Africa and China held up, but advertising revenues were stagnant. In Brazil, however, Abril had a good year.



» INTERNET

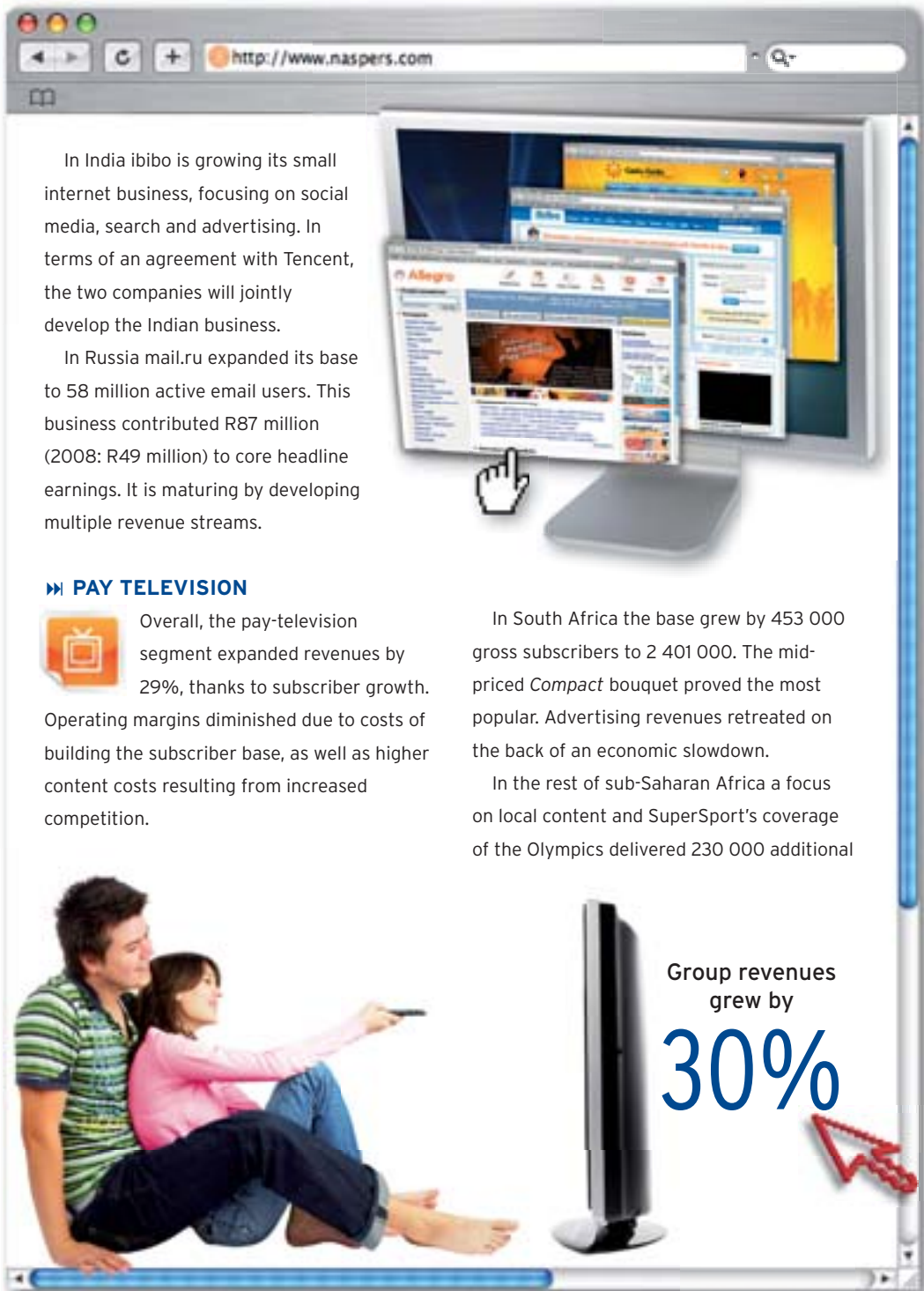


The internet segment recorded revenue of R3,8 billion, which stepped up after the inclusion of Allegro, Ricardo and Gadu-Gadu. Operating profit before amortisation and other gains/losses was R128 million.

The e-commerce operations of Allegro (Eastern Europe) and Ricardo (Western Europe) generated revenues of R1,9 billion. The aggregate e-businesses achieved above expectations. New services were launched in some countries.

Gadu-Gadu in Poland now has 15 million registered users. A casual gaming portal and virtual network were added and further expansion is planned.

In China Tencent performed ahead of expectations with growth on most platforms. The Olympics increased traffic to almost one billion page views per day and peak concurrent users exceeded 57 million. The addition of several new games produced steady growth. Tencent's contribution to core headline earnings increased to R1,2 billion (2008: R615 million).



In India ibibo is growing its small internet business, focusing on social media, search and advertising. In terms of an agreement with Tencent, the two companies will jointly develop the Indian business.

In Russia mail.ru expanded its base to 58 million active email users. This business contributed R87 million (2008: R49 million) to core headline earnings. It is maturing by developing multiple revenue streams.



» PAY TELEVISION



Overall, the pay-television segment expanded revenues by 29%, thanks to subscriber growth.

Operating margins diminished due to costs of building the subscriber base, as well as higher content costs resulting from increased competition.

In South Africa the base grew by 453 000 gross subscribers to 2 401 000. The mid-priced *Compact* bouquet proved the most popular. Advertising revenues retreated on the back of an economic slowdown.

In the rest of sub-Saharan Africa a focus on local content and SuperSport's coverage of the Olympics delivered 230 000 additional



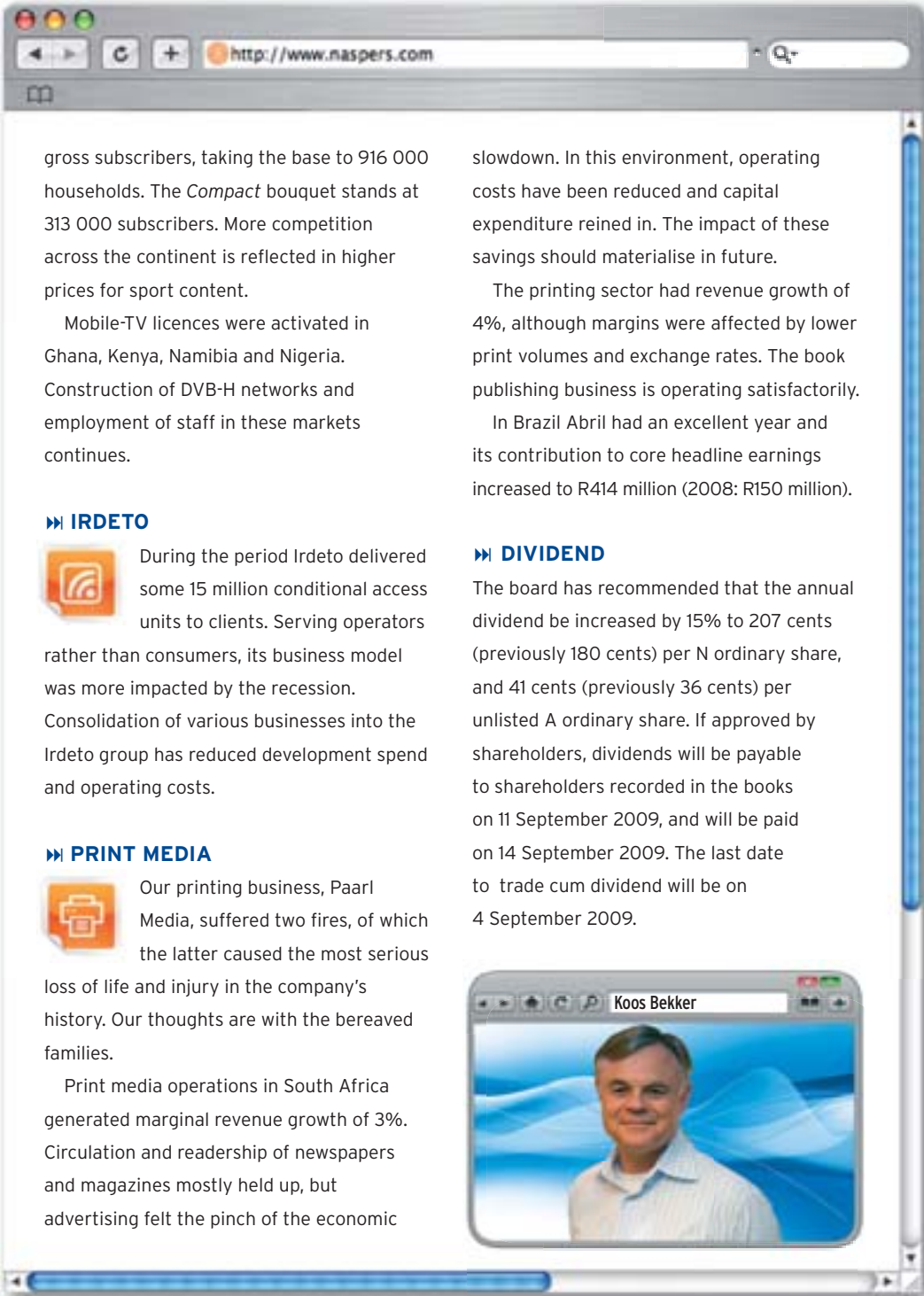
Group revenues grew by
30%



Proposed dividend
increased by

15%





gross subscribers, taking the base to 916 000 households. The *Compact* bouquet stands at 313 000 subscribers. More competition across the continent is reflected in higher prices for sport content.

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

» IRDETO



During the period IrdeTO delivered some 15 million conditional access units to clients. Serving operators rather than consumers, its business model was more impacted by the recession. Consolidation of various businesses into the IrdeTO group has reduced development spend and operating costs.

» PRINT MEDIA



Our printing business, Paarl Media, suffered two fires, of which the latter caused the most serious loss of life and injury in the company's history. Our thoughts are with the bereaved families.

Print media operations in South Africa generated marginal revenue growth of 3%. Circulation and readership of newspapers and magazines mostly held up, but advertising felt the pinch of the economic

slowdown. In this environment, operating costs have been reduced and capital expenditure reined in. The impact of these savings should materialise in future.

The printing sector had revenue growth of 4%, although margins were affected by lower print volumes and exchange rates. The book publishing business is operating satisfactorily.

In Brazil Abril had an excellent year and its contribution to core headline earnings increased to R414 million (2008: R150 million).

» DIVIDEND

The board has recommended that the annual dividend be increased by 15% to 207 cents (previously 180 cents) per N ordinary share, and 41 cents (previously 36 cents) per unlisted A ordinary share. If approved by shareholders, dividends will be payable to shareholders recorded in the books on 11 September 2009, and will be paid on 14 September 2009. The last date to trade cum dividend will be on 4 September 2009.



» Chairman's and managing director's report (*continued*)

» STRATEGY AND PROSPECTS

Looking ahead, we mostly have resilient businesses in economies that are on average doing better than the developed world. Competition in pay television, regulation and consumer spending levels remain concerns.

We will continue our growth strategy. Rigorous evaluation processes are applied when new investments are considered. Our aim remains to deliver value to our shareholders over the medium and longer term. The group has a strong balance sheet.

» STOCK EXCHANGE LISTINGS

Naspers has a Level I American Depository Receipt (ADR) programme and its American

Depository Shares (ADSs) are listed on the London Stock Exchange (LSE). Level I ADRs are traded in the USA on an over-the-counter (OTC) basis. International investors are therefore able to buy and sell Naspers securities either through the Level I ADR OTC market, the LSE or the JSE Limited.

» GOVERNANCE AND SUSTAINABILITY

Governance and sustainability are essential for stakeholders of the Naspers group. The board of directors aspires to conduct the group's business with integrity. It is committed to applying appropriate corporate governance policies and practices in each company in the group.



Several of Naspers's subsidiaries are governed by independent boards of directors, all of which have established their own governance practices and subcommittees that comply, as appropriate to the companies, with the necessary governance and regulatory requirements.

On an ongoing basis Naspers continues to evaluate areas where governance at a corporate and subsidiary level can be strengthened. The implications of the new Companies Act in South Africa, as well as the King III Code on Corporate Governance will also be analysed and appropriate steps taken.

Naspers's sustainability report according to the Global Reporting Initiative (GRI)-application level C, is available on our website (www.naspers.com).

» **RISK MANAGEMENT**

Risk management is integral to the day-to-day operations of our businesses. As an international multimedia group with business activities in various countries, the group is exposed to a wide range of risks that may have serious consequences. The diversified nature of the group does, however, assist in spreading exposure.

The Naspers board, in conjunction with the boards of major subsidiary companies, is responsible for determining risk management and control procedures, as well as for evaluating the effectiveness of those procedures. The identification of risks and their management form part of each business unit's business plan.

INTEGRITY CHAIN

» **COMMUNITY**



» **CONNECTION**



» **COMMUNICATION**



» **COMMITMENT**



» Chairman's and managing director's report (*continued*)

Risk management functions have been established in the larger group companies and the process is subject to periodic review.

The following major risks are evident among a wide range of related exposures:

- ▶ technological innovations
- ▶ political and economic instability
- ▶ competition
- ▶ inflation in programme costs
- ▶ currency fluctuations
- ▶ legislation and regulations.

Although these risks are mostly outside the board's control, some measures may be implemented to mitigate the effects.

» **COMMITMENT TO EMPOWERMENT**

Naspers supports the aim to incorporate previously disadvantaged communities into South Africa's mainstream economy. We are

proud that for the second consecutive year, Naspers was ranked as South Africa's most empowered media company in the 2009 Top Empowerment Companies survey.

Media24's broad-based BEE initiative, Welkom Yizani, has approximately 100 000 black people and groups indirectly owning a part of Media24 Limited.

We are also proud that Media24 received full marks for the enterprise development and socio-economic elements of the department of trade and industry's empowerment scorecard.

MultiChoice South Africa's two successful empowerment initiatives, Phuthuma Nathi and Phuthuma Nathi 2, have approximately 120 000 black people and groups owning indirectly a share in MultiChoice South Africa.

A governance and sustainability review (including risk management) can be found on page 44 of this annual report.

» **DIRECTORS**

In terms of the company's articles of association, one-third of the non-executive directors retire annually and reappointment is not automatic. Adv F-A du Plessis, Prof R C C Jafta and Mr T M F Phaswana, who retire by rotation at the annual general meeting, being eligible, offer themselves for re-election.





Mr S J Z Pacak was reappointed as director with effect from 1 April 2009, following his three-month sabbatical. Shareholders will be asked to consider the re-election of those directors who retire by rotation, and to approve the appointments of Messrs L P Retief and S J Z Pacak as directors at the upcoming annual general meeting, notice of which is contained in this annual report. The abridged curricula vitae of all the directors appear in the directorate on pages 58 to 61 of the annual report.

» PEOPLE

The new global economic landscape and fast-moving markets demand that we are flexible and adapt quickly to rapid change.

The group requires the right skills to meet the challenges in each of the markets in which we operate. We are proud of the contribution made by our people in so many countries. Over the past year they have shown tenacity, resilience and innovation to achieve most of the goals our businesses had set. We appreciate their commitment.

Finally, my thanks to my fellow board members for their guidance and support during what has been a tough year.

Ton Vosloo
Chairman

Koos Bekker
Managing director

This review reflects highlights of the group's financial performance for the past year. Full details can be found in the annual financial statements presented on pages 66 to 184 of this annual report.

» OVERVIEW OF GROUP RESULTS

Revenue

Revenue growth of 30% in the aggregate to R26,7 billion was recorded over the period. Drivers were both existing operations, which grew by 19%, and new acquisitions, which added 11%.

The internet segment was boosted by the inclusion of Allegro and Ricardo (formerly Tradus). Pay-television revenues increased by 29%, thanks to improved gross subscriber growth.

Operating profit

Operating profit before amortisation and other gains/losses increased by 21% to R5,1 billion (2008: R4,2 billion). A reduction in group margins followed sharper competition in pay-television markets. Total development costs were R1,2 billion (2008: R1,1 billion).

Finance income

Net interest cost for the year amounted to R306 million, compared with net income of R503 million in the previous year. This

resulted from funding new acquisitions. Other finance income includes preference dividends of R377 million (2008: R336 million) and mark-to-market losses of R375 million, compared with gains of R166 million in the previous year.

Equity-accounted results

Naspers's share of the equity-accounted results of its associates, mainly Tencent, mail.ru and Abril, grew to R1,47 billion (2008: R654 million). All three enterprises performed excellently under exceptional leadership teams.

The impairment of equity-accounted investments refers mostly to our withdrawal from a German mobile-TV project, due to an unfavourable regulatory environment.

Discontinuance of operations

A R2,97 billion profit from discontinued operations relates to the sale of pay-television businesses in Greece and Cyprus. The proceeds are once-off in nature and were applied to long-term debt.

Headline earnings and core headline earnings

The net effect of the above is that core headline earnings for the year grew by 9% to R4,4 billion. A "Calculation of headline and core headline earnings" is detailed in the table on the right.

Calculation of headline and core headline earnings

	Year ended 31 March 2009 R'm	Year ended 31 March 2008 R'm
Net profit attributable to shareholders	5 761	3 418
Adjusted for:		
- impairment of goodwill and other assets	26	48
- loss/(profit) on sale of assets	27	(15)
- discontinuance of operations	(2 965)	82
- gain on loan settlement	—	(87)
- (profit)/loss on sale of investments	(10)	512
- impairment of equity-accounted investments	214	348
	3 053	4 306
Total tax effects of adjustments	5	(486)
Total minority interest of adjustments	7	(14)
Headline earnings	3 065	3 806
Discontinued operations	(129)	(258)
Headline earnings from continuing operations	2 936	3 548
Headline earnings	3 065	3 806
Adjusted for:		
- (profit)/loss from discontinued operations	(129)	48
- creation of deferred tax assets	(58)	(244)
- treasury-settled share scheme charges	258	47
- amortisation of intangible assets	958	410
- fair-value adjustments and currency translation differences	279	(71)
Core headline earnings	4 373	3 996

As regularly reported to shareholders, the board remains of the view that core headline earnings is an appropriate measure of the group's sustainable operating performance, as it excludes once-off and non-operating items.

» SEGMENTAL REVIEW

The segmental analysis below was prepared on an economic interest basis and includes our proportionate share of our major associates' results.

	Revenue			Ebitda		
	2009 R'm	2008 R'm	% Change	2009 R'm	2008 R'm	% Change
Pay television	14 858	11 542	29	5 197	4 272	22
Internet *	7 256	3 037	+100	1 985	613	+100
Technology	1 514	1 081	40	(75)	(126)	41
Print **	10 520	9 082	16	1 363	1 357	—
Corporate services	4	—	—	(210)	(40)	—
Economic interest	34 152	24 742	38	8 260	6 076	36
Less: Associates	(7 462)	(4 224)		(2 234)	(1 176)	
Consolidated	26 690	20 518	30	6 026	4 900	23

	Operating profit before amortisation and other gains/(losses)			Operating profit		
	2009 R'm	2008 R'm	% Change	2009 R'm	2008 R'm	% Change
Pay television	4 737	3 940	20	4 269	3 845	11
Internet *	1 696	483	+100	1 026	363	+100
Technology	(132)	(168)	21	(308)	(250)	(23)
Print **	1 058	1 149	(8)	762	707	8
Corporate services	(213)	(42)	—	(212)	(43)	—
Economic interest	7 146	5 362	33	5 537	4 622	20
Less: Associates	(2 030)	(1 124)		(1 754)	(744)	
Consolidated	5 116	4 238	21	3 783	3 878	(2)

* Including our share of Tencent and mail.ru.

** Including our share of Abril.

» CASH FLOWS AND BALANCE SHEET

The balance sheet remains sound with a gearing ratio of 3%, excluding transponder leases. Free cash flow generated by the group in the current year was R2,4 billion (2008: R2,1 billion).

» SIGNIFICANT ACQUISITIONS

In September 2008 the group acquired 100% of Vatera.hu, an online auction company in Hungary, for cash of approximately R183 million (US\$23 million). We are currently finalising the purchase price allocation and have recorded it, based on a preliminary appraisal, as follows: net tangible assets (R2 million), intangible assets (R54 million) and the balance to goodwill.

In December 2008 the group closed an agreement to acquire a 37% interest in Xin'an Media, a leading newspaper publisher in China, for a cash consideration of R315 million (US\$31 million). The purchase price allocation is being finalised. A preliminary appraisal shows net tangible assets of R133 million, intangible assets of R162 million and the balance to goodwill.

In December 2008 the group bought an extra 10,3% of mail.ru (together with an investment that increased our interest in Molotok) for cash of R1,03 billion (US\$101 million), bringing our total shareholding in mail.ru to 42,9%. The purchase consideration, based upon a preliminary appraisal, was recorded as follows: net tangible assets R270 million and the balance to goodwill.

The group also made acquisitions for a combined cost of approximately R598 million (US\$68 million). The revenues and profits from these acquisitions were not material to the consolidated results.

» DISCONTINUED OPERATIONS

In April 2008 the group announced a process to sell NetMed, the pay-television business in Greece and Cyprus, to ForthNet SA. The transaction was concluded in August 2008 and an accounting profit of R2,97 billion was recorded with the sale. The transaction was accounted for as a discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

» ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING TREATMENT

Our financial results for the year ended 31 March 2009 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the requirements of the South African Companies Act, No. 61 of 1973, and in compliance with the Listings Requirements of the JSE Limited. The accounting policies are in accordance with those used in the prior period and with those of IFRS.

These results have been audited by the company's auditor, PricewaterhouseCoopers Inc., whose unqualified report is available for inspection at the registered office of the company.

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

» Financial review (continued)

During the year the purchase price allocation for the acquisition of Tradus plc. was finalised as follows: goodwill decreased by R3,2 billion, intangible assets increased by R3,9 billion and deferred tax liabilities increased by R731 million. The group restated its balance sheet at 31 March 2008 accordingly.

» **SUBSEQUENT EVENTS**

On 10 November 2008 the group announced an agreement for the sale of MWEB's sub-Saharan Africa business, excluding South Africa. The purchase price for our share was some R500 million and the transaction closed after year-end in April 2009.

Subsequent to 31 March 2009 Media24 decided to sell land and buildings situated at 40 Heerengracht, Cape Town to Naspers

Properties (Proprietary) Limited, a wholly owned subsidiary of Naspers. The aim was to strengthen Media24's balance sheet and the selling price of R280 million was based on independent external valuations.

On 9 June 2009 the group announced that it had made a public tender offer to acquire up to 100% of Warsaw-listed financial portal Bankier.pl. Bankier.pl provides financial news, analyses and comparison-shopping information on consumer financial products. If successful, Allegro, a subsidiary of the group, intends to integrate Bankier.pl's products and services into its e-commerce platform in Poland. Assuming 100% acceptance of the offer, the total investment will be approximately R156 million (PLN62,8 million).

Dividend per N share

(Compounded growth over 29 years - 20% p a)

