

http://



# NASPERS

Integrated annual report 2011





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Recommend



# NASPERS

What type of business are we building?

A leading group of international media and e-commerce platforms.

What service do we provide our users?

Entertainment, trading opportunities, information and access to their friends wherever they are.

## Naspers values

What is Naspers about?

We aim to be useful in the communities we serve.

We offer an environment for entrepreneurs to succeed.

We value cultural diversity.

We love to innovate.

Above all, customer service.



The Naspers group

A spread of media  
investments in  
emerging markets

# Scope of the report and assurance

Naspers has reported annually to stakeholders on its non-financial performance since 2008.

This is, however, our first integrated annual report – combining financial and non-financial performance for a fuller understanding of our group. It covers the financial year from 1 April 2010 to 31 March 2011.

The report has been prepared using the guidelines of the Global Reporting Initiative (GRI G3) and the recommendations of the latest King Report on Corporate Governance in South Africa (known as King III).

Integrated reporting is a new discipline and global standards are still being developed. Until such time, we are guided by peer practices globally. Our aim is incrementally improved reporting and disclosure, while protecting the long-term sustainability of our group in a highly competitive sector. Feedback can be communicated directly to [gri@naspers.com](mailto:gri@naspers.com).

This report includes the financial performance of the Naspers group and its subsidiaries, joint ventures and associates. The scope of reporting on non-financial performance covers the holding company, managed media operations in South Africa (Media24), managed pay-

television businesses in South Africa and Nigeria (MultiChoice), managed internet operations in Latin America (BuscaPé) and Central and Eastern Europe (Allegro). Together these account for 80% of group revenue.

Our South African operations publish separate integrated annual reports on [www.media24.co.za](http://www.media24.co.za) and [www.multichoice.co.za](http://www.multichoice.co.za).

We are concentrating on developing group reporting standards that will make our disclosure increasingly meaningful and measurable for stakeholders. Generally, detailed forward-looking information is not provided.

In terms of GRI reporting requirements Naspers has met the requirements and self-declared this report at level C.

The financial information extracted from the audited Naspers Limited consolidated annual financial statements for the year ended 31 March 2011 has been correctly quoted in this integrated annual report. Refer to page 132 for PricewaterhouseCoopers Inc.'s report.

The South African broad-based black economic empowerment information was verified by Empowerlogic (MultiChoice) and CODEX (Media24).

*The report may contain forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include factors that could adversely affect our businesses and financial performance. We are not under any obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.*

# Statement of the board of directors on the integrated annual report



## NASPERS

As required by King III, the audit committee has reviewed the integrated annual report and the board has reviewed and approved the report. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act No 61 of 1973 (as amended), while the integrated annual report was prepared in accordance with the guidelines of the Global Reporting Initiative (GRI) level C.

The integrated annual report and financial statements fairly reflect, in our opinion, the true financial position of the group at 31 March 2011 as well as that of its operations during this period as described in the report.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Ton Vosloo', with a horizontal line extending to the right.

**Ton Vosloo**

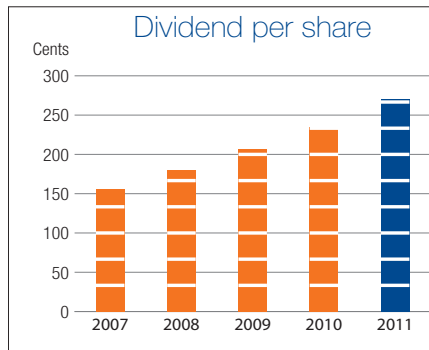
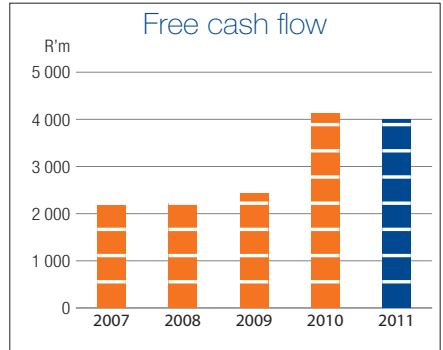
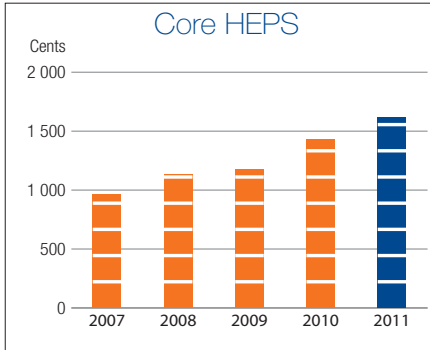
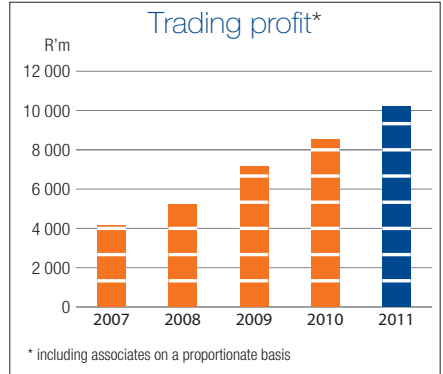
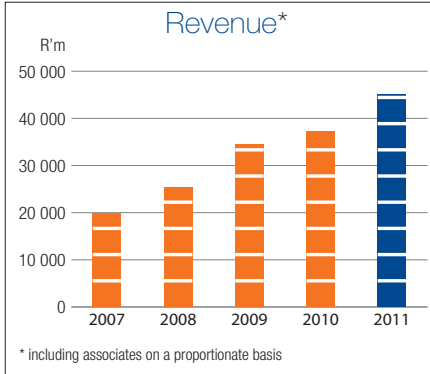
*Chairman*

Cape Town

24 June 2011

# Highlights of the year in review

## Financial performance



## Five-year review

	2007	2008	2009	2010	2011
	R'm	R'm	R'm	R'm	R'm
<b>Income statement items</b>					
<b>including associates</b>					
Revenue	19 790	25 305	34 505	37 251	<b>45 103</b>
Trading profit	4 156	5 243	7 173	8 537	<b>10 220</b>
<b>Excluding associates</b>					
Trading profit	3 532	4 084	4 940	5 447	<b>5 838</b>
Free cash flow	2 182	2 223	2 432	4 129	<b>3 991</b>
<b>Statement of financial position</b>					
Total assets	32 184	57 523	54 560	57 468	<b>69 855</b>
Total equity	21 570	33 147	35 217	35 634	<b>42 942</b>
Total liabilities	10 614	24 376	19 343	21 834	<b>26 913</b>
<b>Other information</b>					
Core headline earnings per share (cents)	965	1 130	1 179	1 426	<b>1 612</b>
Dividend per N ordinary share (cents) (proposed)	156	180	207	235	<b>270</b>
Weighted average number of N ordinary shares ('000)	295 756	353 622	371 004	372 951	<b>374 501</b>



## Non-financial performance



### USERS AND SERVICE



### USAGE ON OUR INTERNET PLATFORMS



### OUR PEOPLE



### ENVIRONMENT



### SOCIO-ECONOMIC DEVELOPMENT

- ▶ 4,92 million pay-television homes across Africa.
- ▶ 18 million smartcards sold by Irdeto globally.

- ▶ 8 022 827 222 average daily page views.
- ▶ 8 021 609 average daily unique visitors.
- ▶ 7 666 851 004 average daily messages.
- ▶ 817 134 740 total game unique identification number (UiNs).

- ▶ Ten talented technologists participated in the international Junior Staff Exchange programme (opportunity to spend three months at a different group company).
- ▶ 11 up-and-coming technologists recognised with the MIH Distinguished Technologist Award.
- ▶ 229 bursaries to Media24 employees.

- ▶ In Poland, Allegro's All For Planet Foundation combines ecology with design and music to revitalise public spaces.
- ▶ In South Africa our usage of electricity decreased by 9%.

- ▶ In Switzerland Ricardo runs charity auctions for Jeder Rappen zählt.
- ▶ 172 new MultiChoice Resource Centres rolled out across Africa.
- ▶ 120 000 Phuthuma Nathi shareholders, 108 000 Welkom Yizani shareholders.

# Our business

Naspers is a leading multinational media group based in South Africa and incorporated in 1915 as a public limited liability company.

It was listed on the Johannesburg Stock Exchange (JSE) in September 1994 where it has been a constituent of the Top 40 index for some years. Naspers has an American Depository Receipt (ADR) listing on the London Stock Exchange (LSE) and international investors are also able to participate via a plan maintained by The Bank of New York Mellon (details on page 146).

Over the past two decades the group has evolved from a traditional print media business in one country to a broad-based media company in multiple markets. The group's operating business segments span internet, pay television, print media and related technology in emerging markets.

Most of our businesses are market leaders in their sectors, and our most significant operations are in emerging markets. These include Africa, China, Latin America, Central and Eastern Europe, Russia and India.

**Africa** – The group earns revenues from television platform services, print media, internet services,

technology products and services, and book publishing.

**Europe** – The group's activities comprise its interests in internet activities in Central and Eastern Europe and Russia. Naspers also generates revenue from interactive television and technology products and services provided by subsidiaries in the Netherlands. The largest e-commerce platforms are Allegro in Poland (Eastern Europe) and Ricardo, primarily in Switzerland (Western Europe). In Russia the group has a 29% investment in Mail.ru Group, listed on the London Stock Exchange ([www.mail.ru](http://www.mail.ru)).

**Asia** – Group activities span interests in internet and print activities based in China, India and south-east Asia. In China the group has a 34% investment in Tencent, listed on the Hong Kong stock exchange ([www.tencent.com](http://www.tencent.com)). In India ibibo is growing its internet business, focusing on social media, search, online gaming and advertising.

**Latin America** – The group provides various products in the region through subsidiaries and associates, with BuscaPé, OLX (e-commerce) and Abril (print) as the main operations.

INTERNET



PAY TELEVISION



PRINT



TECHNOLOGY

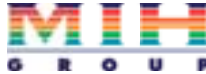


# Group at a glance



NASPERS

100%



Internet

## Eastern Europe

97%



100%



## Western Europe

100%



52%



## South-east Asia

76%



50%



51%



34%



36%



## China

34%



## Russia

29%



## Africa

30%



51%



100%



30%



## India

80%



30%



## Middle East

25%



## Latin America

95%



65%



84%



80%



Pay television

South Africa

80%



MULTI CHOICE  
ENRICHING LIVES








Sub-Saharan Africa

100%




MULTI CHOICE  
AFRICA



Print

South Africa

85%



Media24

Brazil

30%




Abril

China




Technology

100%



irdeto

# Global footprint

*We have offices/provide services in 131 countries*





- Group Coverage
- Offices





# Chairman's report



Ton Vosloo – chairman



Wireless technology



## OVERVIEW

In line with the recommendations of the King Report on Governance for South Africa 2009 (King III) – revised guidelines on corporate governance in South Africa and aligned with global best practice – this is the first Naspers integrated annual report to stakeholders. We aim to present a balanced view of our economic, social, environmental and governance activities for the year to 31 March 2011.

As a board we oversee the strategic direction of the company. We are pleased to report that our results reflect an increase in consolidated revenues by 18% and core headline earnings by 13%. Major areas of growth were the internet and pay-television businesses. Our print media business has shown some recovery, while the technology business improved margins.

The internet industry continued its robust growth during the year, particularly in emerging markets, Naspers's strategic area of expertise. The resilience of our pay-television operations underscores the importance of quality content, although the rising cost of acquiring subscribers and sports rights is placing pressure on margins. In line with global peers, revenues in our print media businesses continued to be subdued.



### Film Talent Incubator

Operationally we have made good progress in increasing local content and skills in key pay-television markets such as South Africa and Nigeria (page 56). Importantly, in countries facing educational challenges, Naspers has steadily expanded the scope of its educational and literacy initiatives. We are also supporting the development of industries with potential to create employment and develop skills, such as film-making and journalism. The MIH Media Lab sponsors top students in the field of new media at postgraduate level. This programme fosters

the development of entrepreneurs and increases the size of the talent pool. Electrical power is key to these initiatives and in countries where supply is compromised, we have secured alternative power sources.

### GOVERNANCE

Governance and sustainability are essential for our stakeholders. The board conducts the group's business with integrity, applying appropriate corporate governance policies and practices in each company in the group.

## Chairman's report *(continued)*

Several Naspers subsidiaries are governed by independent boards of directors, all with their own governance practices and subcommittees that comply with the necessary governance and regulatory requirements. A disciplined reporting structure ensures the holding company board is apprised of subsidiary activities, risks and opportunities.

Detailed strategies and business plans are kept under constant review, spanning the financial and non-financial elements of each company's business, and performance against targets underpins management remuneration.



Naspers continually evaluates areas where governance at corporate and subsidiary level can be strengthened. The impact of the new Companies Act in South Africa, as well as the King III Code on Corporate Governance, was a focus over the past year.

The board approved an implementation plan to roll out King III across our global operations in 2009. Good progress was made and the extent of applying King III in the governance frameworks of Naspers, MIH, MultiChoice and Media24 is outlined on page 95 of this report.

### **REGULATORY ENVIRONMENT**

The regulatory environment in Africa remains uncertain and the past year presented many challenging issues requiring attention.



Ending a protracted period of uncertainty, the Southern African Development Community (SADC) adopted the latest version of the digital video broadcast terrestrial standard (DVB-T2) to migrate analogue terrestrial television broadcasting services to digital terrestrial television (DTT). Other countries in sub-Saharan Africa are following suit. However, regulatory pressure continues to increase owing to the planned digital migration and introduction of new competitors on all platforms. There is also uncertainty on the analogue-to-digital migration process as government policies and strategies are undefined or unfinished in most countries of operation. In addition new broadcasting bills, regulations, licences and licence renewal

requirements are under way in Angola, Kenya, Namibia, Rwanda, Tanzania, Uganda and Swaziland.

In South Africa cabinet approved the adoption of DVB-T2 and set 31 December 2013 as the switch-off date for all analogue terrestrial television transmissions. A number of matters must be finalised by the Independent Communications Authority of South Africa (Icasa) and the Ministry of Communications for migration, such as gazetting a performance period and finalising the DTT set-top box subsidy scheme.

Cost and access to broadband internet remain issues in South Africa. Naspers subsidiary MWEB was the first internet service provider in the country to offer an uncapped ADSL service, an important step in expanding affordable internet



## Chairman's report *(continued)*

access. The ministry has prioritised broadband access, setting November 2011 as the deadline for local loop unbundling. This is generally expected to increase competition and lower broadband prices.

The regulatory environment in South Africa in respect of the press has been under considerable scrutiny in the last year. The proposed Information Bill currently before parliament limits access to information held by the state by declaring it secret. It protects information that goes beyond that which is necessary to protect national security.

The bill will limit the ability of civil society to hold government accountable and will facilitate corruption.

The final Consumer Protection Act regulations were published on 31 March 2011. It is uncertain at this stage what impact these regulations will have on our businesses.

### DIVIDEND

The board recommends that the annual dividend be increased by 15% to 270 cents (previously 235 cents) per listed N ordinary share, and 54 cents (previously 47 cents) per unlisted A ordinary share. If approved by shareholders at the annual general meeting on 26 August 2011, dividends will be payable to shareholders recorded in the books on Friday 23 September 2011 and paid on Monday 26 September 2011. Further details appear on page 44.



 **Eight new DStv channels**

### STOCK EXCHANGE LISTINGS

Naspers has its primary listing on the JSE Limited in South Africa and a Level I American Depository Receipt (ADR) programme. These shares are listed on the London Stock Exchange (LSE) and 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 appropriate OTC market, or on the London or Johannesburg stock exchanges.

### DIRECTORS

In terms of the company's articles of association, one-third of non-executive directors retire annually and reappointment is not automatic.



Adv Francine-Ann du Plessis, Prof Jakes Gerwel and Messrs Fred Phaswana, Ben van der Ross and Boetie van Zyl, who retire by rotation at the annual general meeting, but are eligible, offer themselves for re-election.

Shareholders will be asked to consider the re-election of these directors at the annual general meeting, notice of which is contained in this report.

Members of the audit committee are Messrs Boetie van Zyl and Ben van der Ross, Prof Rachel Jafta and Adv Francine-Ann du Plessis. The board recommends shareholders reappoint them as audit committee members. In compliance with the new Companies Act, shareholders will be asked to consider their re-election at the annual general

meeting. The abridged curricula vitae of all directors appear in the directorate on pages 110 to 113.

My thanks to my fellow board members for their guidance and support in another challenging, but successful year. We also appreciate the commitment of our management teams around the world.

**Ton Vosloo**

*Chairman*

24 June 2011

# Chief executive's report



Koos Bekker – chief executive

## OVERVIEW

Naspers's results for the year underscore the benefits of its diversified portfolio and global presence.

## SUSTAINABLE DEVELOPMENT

We link users to media, e-commerce, their friends, advertising, content and means of communication. Our products and services can improve people's lives in very practical ways.

We have already harnessed our core services to offer educational programming, increase accessibility of banking services and grow local industries through our local programming and local language strategy.



Smartphone development



We regularly review our progress in building a balanced, sustainable organisation and identifying areas for improvement.

The board is ultimately responsible for ensuring that sustainable development is integrated into business strategy. The board delegates implementation of this policy to management, with oversight vesting in the group audit and risk committees. Operationally, sustainable development is incorporated under our risk management processes.

The board is also responsible for the integrity of integrated reporting. The audit committee has been tasked to oversee sustainability issues in the integrated annual report and will assist the board in its review by ensuring the information is reliable and that no conflicts or differences arise when compared to the financial results.



To ensure an integrated and group-wide view of the sustainability aspects of our operations, we are consolidating these into a single platform, *naspers.org*. In time *naspers.org* will harness the group's strengths in media and technology to build products and advocate for policies that address global challenges.



While this initiative is still young, our vision is that *naspers.org* projects will concentrate on addressing social issues and serving the public good. Where practical we will draw on synergies between group businesses to develop solutions to global challenges such as education. We will focus on activities that capitalise on Naspers's expertise, global infrastructure and ability to innovate.





## Chief executive's report *(continued)*

### MANAGING SUSTAINABILITY

The Naspers board determines the business strategy and is ultimately responsible for oversight of our group's performance. Management teams across our businesses provide leadership and implement strategies, guided by the group's code of ethics and business conduct.

Our sustainable development framework flows from our values and a clear understanding of the key concerns of material stakeholders. These link to our risk management processes, which integrate financial and non-financial risk identification, management and monitoring.

### PERFORMANCE IN CONTEXT

Over the past year the Naspers group continued to expand. In comparison to developed countries, most emerging markets in which we operate survived the global economic downturn reasonably well.

For the year under review Naspers recorded an 18% increase in consolidated revenues to R33bn. Consolidated trading profit advanced 7% to R5,8bn, while core headline earnings grew 13% to R6bn. Our financial performance is analysed in the review on pages 42 to 44.

The internet businesses in emerging markets continued their strong growth by introducing accessible, reliable and convenient services to users. As a result consumer trust in transacting on these platforms is increasing. Our pay-television operations grew well, while the technology business

returned to operational profitability. However, print businesses globally, including our own, lagged due to slower growth in advertising revenues.

### Internet

The internet segment, comprising mainly our interests in Allegro in Central Europe, Tencent in China, Mail.ru in Russia and BuscaPé in Latin America, increased revenue by 47% to R12bn and trading profit grew to R3,5bn. This includes our proportionate share of associates' results.

The e-commerce operations of Allegro (Eastern Europe) and Ricardo (Western Europe) broadened their product offerings through organic growth and smaller bolt-on acquisitions.

In Russia the recently listed Mail.ru Group holds assets that include 100% of the online community, email and games platform, Mail.ru, instant messaging service ICQ and social network services, My World and Odnoklassniki. It also owns





### Sharing information



32,5% of Vkontakte – Russia's most popular social network. In addition Mail.ru has small interests in Facebook, Zynga and Groupon. Buoyed by a rebound in online advertising, our share of Mail.ru Group's reported revenues was R657m and trading profit of R157m.

In Latin America OLX was added to the group in August 2010. Our Latin American unit is growing its core comparison shopping business and broadening its base with new services including electronic payments, classified advertising and affiliate advertising networks.

In China, Tencent recorded another strong set of results in an increasingly competitive market. Our share of Tencent's revenues was R7,2bn and trading profit R3,5bn. The QQ platforms now manage 674 million active instant messaging (IM) user accounts and 137 million concurrent users at peak. The social networking service Qzone also grew well.

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

## Chief executive's report *(continued)*

In South Africa, 24.com remains a leading local internet publisher. The kalahari.net e-commerce platform continues to grow and is rolling out a number of new services and products.

In aggregate the other internet businesses reported revenue growth of 45% and a trading profit of R151m, before corporate costs of R201m.

### Pay television

This unit recorded growth of 977 000 households (including *Easyview*) during the period. This was largely driven by the 2010 Fifa World Cup, decoder subsidies and extensive marketing. As a result revenue increased by 19% to R21bn. Trading margins were lower due to cost pressures from growing the subscriber base, higher sports content cost and increased competition.

In South Africa the gross base expanded 637 000 to 3,5 million households. The lower-priced *Compact* bouquet delivered most growth (376 000 homes) to pass the one million subscriber mark.

Pay television's advertising revenue recovered, bouncing back by 32%.

The roll-out of mobile television services started in South Africa. Mobile television is a long-term opportunity that will require significant investment. The concept,

technology and business models are still evolving globally and it will take some years to see returns on this investment.

In the rest of sub-Saharan Africa, our base grew by 340 000 to 1,44 million households. The lower-priced *Compact* and *Family* bouquets now reach 602 000 families. Trading margins were reduced by investment in local content, increased competition, higher sport content cost and additional international content rights. Increased regulation and new distribution technologies are adding to the challenge.

SuperSport has become by far the prime funder of sport across Africa. Specifically it is the main supporter of several local soccer leagues on the continent.

### Technology

Consolidated revenues in local currency grew 10% and operating performance improved as Irdeto implemented tight controls and reorganised its products for efficiencies. New clients were added and additional services introduced, which positioned Irdeto in a growing market for securing internet-distributed digital assets.



Top technology



### Super branding

#### Print media

Operations in South Africa showed marginal revenue growth of 9%, with advertising improving modestly. Trading profits declined in part due to the flawed implementation of a new enterprise resource planning (ERP) system.

In Brazil, Abril's revenue and operating profit, excluding the educational business sold in the prior year, grew 14% on the back of an improving economy.

#### SIGNIFICANT ACQUISITIONS

In August 2010 the group consolidated its internet interests in Russia, acquiring a 29% shareholding in Digital Sky Technologies (DST), a prominent internet company in Russian-speaking

markets. In consideration, the group contributed its 39,3% investment in Mail.ru and US\$388m in cash. DST was renamed Mail.ru Group Limited and its depository receipts were listed on the London Stock Exchange.

In August 2010 the group acquired 67,8% of OLX for US\$144m cash. In December 2011 the group increased its investment to 71,5%. This is a classifieds business operating mainly in emerging markets, especially Latin America.

#### INVESTOR ENGAGEMENT

Naspers is committed to providing timely, transparent and useful information on corporate strategies and financial data to the investing public. We disseminate information through a

## Chief executive's report *(continued)*

broad range of communication channels and do not provide information selectively. Shareholders, investors and analysts have access to the investor relations function.

Over the past year we conducted roadshows locally and internationally and attended a number of investor conferences. We receive feedback from the investment community through regular independent surveys and strive to continually improve our investor engagement.

Contact details for the investor relations officer are on page 146.

### PEOPLE

In a global economic landscape characterised by rapid change, markets demand that we adapt quickly. This requires rare skills to meet the challenges in each of the countries in which we operate. Across the group, skills development is critical to

maintain our competitive advantage, especially in our technology-intensive businesses. We aim to attract the best talent, specifically young engineers. Training is key to our growth.

We ensure that succession plans for key management are in place.

With effect from 1 April 2011 Cobus Stofberg, chief executive of the MIH group, Naspers's internet and pay-television operations, stepped down and Antonie Roux, head of MIH's internet division, took over the reigns as chief executive and director of MIH Holdings Limited.

Cobus Stofberg will, however, remain in a full-time position as a senior executive and corporate adviser to MIH.

In April 2011 Francois Groepe resigned as chief executive and director of Media24 to pursue an acquisition and Esmaré Weideman was appointed in his stead.

We value the contribution made by our people in so many countries. In a challenging year, they have been innovative in achieving most of the set goals. Their commitment, and the guidance and support of the Naspers board of directors, underpins our sustainability.





### Skilled people

## PREPARING FOR GROWTH

Over the past year the group continued to expand as evidenced by growth in revenue. Although nuances shift from time to time, the growth strategy continues to have three legs namely organic growth of existing businesses, pursuing acquisitions that add value and developing new technologies.

Recent experience is that internet valuations have become heady and value is difficult to find. As a consequence we are focusing somewhat more on growing our businesses organically and on developing new technologies. This will dampen earnings in the year ahead as the cost of developing these businesses are expensed

through the income statement. However, we believe this strategy is sound in view of positive long-term growth prospects.

We aim to deliver value to our shareholders over the medium to longer term. We will work closely with regulators and lawmakers to improve the regulatory environment. We continue to contribute to the communities we operate in.

A handwritten signature in black ink that reads "Koos Bekker".

**Koos Bekker**

*Chief executive*

24 June 2011

# Risk management

Risk management is integral to the day-to-day operations of our businesses. As an international multimedia group with activities in 131 countries, the group is exposed to a wide range of risks that may have serious consequences. The diversified nature of the group, despite adding complexity, assists in spreading exposure.

## RISK PHILOSOPHY

The group is committed to identifying and managing risk in line with international best corporate governance practice and applying the relevant rules and regulations.

The board is responsible for the governance of risk and is satisfied with the effectiveness of the risk management process. The risk committee (page 105), at which risk management plans and processes are presented, discussed and approved, was established during the year. Risk registers of significant risks facing the group are discussed, as are management's actions to control these risks within board-approved ranges of tolerance.

The diversified nature of the group helps to spread risk, particularly in relation to global political and economic instability, market development and currency fluctuations.

Identifying risk and developing plans to manage

risks are part of each business unit's business plan. These are assessed by the board annually.

## RISK POLICY

The group's risk profile is based on a structured, formal and planned approach to risk management. The identification, management and reporting of risks are embedded in business activities and processes.

The group's revised risk policy applies to all operations where Naspers has more than 50% ownership and management control.

The board adopted a top-down road map for the first-year implementation of the risk plan, with areas of focus for the 2011 reporting year spanning:

- ▶ Naspers corporate
- ▶ MIH corporate
- ▶ Media24
- ▶ MultiChoice South Africa
- ▶ MultiChoice Africa (Nigeria)
- ▶ BuscaPé, and
- ▶ Allegro

We plan to roll out the policy to other entities in the next financial year.

The policy applies to risks the group faces in executing its strategy, operations, reporting and compliance activities, and will be reviewed annually. Some group companies have specific risk management functions and



the Naspers risk committee is responsible for reviewing these.

Risk management support advises on, formulates, oversees and manages the risk management system and monitors the group's risk profile, ensuring major risks are identified and reported at the appropriate level in the group.

## RISK FRAMEWORK

The Naspers enterprise-wide risk management (ERM) framework is designed to ensure significant risks and related incidents are identified, documented, managed, monitored and reported in a consistent and structured manner across the group. It is modelled on the COSO

ERM<sup>1</sup> framework as well as the COBIT<sup>2</sup> framework for information technology.

### Material issues and how we manage these

Some material risks are outside our control and other factors, besides those listed, may affect the overall performance of the business. In spite of our structured approach to risk identification, some risks may be unknown at present and other risks, currently regarded as immaterial, may become material. An internal control oversight forum monitors the system of internal control.

Naspers has operations in 131 countries, each facing a unique set of risks, particularly regarding regulation.

<sup>1</sup> COSO ERM: The Committee of the Sponsoring Organisations of the Treadway Commission Framework for Enterprise-wide Risk Management.

<sup>2</sup> COBIT: Internationally accepted framework for IT governance.



## Risk management *(continued)*

At present the following major group risks are evident among a wide range of potential exposures:

### Material issue

#### Regulatory and compliance issues

Most of our businesses are subject to extensive regulations.

Naspers operates in 131 countries, each with a set of regulatory and compliance obligations that affect the group's operations.

South Africa's exchange control regulations require approval for transactions outside the common monetary area. If approvals are not received this could hinder our ability to make foreign investments.

#### Strategic and operational issues

The Naspers group has a decentralised operational control environment, while operating in entrepreneurial, international businesses.

The geographical spread of operations exposes us to a variety of economic, social and political risks. Certain countries in which we operate have faced difficulties due to political instability, currency fluctuations, interest rates, bankruptcies, stock market declines, terrorist attacks, corruption, threats and ransom, epidemics and other factors that may materially harm our businesses.

We do not exercise control over our minority investments and the value of our stake in such investments could decrease if these businesses adopt strategies or take actions contrary to our preferred strategies and actions.

## How we manage the issue

### Regulatory and compliance issues

A regulatory and legal compliance programme has been implemented in the group.

Regular reviews of applicable legislation by in-country legal resources.

Communication of regulatory issues to decisionmakers.

Working with government agencies and regulators.

Participating in public processes on new regulations.

Naspers complies with the South African Reserve Bank's regulations.

It complies with conditions under which approval for transactions outside the common monetary area are granted.

### Strategic and operational issues

A top-down approach to governance ensures policies are aligned between businesses and subsidiaries where we have management control.

Governance documents and processes reviewed by respective boards, company secretaries and Naspers's internal control oversight forum (ICOF).

Group risk and internal audit functions monitor compliance and alignment.

In exercising the business strategy we perform regular country and business reviews. We diversify markets we invest in, monitor economic, social and political issues and take appropriate actions.

The group seeks to be represented on the boards and audit committees of these entities and, where possible, to have a voice in material decisions.

It also regularly monitors the performance and operations of these businesses.

## Risk management (continued)

## Material issue

## Strategic and operational issues (continued)

Significant investments might not be monetised effectively according to shareholder expectations, which could lead to a decline in their valuation of Naspers.

Technology is an integral part of our operations. We may be caught off-guard by the pace of new technologies or start-ups, or deploy new technologies too slowly or ineffectively.

We may not detect social, technical or economic shifts before our competitors do.

Competitors in our markets may threaten the position of our companies and associates. Competition includes new or traditional players as well as new products and services. Loss of market share and scale may place pressure on margins.

The group's pay-television services are mostly delivered to subscribers via satellite. Satellites are subject to damage or destruction, which may disrupt the transmission of services.

Protracted power failures will affect revenues negatively.

Unauthorised access to our pay-television programming signals.

## How we manage the issue

### Strategic and operational issues (continued)

Naspers communicates with its investors, aiming to provide insight into our operations while protecting our competitive advantage and complying with stock exchange listing requirements. Segmental results enable the investment community to form an opinion of the valuation of individual businesses in the group. Regular impairment tests are performed and reported on in terms of investments.

Continued focus on emerging technologies in own products and services. Acquiring companies that have developed new technologies and demonstrated relevance in our segments and markets. Focus on engineering resources and implementing recruitment programmes for the best engineers.

Regular strategy reviews on how to respond to changing competitive landscape.

First to market with products and services we believe hold promise. Establish complementary businesses, reducing dependency on single elements of the value chain. Regular market reviews including reviews of operational statistics. Acquiring new players or new technologies that may enhance or increase longevity of our platforms.

Procedures to augment the availability of services range from back-up capacity to built-in redundancy. The cost of these measures is considered against the impact and likelihood of the risk occurring and consequently, in some cases, satellites or other key components remain unprotected or only partially protected.

Installation of back-up power supplies where feasible.

Regularly upgrading conditional access technology.

## Risk management (continued)

## Material issue

## Financial and related reporting risks

Our level of debt could affect our business. Our ability to make payments on our debt depends on our operating performance, which is in turn subject to risks that may be outside our control.

If financial institutions where the group invests its surplus cash experience significant financial difficulty, the group could suffer losses.

Dislocations in credit and capital markets may make it more difficult for us to borrow money or raise capital to finance expansion of our existing businesses or make acquisitions.

The group reports in South African rand and this exchange rate may vary against other currencies. In addition, in several markets, the group has substantial input costs in foreign currencies. The movements of these currencies could have a negative or positive impact on our income or expenses. Unrealised and realised currency translation gains or losses may distort the group's financial accounts.

## Human capital

We rely on the skills of a few key individuals with detailed knowledge of our business and the markets in which we operate. Unanticipated loss of these individuals may disrupt the business.

## Health and safety

Implementing a healthy, safe workplace at both administrative and production facilities in line with local legislation and regulations.

Incidents at any of our facilities resulting in death or serious injury while on duty may also result in criminal liability, fines and penalties for the company, its directors and/or officers.

## How we manage the issue

### Financial and related reporting risks

The group has a conservative approach to its debt profile, based on considering the adequacy of internal free cash flow resources in servicing debt and the level of investments it makes.

Debt-bearing capacity is reviewed and approved by the board.

Naspers has a treasury policy approved by the risk committee that governs distribution of cash resources (and thus the impact of a loss) and the grade of financial institutions. Cash resources are frequently monitored by management. A treasury report is presented to the risk committees of major subsidiaries.

Constantly monitor credit markets to determine optimal time to arrange funding. Ensure the group has spare debt capacity to tide it over in times of difficulty. Spread maturity of debt facilities.

Maintain a balanced portfolio of cash-generating and early stage businesses.

Comply with IFRS. Management explains the impact of changes in exchange rates on results in its analysis to stakeholders.

The group has a policy to hedge some of its operational foreign currency exposures, where possible.

### Human capital

Succession plans and talent pipelines are developed by our key businesses and reviewed annually by the relevant human resources and remuneration committees.

### Health and safety

Perform health and safety audits.

Consequences of non-compliance with relevant local regulations are communicated to management and remedial action taken where appropriate. Relevant risk committee monitors exceptions and progress.

Comprehensive risk audits are performed annually at these facilities to ensure compliance with policies, procedures and legislation.

Naspers has a comprehensive group-wide directors and officers (D&O) liability insurance policy as well as relevant short-term insurance.

# Balancing people, profit and our planet

Naspers recognises that sustainable development



and economic, social and environmental protection are global imperatives that result in both opportunities and risks for business. Naspers as a leading media company aims to position itself to meet such challenges.

As Naspers expands its business, it aims to contribute to the communities in which it operates; develop its own people; contribute to general economic prosperity; and minimise its impact on the environment.

In formulating this policy, areas in which the group can make a meaningful contribution to sustainable development in the markets in which it operates, were analysed, facilitating the integration of these aspects into day-to-day operations and the formulation of strategy.

*Extract from Group Sustainable Development Policy 2010*

**Sustainable development**

Naspers connects people by playing a significant developmental role in the markets where it operates.

Education has been one of our group's most important contributions to the African continent. In this field we contribute to improving literacy levels through various forms of print media (from newspapers to school books), electronically through television, which opens up the world to many people, and through social networking.

Through SuperSport, Naspers has become by far the prime funder of sport across the continent, while promoting associated social and economic goals (page 78). This applies especially to soccer.

M-Net's initiatives have stimulated the South African industry by partnering with local film-makers and content producers to assist emerging talent to make programming with universal appeal for its *Africa Magic* and *Mzansi Magic* channels.

Naspers's internet platforms focus on e-commerce, communities, content, communication and games. These have brought products and services previously inaccessible in some markets to our users.

Environmentally our most direct impact is from print media. Our internet businesses inherently have a lower impact on the environment. Through some of their trading activities they stimulate buying and selling used or recycled goods in a paperless environment, and strive to make a difference, for example Allegro's *allforplanet* initiative (page 90).

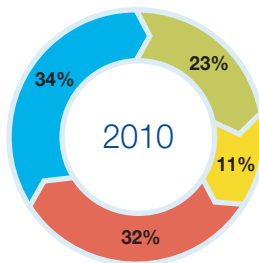
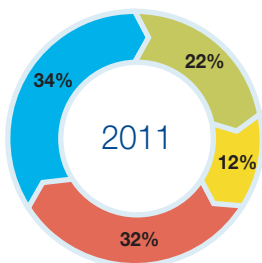
As we expand our international presence in emerging markets, the focus will remain on sustainable development. We want to contribute to the communities in which we operate, develop our own people, contribute to economic prosperity at national and individual level, and minimise our impact on the environment.

# Value added statement

for the year ended 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm
Revenue	33 085	27 998
Cost of generating revenue	18 501	15 399
<b>Value added</b>	<b>14 584</b>	12 599
Income from investments	4 085	3 096
<b>Wealth created</b>	<b>18 669</b>	15 695
<b>Wealth distribution:</b>		
<b>Employees</b>		
Salaries, wages and benefits	5 972	4 953
<b>Providers of capital</b>		
Finance cost	1 389	883
Dividends paid	882	773
<b>Governments</b>		
Total tax paid	4 033	3 675
<b>Reinvested in the group</b>		
Depreciation, amortisation and capital items	2 037	2 949
Retained earnings	4 356	2 462
	<b>18 669</b>	15 695

## Distribution of wealth



● Paid to governments  
● Paid to providers of capital

● Paid to employees  
● Reinvested in the group



# Strategy

## STRATEGIC FOCUS

We are building a leading group of international media and e-commerce platforms to give users entertainment, trading opportunities, information and access to friends wherever they are. In the process we create value for shareholders, attract innovative and motivated employees and contribute to the communities we operate in, to ensure a sustainable business for the future.

## HOW WE DO THIS

- ▶ Sustain organic growth of the business combined with some investments.
- ▶ Focus on markets with higher growth potential, where we can achieve sustainable positions.
- ▶ Increase the number of users accessing our internet products and services, and deepen their engagement with us.
- ▶ Expand the pay-television subscriber base – maintain a local approach and innovative technology.
- ▶ Continue working with regulators.
- ▶ Attract the best talent – train and develop employees.
- ▶ Use our expertise and resources to benefit local communities where we operate.



## EXAMPLES OF OUR STRATEGY IN ACTION

- ▶ E-commerce platforms were initially simple. We have since expanded into a number of verticals and service a number of e-commerce opportunities.
- ▶ Pioneering e-commerce in Africa with kalahari.net.
- ▶ Attained leadership in India in local social network services and games, with Tencent as a partner.
- ▶ Mail.ru's listing on the London Stock Exchange and increase in value.
- ▶ In Latin America and Eastern Europe we are growing our core internet business and broadening our base by rolling out new services.
- ▶ MultiChoice's South African DStv subscriber base now delivers entertainment to 3,5 million households. The *Compact* bouquet, which targets the emerging market, has grown steadily.
- ▶ Innovation at Irdeto with the development of its internet media business.

## NASPERS ACROSS THE GLOBE

For a fuller understanding of the Naspers group in context, we summarise some key indicators of our major operating regions.

	Population millions	Internet population millions	Mobile population millions	GDP US\$bn PPP*	GDP per capita US\$
Latin America (Brazil, Argentina and Mexico)	359	120,7	309	4 350	12 121
India	1 189	81,0	670	4 046	3 403
China	1 337	421,0	747	9 872	7 384
Russia	139	41,0	231	2 147	15 446
Africa and Middle East	1 201	117,4	546	3 227	2 687

Source: CIA Factbook and ITU

\* Purchase power parity

## LOOKING AHEAD

Focusing on the internet we plan to expand the group through a combination of organic growth and acquisitions and to deliver value to our shareholders over the medium to longer term. Stringent processes apply when evaluating investment opportunities.

## CHALLENGES

Each business unit in the Naspers group faces its own set of competitors. This adds complexity but reduces group risk, since we are unlikely to be wiped out by a single competitor or technological shift. The group approach to risk management is detailed on page 28.

Globally the regulatory environment for media and broadcasting is changing. The internet is subject to at least some legislation in all

countries, but is less regulated than television or print in most countries. Competition in pay television has increased sharply in South Africa after new licences were issued. Many other countries on the continent are following the same trajectory.

### Key challenges include:

- ▶ Attracting and retaining the right people.
- ▶ Inflated internet asset valuations, which make acquisitions difficult.
- ▶ Ability to innovate in a changing technological environment to sustain growth.
- ▶ Achieving the right balance when rolling out governance initiatives across a group operating in 131 countries, while encouraging those businesses to be innovative and entrepreneurial.

## Strategy *(continued)*

### STAKEHOLDER ENGAGEMENT

Naspers has a broad range of stakeholder groups and these differ by region. Broadly, the group deals with stakeholders through:

- ▶ employee newsletters, surveys, management briefings and intranet sites
- ▶ one-on-one meetings with suppliers, business partners and opinion formers
- ▶ feedback from readers through channels such as letters to editors and social media
- ▶ interaction with readers/users/subscribers and the community as well as the cultural community through hosted or sponsored cultural events
- ▶ participation in industry groups to develop shared practices
- ▶ frequent engagement with our shareholders
- ▶ policy engagement with regulators, and
- ▶ engaging with local communities through corporate citizenship activities.



Performance review



PERFORMANCE REVIEW

Reaching out  
through the internet,  
broadcast and print media

# Financial review

This review sets out highlights of the group's financial performance for the past year. Full details appear in the annual financial statements.

## OVERVIEW OF GROUP RESULTS

The group achieved a solid performance over the past year, increasing consolidated revenues by 18% and core headline earnings were up 13%. These results were underpinned by a diversified portfolio and a strong financial position.

Major areas of growth were the internet and pay-television businesses. Worldwide the internet industry continued its expansion from which most of our internet businesses benefited. The resilience of our pay-television operations in an increasingly competitive environment underscores the benefit of quality content, although rising costs will place margins under pressure. Our print media business experienced a limited recovery in advertising revenues, whilst the technology business was able to improve margins.

## CORPORATE ACTIVITIES

The group issued a seven-year US\$700m bond, with a coupon rate of 6,375%. The proceeds were used to partly pay down an offshore revolving credit facility (RCF).

During March the group refinanced its RCFs. These were increased to US\$2bn and the tenure extended to 2016. The facilities bear interest at USD LIBOR plus 1,75% before commitment and utilisation fees.

## REVENUES

Consolidated revenues expanded by 18% to R33bn. Consolidated internet revenues (excluding associates) were up 36%, while growth of the subscriber base saw pay-television revenues increase by 19%.

## TRADING PROFIT

Consolidated trading profit, which includes finance cost on transponder leases, but excludes intangible amortisation, other than software and other gains/losses lifted 7% to R5,8bn. The reduction in margins was largely the result of higher costs in the pay-television business.

## NET INTEREST COST

Net interest cost on cash and loans increased from R286m last year to R575m, the result of funding investments with debt.

## EQUITY-ACCOUNTED RESULTS

Our core earnings from equity-accounted associates grew to R3,6bn, mostly from strong performances at Tencent and Mail.ru Group.

## DILUTION GAIN

The reported dilution gains of R1,5bn are solely theoretical, arising mainly from the contribution of the group's stake in Mail.ru into the newly listed entity.

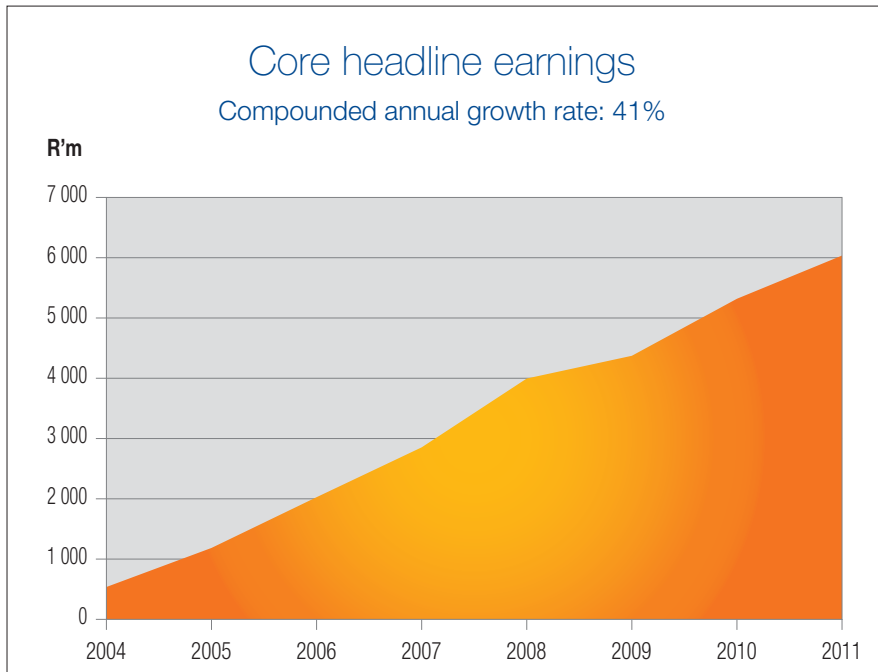
## CORE HEADLINE EARNINGS

Core headline earnings for the year grew 13% to R6bn. A calculation of headline and core headline earnings is detailed in the summarised annual

financial statements on page 141. As regularly reported to shareholders the board maintains 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.

## CASH FLOWS AND STATEMENT OF FINANCIAL POSITION

This earnings performance delivered positive free cash flows of R4bn. Our funding structure remains sound with total consolidated net debt, excluding satellite leases of R3,9bn. This represents a net debt:equity ratio of 10%.



## Financial review *(continued)*

### SIGNIFICANT ACQUISITIONS

Details of significant acquisitions appear in the summarised annual financial statements on page 144.

### SUMMARISED AND ANNUAL FINANCIAL STATEMENTS

The summarised annual financial statements appear on page 130 of this integrated annual

report. The full annual financial statements for the year ended 31 March 2011 are enclosed with this report and are also available on our website at [www.naspers.com](http://www.naspers.com).

Proposed dividend per N share:  
270 cents per share

+27%

compound  
growth  
per annum

(Compounded  
growth over 10 years:  
27% per annum)



# Operational review

Naspers is a leading media group in emerging markets with assets diversified across internet, pay television and print media in markets with strong growth potential.

**Internet** – internet platforms in Eastern and Central Europe, China, Russia, Latin America, Africa, India and south-east Asia. Services include e-commerce, communities, communication, social networks, entertainment and mobile value-added services.

**Pay television** – pay-television subscriber platforms in South Africa and sub-Saharan Africa outside South Africa. Naspers also develops underlying content protection and access management technologies for internet, pay-television and mobile platforms.

**Print media** – magazines, newspapers, printing, distribution and book-publishing businesses in South Africa and sub-Saharan Africa outside South Africa and print media investments in Brazil and China.



Smart platforms

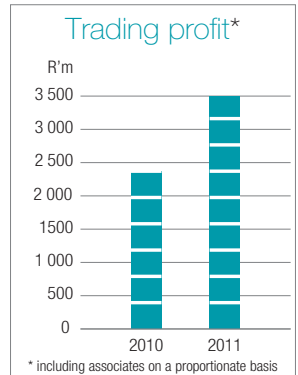
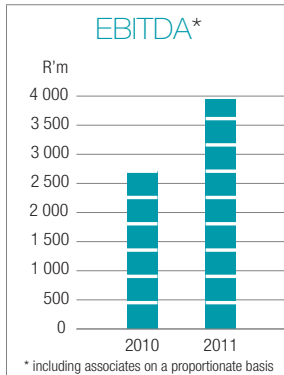
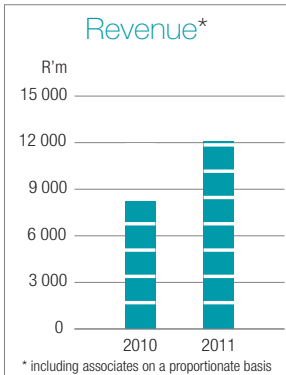




## Operational review **Internet**

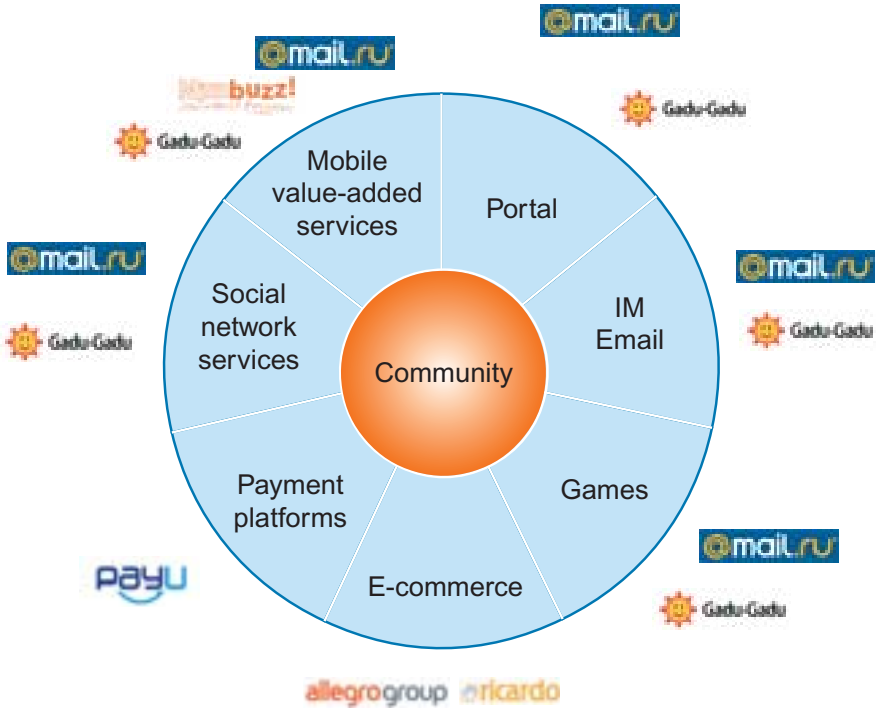


# Internet



EUROPE

Sector focus



The principal revenue sources are e-commerce, classifieds, payment services, comparison shopping, advertising, fee-based value-added services and gaming.

Geographically, the European portfolio spans 23 countries through three main businesses: Mail.ru Group in Russia, the Allegro Group in Poland and Ricardo group in Switzerland.

Operational review **Internet** (continued)

The **Allegro Group** provides mainly fixed-price e-commerce transaction platforms (over 85% of all transactions) as well as auctions, classified advertisements (general auto, jobs and real estate), price comparison services and payment systems in 17 territories. Allegro continues to deliver strong growth with transactions increasing by 25%, gross merchandise value by 16% and revenue by 20% to PLN667m (R1,6bn). While Poland is still the core market for this group, international operations are now starting to contribute.

In the recent past the **Mail.ru Group** was transformed by the merger with Digital Sky Technologies (DST) and its listing on the London Stock Exchange. After listing, Naspers holds 29% of Mail.ru Group. Full details on Mail.ru Group's performance are available on [www.corp.mail.ru](http://www.corp.mail.ru).





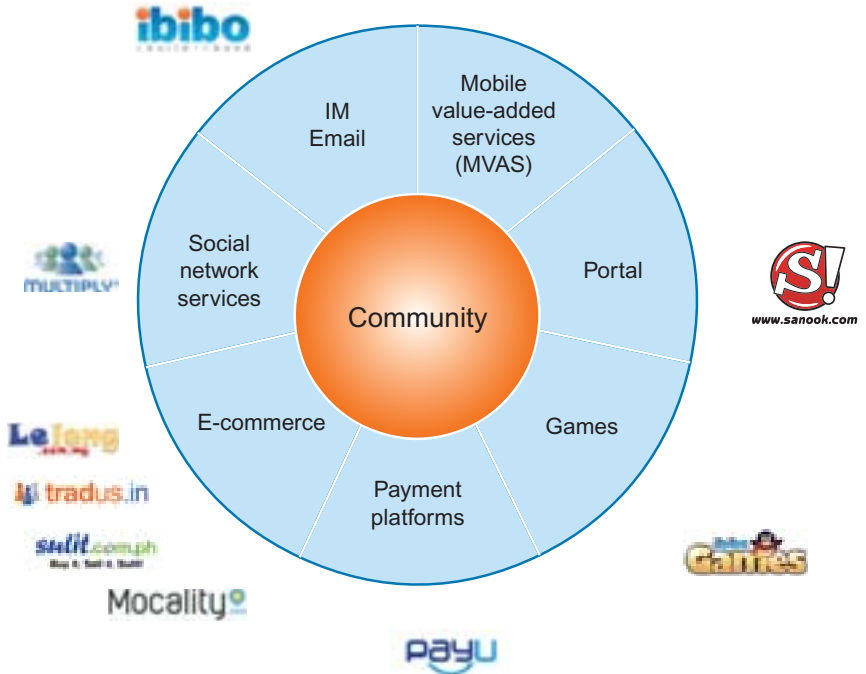
Mail.ru Group manages leading social networking and social entertainment platforms. It also houses leading kiosk payment and jobs classifieds operations, with small stakes in non-Russian assets such as Facebook, Zynga and Groupon. Mail.ru Group recorded strong growth, with revenue rising 86% to US\$275m.

Gadu-Gadu is the largest instant messaging (IM) community in Poland, where the group impaired R492m of goodwill and intangible assets since growth has lagged.

The **Ricardo** group performed well during the year, delivering revenue growth of 30% and expanding both its range of services and geographic footprint. In November 2010 Ricardo acquired 70% of the leading Danish fashion classifieds business, Trendsales.dk. Subsequent to year-end, Ricardo acquired 70% of leading Italian shopping comparison company, 7Pixel, strengthening the group's position in this e-commerce segment.

Operational review **Internet** (continued)**SOUTH-EAST ASIA**

Sector focus



MIH's interests in India and the rest of south-east Asia continue to grow organically and through acquisitions.

In India the **ibibo** partnership with Tencent has enabled this business to strengthen its knowledge of social platforms and social gaming. **ibibo** is the first company in India to create a business model focused on virtual goods and commerce, spanning shopping, travel, an ad network and a payment platform.

**Sanook!** remains the leading local portal in Thailand, despite difficult conditions in that country. As in India MIH has established a joint venture with Tencent to develop the social games and communications platform.

In the Philippines **Sulit** maintained its status as a top local website and launched classifieds cars. **Lelong** is a market leader in online auctions and has expanded with an online mall, *SuperBuy*.

MIH expanded its interest in south-east Asia by acquiring 76% of **Multiply**, a company moving from social media to e-commerce.

CHINA

Sector focus



**Tencent's** excellent performance reflects the outstanding management team and employees of Tencent, led by Ma Huateng.

Tencent (34% interest through MIH) recorded good financial and operating results for the year in an increasingly competitive market. The rapid growth of the internet industry in China enabled Tencent, through its persistent focus on user experience, to extend the growth of its core platforms.

Total internet users in China grew 19% to the end of 2010, while internet penetration increased to 34%, exceeding the global average for the first time. Although the growth of China's internet user base has slowed as its scale increases, the internet has become part of people's everyday life. Competition for users continues to increase, however, as internet companies are extending and diversifying their offerings.

Core operating platforms again recorded good growth as Tencent launched new online

Operational review **Internet** (continued)

**137 million peak concurrent users**

games to diversify its portfolio and broaden its user base. The QQ instant messaging platform recorded peak concurrent users of 137 million in March 2011, a new milestone. The online gaming business achieved above-industry growth in 2010, entrenching it as a leading games business globally. Massively multiplayer online games and advanced casual games were key drivers. QQ Games registered healthy growth and provided a platform for other Tencent online games. Community internet value-added services also registered solid growth.

Tencent continues to increase its investments in research and development capability, technical infrastructure and personnel development. In addition, to enrich the content offered to users, Tencent has adopted an open-platform strategy, allowing third parties to develop applications for its platform. Tencent platforms are already playing an essential role in building a collaborative internet



industry in China. Tencent also continues to invest heavily in network and platform security. This was intensified after a security scare in the fourth quarter of 2010, which caused disruption to users.

During the year Tencent made strategic investments in a few international markets including Russia, India, south-east Asia and the USA. These include a 7.6% interest in Mail.ru Group and a majority stake in Riot Games, a US-based developer and publisher of online games.

Total revenue for the year to 31 December 2010 was RMB19,6bn (US\$2,9bn), up 58% on the prior year. Profit attributable to equity holders was RMB8bn (US\$1,2bn), 56% higher year-on-year. As Tencent is listed on the Hong Kong Stock Exchange, extensive further details are available on its website [www.tencent.com](http://www.tencent.com).

MIDDLE EAST AND AFRICA

Sector focus



**kalahari.net** is the leader in South African e-commerce with an estimated 20% share of business-to-consumer e-commerce (excluding travel). This electronics and general merchandise business is geared to selling books, CDs, DVDs, games and consumer electronics. kalahari.net has maintained its focus on growing revenue through range expansion (increased electronic

brands and genres), digital content (e-books and e-music), and reducing non-performing lines.

kalahari.net pioneered a first in Africa by launching *MarketPlace* during the year. This platform allows third-party sellers to offer their products, new and pre-owned, alongside *kalahari.net* in a secure and trusted environment. This year also saw the launch of *kalahariAds.net*, an online classifieds site.



## Operational review **Internet** (continued)

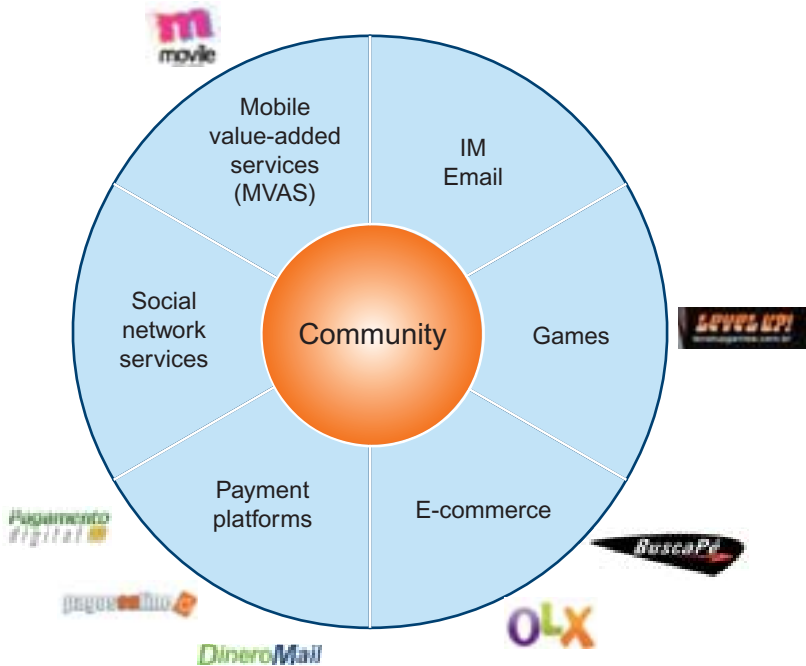
During the year MIH acquired 25% of **Dubizzle** Limited, the leading online classifieds provider in the United Arab Emirates (UAE).

MIH Internet Africa owns 51% of **Korbitec**, which provides services to legal, property and banking stakeholders, as well as other players in the property value chain. During the past year *Property24.com*, South Africa's leading property portal, was integrated with Korbitec to build a consumer-focused property e-commerce hub.



## LATIN AMERICA

Sector focus



**BuscaPé**, our e-commerce business in Latin America, continued to grow. BuscaPé offers comparison shopping (*BuscaPé* and *BondFaro*), a platform for classified advertisements (*QueBarato*), payment platforms (*Pagamento Digital* and *PagosOnline*) and related services.

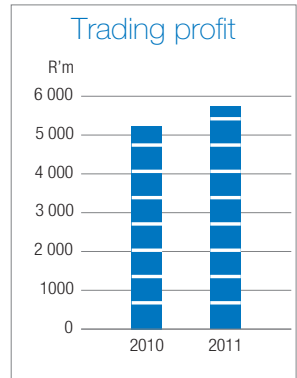
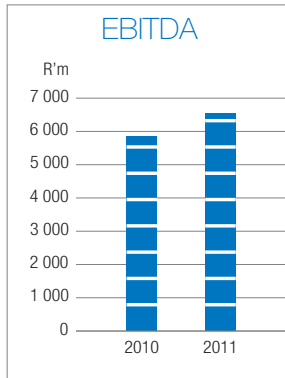
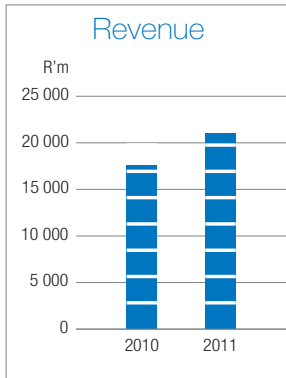
**Mobile**, our mobile value-added services provider, entrenched itself as one of the leading such players in Latin America. It now also facilitates mobile payments for digital goods.

In August 2010 MIH acquired a majority stake in **OLX**, a leading classifieds platform. This market segment is dynamic and very competitive.

In December 2010 MIH acquired **Level Up! Holdings**, the leading massive multiplayer online (MMO) operator in Brazil, with a lesser stake in Level Up! Philippines. This business does not develop games but distributes, markets and operates games from several different developers.

Operational review *(continued)*

## Pay television



Add to friends!

**SOUTH AFRICA**

The **MultiChoice** *DStv* subscriber base grew by 637 000, bringing the number of subscribers for the year to 3,5 million. This includes the entry level bouquet, *Easyview*, which has minimal subscription. The *Compact* bouquet, targeted at the emerging market, recorded solid growth of 376 000 subscribers in the year, and now reaches more than 1 million households.

Overall growth was boosted by excellent sales during the 2010 *Fifa World Cup* and decoder price specials. The launch of a new operator stimulated interest in pay television. An entry-level bouquet, *DStv Lite*, was well received, while the *DStv Premium* and *Select* bouquets continued to grow.



The popular personal video recorder (PVR) decoder recorded sales growth of 117 000 to end on 480 000, aided by the introduction of a lower-priced two-tuner high-definition PVR.

Several new channels are improving the viewer's experience, ranging from entertainment and movies to documentaries and sport. These include *Food Network*, *SONY MAX*, *KidsCo* and *Afro Music*.

The launch of *Mzansi Magic* was fun (page 60). The channel showcases locally produced South African entertainment and features films, comedy, music specials, talk shows, documentaries, series and dramas.

**Sevens or Super rugby?**

## Operational review Pay television *(continued)*

The high-definition (HD) offering also continued to grow. With the latest additions (*M-Net Movies 1 HD, Discovery HD, SuperSport HD* and a 24-hour HD English Premier League channel), there are now six HD channels on *DStv*.

**SuperSport's** production of the 2010 Fifa World Cup in South Africa was extensive. In addition to a dedicated 24-hour channel in HD, all matches were offered in four languages (English, Portuguese, Zulu and Sotho) and preceded by an hour of intensive build-up. Match analyses by international and local guests, as well as exclusive content from Fifa's behind-the-scenes cameras, added to the experience. There were also four daily live magazine shows, a dedicated website, roving cameras at match venues, reporters in Lagos and Nairobi, all broadcast from a multi-stage, purpose-built HD studio.

A catch-up service, *DStv On Demand*, was launched on the set-top box and online. The

service is available to *DStv Premium* subscribers

with PVRs, providing 20 hours of the most popular television series and sports magazine shows for up to seven days after broadcast. The online service can be accessed using a personal computer through the *DStv* website and provides premium content, including movies, series, sporting action, children's shows and documentaries.

For a deeper understanding of viewing behaviour on the *DStv* platform, an audience measurement tool, *DStv-i*, was launched. The reporting panel currently comprises some 4 000 *DStv* households, and is being used by both the advertising industry and internal stakeholders.

The ***DStv Mobile*** service, using digital video broadcasting – handheld (DVB-H) technology, was launched in December 2010. The service can be accessed on a DVB-H-enabled cellphone or via MultiChoice's new mobile television decoder, the **Drifta**.

This is a separate device that receives the *DStv* mobile broadcast signal and relays it to enabled devices such as laptops, PCs, tablets and smartphones.

*DStv Mobile* is a long-term opportunity that will require



***DStv's 15th birthday***



Recommend this

significant investment. The technology and business models are still evolving globally and it will take some years to generate returns on this investment. However, it is important for the development of South Africa's engineering capability in information and communication technologies to constantly experiment on the cutting edge of new technologies.

**MWEB** introduced an uncapped internet service, a first for the South African market. This has led to more affordable internet rates in South Africa.



Operational review **Pay television** (continued)**CASE STUDY – MZANSI MAGIC**

Given rapid changes to the *DStv* viewer base in South Africa, M-Net has remodelled popular shows. Launched in July 2010, *Mzansi Magic* now showcases entertainment, comedy and local programmes. *Mzansi* is meeting the needs of *Compact* and *Premium* viewers, including the rapidly expanding black middle class.

*Mzansi Magic* was shaped through dialogue with actors, musicians and comedians in the industry. The channel aims to play a role in stimulating the development of the South African film-making industry, particularly for emerging talent.

**REST OF AFRICA**

In the rest of Africa **MultiChoice** recorded good growth despite the launch of additional competitors in most markets. The *DStv* subscriber base increased by 340 000 to end the year on 1,44 million households.

The launch of a new satellite, and the subsequent successful migration of subscribers, allows us to broadcast more channels.

A new bouquet, *DStv Compact PLUS*, was launched for subscribers wanting additional sports channels in the mid-level tier. A low-cost Portuguese bouquet, *DStv Bué Facil*, aired in Angola and Mozambique.

Our focus on localising programming in Africa included launching a Nigerian news channel, *NN24*, and expanding the Kenyan news channel *K24* to more countries.

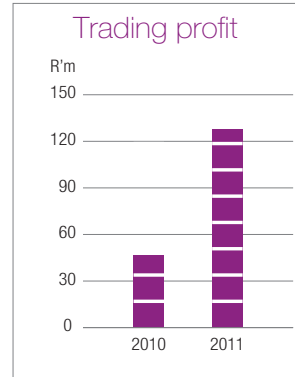
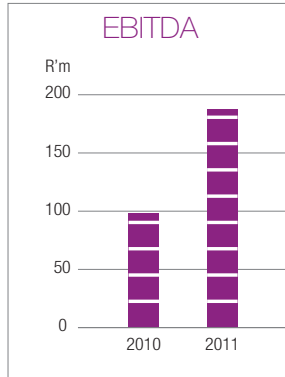
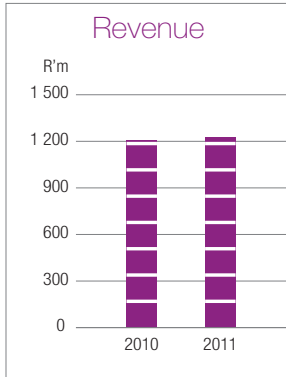
**SuperSport** continued its football coverage in Angola, Ghana, Nigeria, Kenya and Zambia. It expanded its coverage to include basketball in Nigeria and Angola.

The HD offering was increased to include *M-Net Movies* and *SuperSport HD*.

For the *DStv* English market, new channels include *eTV Africa*, *Food Network*, *Kingdom Africa* and *SONY MAX*. Our Portuguese markets on *DStv Bué Facil* can now enjoy *AXN HD Biography*, *Fine Living*, *Historia*, *Jim Jam*, *TV Brazil* and *Zone Reality*. *Premium* subscribers received additional value with the launch of *DStv On Demand*.

Competition is growing rapidly, from both new entrants and existing participants. This has significantly increased the cost of content, especially sports rights.

# Technology



**Irdeto** is developing solutions combining various products and services to address pay-media operator requirements. These solutions gained as operators capitalised on the combination of broadcasting and broadband delivery to extend their offerings. These services are designed to appeal to online viewing (fixed or mobile) and with new connected devices such as iPads. Consolidating products and services has also delivered savings, such as a single interface to clients using multiple Irdeto products, resulting in better margins.

## Highlights of the year include:

- ▶ 18 million conditional access (CA) secure units delivered, 17% up. From 2011 CA units shipped will increasingly include Cloaked CA units, Irdeto's software product using advanced Cloakware technology
- ▶ further expansion of facilities and teams in Asia
- ▶ 71 new engineers added worldwide, and
- ▶ 24 patents granted.

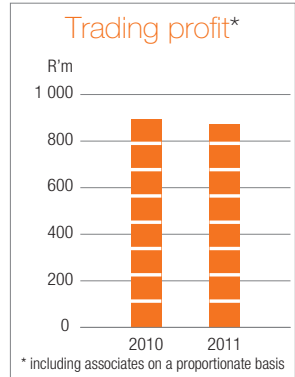
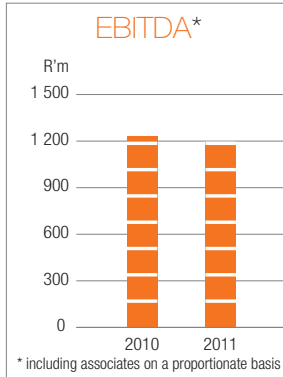
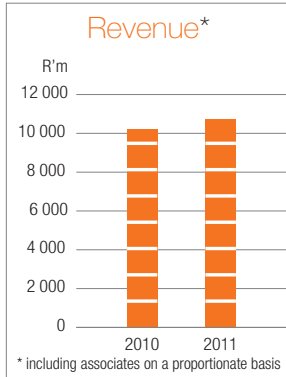
Irdeto applied Cloakware technology to the products and services of major global brands for online ecosystems, such as Logitech, Sony Internet TV, D-Link and Softbank Mobile. A new security service, ActiveCloak™, was launched to dynamically manage digital assets across their lifecycles. These include video, games and e-publications distributed online to multiple devices.





Operational review *(continued)*

## Print media

**SOUTH AFRICA**

The South African print media interests are held in **Media24**.

Revenue growth was recorded, with advertising revenue improving modestly. However, trading profit and EBITDA declined in part due to the implementation of a new enterprise resource planning (ERP) system.

**Newspapers**

**Media24 Newspapers** continued to optimise the structure of its businesses. Cost savings were achieved through improved efficiency, and there was a strong focus on the quality of content. The division's central investigative reporting team was expanded and secured several scoops during the year. However, newspaper subscriptions were affected by severe implementation problems with the abovementioned ERP system.

Subscribe to Report



The Sunday newspaper, *City Press*, was redesigned and its editor-in-chief won the National Press Club's editor of the year award. *Sake24*, our Afrikaans broadsheet business section, increased readership after being refocused.

Our medium-term goal is to rebuild the profitability of this division through cost management and market development, while sharpening our focus on editorial excellence.

**24.com**, the largest internet publisher in South Africa, has been repositioned in the Media24 newspaper division to ensure these brands can capitalise on opportunities provided by the rapidly growing mobile and tablet markets. 24.com grew monthly visitors by some 40% across its network of sites.

### Magazines

Muted conditions for the global magazine industry continued. We started developing digital businesses based on our magazine content.

Our editorial teams continued to boost their standing in the local industry. In addition to individual editors and journalists winning several national awards, **Media24 Magazines** led the prestigious annual Pica Awards (page 91).



Operational review **Print media** (continued)**Paarl Media**

The Paarl Media group has streamlined its operations while increasing its footprint to include one more factory in KwaZulu-Natal. Technical and machinery upgrades were undertaken in all nine facilities. As a result, Paarl Coldset became the first African member of the prestigious Wan-IFRA Quality Club.

A distribution network, *Shoppers Friend*, has been established in Gauteng, offering retailers direct access to consumers.

Paarl Media has significantly increased its footprint in Africa.

**Book publishing**

Jonathan Ball Publishers is the leading supplier of general books to the South African market.



NB Publishers group increased its market share among South African trade publishers and remains the leading domestic trade publisher. Other highlights included 35 literary awards won by NB Publishers and its authors during the year.

The educational publishers were less successful, except for Via Afrika Smile, which benefited from higher demand for supplementary educational material. Subsequent to year-end Media24 entered into an agreement to sell its stake in certain educational businesses

in the Via Afrika group. The agreement is subject to conditions.



Look and learn



## BRAZIL

The group has a 30% interest in **Abril**, the leading magazine publisher in Brazil. Abril has a 45% share of Brazilian magazine circulation and 64% of the magazine advertising market. During the year four new titles were launched. The printing and distribution businesses were stable. Late in 2010 Abril acquired a majority stake in the leading Brazilian indoor screen display business, Elimidia.

## CHINA

The group has minority stakes in Xin'an Media Corporation, a newspaper publisher in the fast-growing second-tier city Anhui in Hebei province, as well as in BMC, which operates a leading Beijing newspaper, the *Beijing Youth Daily*.

# Non-financial review

## Social review

Naspers takes its responsibility to the communities in which it operates seriously. We promote the well-being of society, our customers and our employees, by contributing to initiatives that improve quality of life in these communities.

### HOW WE DO THIS

#### Community

- ▶ We operate in various countries and endeavour, where feasible, to employ local citizens.
- ▶ We contribute to the communities in which we live and work. In some we contribute to educational programmes.
- ▶ We conduct business fairly, ethically and with integrity. Our code of ethics defines our culture.
- ▶ In South Africa we support previously disadvantaged businesses by actively seeking such suppliers.

#### Our people

- ▶ We invest in the continuous development of our people.
- ▶ We encourage our employees to contribute to sustainability and innovation initiatives.
- ▶ We respect the rights of our employees and their diversity.

- ▶ We encourage employees to report areas where the group might be failing in its business conduct and values through secure channels.
- ▶ We endeavour to comply with local employment laws.





# Transformation

Transformation is a strategic imperative for Naspers to ensure we comply with local legislation and that our workforces reflect local demographics. Across the group, there are various initiatives to develop appropriate skills and responsible procurement practices.

Eight years ago Media24 established a transformation forum to monitor elements of the South African black economic empowerment scorecard. The forum includes senior management from each business unit.

In recent years Media24 has made progress with its transformation aims. These are monitored against a scorecard for the

Department of Trade and Industry's code of good practice for broad-based black economic empowerment (BBBEE). Media24 retained its level 4 status on its BEE scorecard with a recognition level of 125% by virtue of it being rated as a value-added supplier.

MultiChoice maintained its status as a level 4 contributor, further investing in employment equity, skills development and preferential procurement. After its successful empowerment transaction in 2006, when 120 000 new shareholders were introduced, the group has maximum points in shareholding on the scorecard. MultiChoice also scores well on employment equity (75%) and preferential procurement (87%).

## Non-financial review *(continued)*

# Direct empowerment

### **Broad-based black economic empowerment (BBBEE)**

#### **PHUTHUMA NATHI**

Through a combination of shareholding in Naspers and the Phuthuma Nathi share schemes, black South African individuals and groups own 30% of MultiChoice South Africa. The Phuthuma Nathi 1 and 2 share schemes were launched in 2006 and 2007 respectively. Since inception, the share schemes have received over R1bn in dividends and were used to reduce debt. As the debt is reduced, the value of Phuthuma Nathi grows.

In terms of the scheme rules, Phuthuma Nathi shares can be traded after a five-year lock-up period. The lock-up period for Phuthuma Nathi 1 ends in December 2011 and for Phuthuma Nathi 2 in March 2012.

At launch, MultiChoice announced it would use its best endeavours to provide a trading platform for Phuthuma Nathi shares once the five-year lock-up period ends. We are developing such a platform.

#### **WELKOM YIZANI**

In 2006 Media24 launched the biggest BBBEE share offer in the print media industry, Welkom Yizani, resulting in eligible black people and groups owning some 25% (directly and indirectly) in Media24 Holdings. In December 2009 to mitigate the impact of the recession on the value of these shares, Naspers wrote off R330m of its funding in Welkom

Yizani and the scheme was extended by two years to December 2013. This proactive step has given Welkom Yizani shareholders a better opportunity to profit from their original investment.

#### **Black economic empowerment partners**

Media24, MultiChoice and other group companies have combined their buying power in South Africa in a centralised bargaining company, CommerceZone. Suppliers' BEE performance is evaluated against specific criteria and they are expected to boost their annual BEE rating.

The MultiChoice preferential procurement programme supports the development of small, medium and micro enterprises (SMMEs). In addition, these SMMEs are given opportunities to tackle larger-scale projects, enabling entrepreneurs to develop their skills and capabilities. The last three years have seen a lifting of MultiChoice's preferential procurement spend – from 47% in 2009 to 87% in 2011 on BEE-compliant companies. This equates to over R4bn spent with BEE-compliant companies.

In addition to its own empowerment initiatives, MultiChoice buys large numbers of decoders from a local manufacturer. This has created employment opportunities in the areas of manufacture, logistics and sales. MultiChoice has 113 agencies, all owner-managed businesses. About 28 of these are owned by black individuals. R24m was invested in this project in the past year.

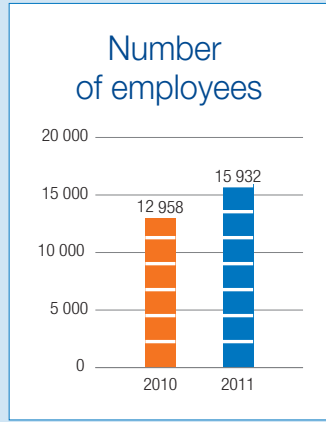
Furthermore, enterprise development initiatives have created more than 1 500 jobs across the Paarl Media group.

# Employees

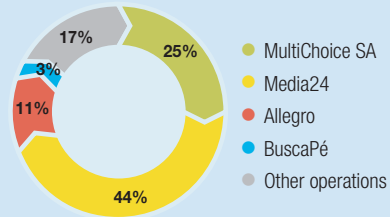
MultiChoice plays an important role in economic growth in Africa, contributing directly and indirectly to job creation. Some 5 000 jobs were created by us in the past 18 months in South Africa alone, with indirect employment representing 44% of the growth. Learnerships comprise 16% of direct employment, ensuring skills development in the informal sector. The major area of employment creation in the indirect market stems from additional staff in agencies, larger installer teams, content creation and facilities maintenance and upgrades.

## Employment equity

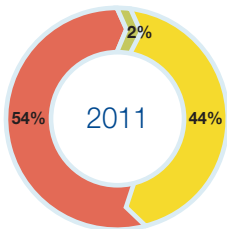
Naspers values diversity in its workforce. The breakdown of the group's annual employment equity reports, reflecting classifications to the South African Department of Labour, is shown below.



## Distribution of employees

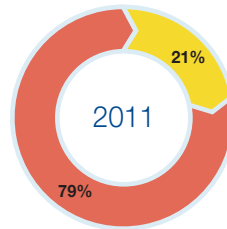


## Media24's workforce



● Disabled | ● White | ● Black

## MultiChoice's workforce



● White | ● Black



## Non-financial review *Employees (continued)*

### EMPLOYEE BENEFITS

#### Retirement benefits

Some countries in which we operate have statutory retirement benefit funding. In others, and where appropriate, the group provides retirement benefits for full-time employees, primarily as monthly contributions to defined-contribution pension and provident funds. The assets of these funds are generally held in separate trustee-administered funds.



#### Medical aid benefits

Medical aid membership is compulsory in most group operations, with the employer contributing a portion of the monthly premium.

Some group companies provide post-retirement healthcare benefits. This entitlement is based on an employee remaining in service until retirement age and completing a minimum service period.

#### Equity ownership

To retain the skills on which our sustainability depends, most group companies grant share options/share appreciation rights to employees under a number of equity compensation plans.

### EMPLOYEE RELATIONS

The group complies with labour legislation in its areas of operation. In South Africa, MultiChoice and Media24 submit statutory reports.

The risk of child labour and forced or compulsory labour is low in the group. Where children are used in local productions, strict compliance to their regulated conditions of employment is enforced.

### TRAINING AND SKILLS DEVELOPMENT

Investing in skills development is a priority for the group, given the strategic importance of technology and intellectual property to our sustainability in a competitive market.

In the review period, MultiChoice spent over R17m on skills development initiatives. These include the New Managers Programme, Management Advancement Programme and Media Management Programme, which cover training from supervisory to executive management levels.

As technology is at the core of MultiChoice's business, skills development is multifaceted. The company's learnership programmes combine vocational education and training modules towards qualifications registered on the National Qualifications Framework (NQF).

During the year MultiChoice filled 249 learnership and internship positions, covering customer care, *DStv Online*, finance, human resources, broadcast technology and IT. These



programmes give prospective and new graduates experience in the real world. Some of the programmes implemented in our businesses were as follows:

- ▶ 38 engineering and technical positions at M-Net
- ▶ 10 positions at SuperSport for practical involvement in production areas, and
- ▶ 46 positions for leadership and technical areas at MWEB.

MultiChoice awarded 51 bursaries in 2011, bringing total bursaries awarded since 2008 to 161.

SuperSport's partnership with Wits Business School (WBS) has contributed to expanding

the administrative skills base in sports bodies in Africa. Since its inception in 2006, 120 sports administrators have graduated.

Already entrenched as a world-class initiative, SuperSport expanded the programme to Nigeria in 2010, working with WBS and the Nigerian National Sports Commission to focus on major event management, leadership, corporate governance and strategy. To date 20 graduates have benefited.

Over the past year SuperSport has boosted its training in Nigeria and Kenya, particularly transferring television production skills to increase the talent pool of qualified crew. The Gain Insight From Training (GIFT) programme helps students develop skills in television production. At present

## Non-financial review *Employees (continued)*

69 students are enrolled. In addition, 15 trainee crew members from Kenya and Nigeria joined their South African counterparts for hands-on training from SuperSport's highly skilled production crew, including during the 2010 Fifa World Cup.

Media24 invested some R23m in the current financial year to develop employees at various levels. This included R9m to train current and future journalists at its Journalism Academy, producing 24 graduates in the past year.

Beneficiaries of the academy programme, some of whom are still enrolled, included:

- ▶ 13 bursary holders (three black, three coloured and seven white)
- ▶ 16 Academy interns (seven black, one coloured and eight white), and
- ▶ eight post-bursary interns (two white, two black, three coloured and one Indian).

Media24 also awarded 229 bursaries to employees for part-time studies in 2011.

Following a study of overseas training programmes, Paarl Media has taken the lead in developing a world-class training facility, the Paarl Media Academy of Print. The outdated trade training curriculum has been replaced by new apprenticeship programmes,



following extensive research and development. In addition to the technical programmes, the academy offers Paarl Media employees skills and leadership courses. To enhance management skills in the industry, Paarl Media's leadership development programme (through business schools of Stellenbosch, Wits and other

institutions) concentrates on developing people at all management levels (supervisory to executive). The leadership pipeline programme ensures potential leaders are identified for further advancement and future management positions.

The academy, an Institute of



Sectoral and Occupational Excellence (ISOE), is an accredited training provider with MAPPP/ FPM Seta. It has been awarded international accreditation by City & Guilds, Britain's leading vocational awarding body.

In our international businesses, mainly internet operations, we aim to attract young engineers. Training and development is thus key to our strategy of operating leading internet platforms in emerging markets.

We create opportunities for young entrepreneurs by sponsoring a technology incubator where 10 recent graduates are implementing their ideas for new businesses, guided by experienced engineers and project managers.

Internationally, young engineers and technologists are incentivised to further their careers in the MIH Internet group through

the Junior Staff Exchange programme. This programme gave 10 talented technologists the opportunity to spend three months at other Naspers companies.

MIH also recognises the importance of retaining its experienced technologists and engineers. By recognising a select group as MIH Distinguished Technologists, we encourage senior engineers. The award includes involvement in group-wide projects and was given to 11 technologists in 2011.

Naspers also sponsors 30 students at postgraduate level in new media studies at Stellenbosch University. Graduates of the Media Lab programme have been successfully employed in group companies.

Irdeto stepped up its collaboration with some 20 universities worldwide through internships, joint research and summer schools.

## CASE STUDY – SUPERSPORT IN KENYA

SuperSport held a three-month training exercise in Kenya where South African crew participated in covering local football to give Kenyans practical experience in all fields of television production. We trained over 40 operators. After securing the use of the main stadium in Kenya and with assistance from the Kenyan Premier League, 11 first-division practice matches provided practical training for trainee crew members. Productions were recorded and reviewed in the classroom to show trainees what they did well and where they needed to improve.





Non-financial review *(continued)*

# Corporate citizenship

## COMMUNITIES

The group is active in its communities, focusing on literacy and educational programmes in Africa.

Given the nature of its business, MultiChoice plays a key role in its communities. Aiming to achieve a sustainable impact on the country's socio-economic challenges, MultiChoice companies have implemented various initiatives.

	Project	Beneficiaries
  M-Net and DSTV Media Sales	<b>Community development initiatives</b>	Invested over R50m in donations and airtime.
	<b>Apex Awards</b>	Recognising excellent results by advertisers and agencies. In addition, over 30 charities and NGOs received free airtime to create awareness of various social causes.
	<b>Industry skills development</b>	<ul style="list-style-type: none"> <li>▶ <b>Vuka Awards</b> encourage pro bono public service announcements for charities and social causes. Over 170 entries were received and 25 finalists' work broadcast on M-Net channels.</li> <li>▶ <b>New Directions</b> is targeted at directors and scriptwriters – 75 entries were received in 2010. Two films and one documentary produced will premiere on <i>Mzansi Magic</i>.</li> <li>▶ <b>EDit</b> gives emerging film and television students real-life production opportunities. Three reality pilots will be explored for development and broadcasting on <i>Mzansi Magic</i>.</li> </ul>



**Project**

**Beneficiaries**



M-Net and DSTV Media Sales (continued)

**Naledi**

Teaching grade 3 children to read and write.  
 ▶ 300 children in six schools in Gauteng and Western Cape benefited in 2010.




**Gogo Magic**

Creates employment for disadvantaged individuals by knitting beanies which are distributed to orphans and vulnerable children.  
 ▶ 593 jobs from six communities in Gauteng and Limpopo were created and 28 000 beanies distributed to children around the country.

**Breast cancer awareness**


Financial support for trucks providing education and testing for breast cancer in rural areas:  
 ▶ 1 365 women received mammography tests  
 ▶ 7 435 clinical breast examinations performed  
 ▶ 11 205 individuals received breast cancer education, and  
 ▶ 27 000 pieces of educational material distributed.

Non-financial review Corporate citizenship *(continued)*

	Project	Beneficiaries
 SuperSport	<b>My 2010 Schools Adventure</b>	Partnered with 2010 Fifa World Cup and Department of Basic Education in a programme with 7 500 schools.
	<b>Reducing crime in schools through sports skills development</b>	Partnered with Unicef and Department of Basic Education on a programme to reduce crime and increase school attendance through sport. ▶ 450 schools were reached.
 MWEB	<b>Internet cafés and computer training centres in townships</b>	Donated R700 000 to Silulo Ulothu Technologies to assist opening more internet cafés and computer training centres in townships. ▶ Centres in Athlone, Blue Downs and Gugulethu.
	<b>Film Talent Incubator</b>	Skills and mentorship opportunities to up-and-coming film-makers through an intensive hands-on course. ▶ To date the film industry has gained 64 skilled professionals who are gainfully employed. ▶ About R20m invested in this programme.
 MultiChoice	<b>Introduced three additional orphanages</b>	MultiChoice assisted three orphanages in three provinces (North West, Northern Cape and Mpumalanga) as part of its programme to support orphaned children. ▶ To date 10 residential facilities nationally and over 1 000 children assisted.

Project	Beneficiaries
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 MultiChoice (continued)	<b>Expanding computer labs in schools</b>	Multimedia laboratories were installed in eight schools in Eastern Cape, Free State and Northern Cape. The laboratories included computers, internet connectivity, televisions and free <i>DStv</i> education content. To ensure impact, teachers have been trained in managing the resource and integrating technology into teaching. <ul style="list-style-type: none"> <li>▶ Through this programme over 28 000 learners have access to computers.</li> </ul>
	<b>MultiChoice Make a Difference (MMAD)</b>	Employee involvement and volunteering in community development. <ul style="list-style-type: none"> <li>▶ Over 1 100 employees touched the lives of some 2 000 community members.</li> </ul>
	<b>Reach Out</b>	<i>DStv</i> subscribers can get involved through the Reach Out programme by nominating their favourite social causes for a financial contribution from MultiChoice. <ul style="list-style-type: none"> <li>▶ In 2010 the following homes received support: Ikhaya Le Themba, SAVF Belfast Kinderhuis, Knysna Education Trust and Mother of Peace orphanage.</li> </ul>

 MultiChoice Africa	<b>Media development</b>	MultiChoice partners with CNN to produce the CNN MultiChoice African Journalist of the Year awards. The 2010 event was held in Uganda in May and attended by President Museveni.
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## Non-financial review Corporate citizenship *(continued)*

MultiChoice has developed a social investment strategy aligned to its aims. This will contribute to broader South African transformation. The strategy focuses on generating skills critical for MultiChoice's industry and consolidates its social programmes into a single vehicle, *DStv Be More*.

Launched in 2005 SuperSport's *Let's Play* received the best Social Responsibility in Sport prize at the Virgin Active Sport Industry Awards for 2010. *Let's Play* encourages primary school children to participate in sport and has forged



partnerships with, among others, Unicef, and the departments of Basic Education and of Sport and Recreation. During the 2010 Fifa World Cup, *Let's Play* partnered with the Local Organising Committee and the Department of Basic Education in the *My 2010 Schools Adventure* programme involving 7 500 schools. Through the *Let's Play a Million* project, 220 000 soccer balls were distributed to schools and communities throughout the country.

### CASE STUDY – SUPERSPORT'S INVOLVEMENT IN AFRICAN FOOTBALL LEAGUES

SuperSport is involved with the soccer federations in Nigeria, Kenya, Zambia, Angola, Ghana and Uganda. In some cases, the fees SuperSport pays for rights to broadcast the local soccer games constitutes as much as 75% of their revenue. Our football consultant, Stanley Matthews, conducts regular workshops which improve corporate governance, administration and management of the leagues. SuperSport assists with managing their websites and employs and upskills locals and invests heavily in infrastructure such as studios, outside broadcasting vans and the like. We help the leagues to secure sponsorships and allow them to participate in an exchange programme with the German Bundesliga, where administrators, players and journalists attend workshops in Germany. Spectator attendances have increased rapidly since SuperSport became involved in the federations, with Kenya as an example increasing on average from 2 000 to 20 000 spectators per match.



MultiChoice, in partnership with ministries of education in African countries, established MultiChoice Resource Centres as a learning tool for learners in under-resourced schools. Nine hundred of these centres are now operational in 28 countries – 172 new centres were rolled out in the past financial year. MultiChoice provides

and installs decoders, televisions and DVD recorders. The *DStv Educational* bouquet is provided free to MultiChoice Resource Centres. The bouquet comprises eight educational channels: *History*, *National Geographic*, *National Geographic Wild*, *BBC World*, *BBC Knowledge*, *Discovery*, *Mindset Learn* and *Animal Planet*. In addition, educators in these schools are trained to integrate this educational programming into curricula.

Media24 wants all South Africans to read. Accordingly, the company has invested in numerous projects that educate, uplift and develop, especially as regards literacy. In the past year Media24 invested some R13m in

community projects throughout South Africa focused on welfare, health and education. In addition, its newspapers and magazines provided free editorial and advertising space to create awareness and harness support for a number of socio-economic issues in the country.



## Project

## Beneficiaries

### Literacy

*Move! Best Parent* collaborated with Project Literacy to roll out a series of adult literacy and training programmes.

### Volunteers24

Media24's employee volunteers supported a number of initiatives, including renovating preprimary and primary school classrooms in the Western Cape and Gauteng. Awareness campaigns and fundraising drives supported the National Cancer Association, Heart and Stroke Foundation, Epilepsy Society and Red Cross Society.

### Rachel's Angels Empowerment Trust

Media24's mentorship programme, Rachel's Angels, is now in its fifth year, with 20 participating schools and 140 mentors from Stellenbosch University providing mentorship and career advice to senior learners from these schools.

## Non-financial review Corporate citizenship *(continued)*



Paarl Media is active in its communities at both social and environmental levels. Some of its current projects include:

- ▶ Established a R10m bursary trust for previously disadvantaged students from the Paarl community.
- ▶ Assisted the Miqlat learning centre in Paarl East with learning and computer resources.
- ▶ Sponsors printing of The Big Issue, whose vendors are mainly unemployed people from informal settlements on the outskirts of Cape Town.



- ▶ Supports the International Federation of the Red Cross and Red Crescent societies for food security programmes.
- ▶ Implemented a food tent at The House orphanage in Berea that provides nutritional food and skills development.
- ▶ Provided financial support and blankets to The Haven Care Centre.
- ▶ Sponsored a vehicle for Amado, an organisation that empowers disabled children through animal-assisted therapy.



- ▶ Donated school clothes, stationery and food to Prissked Charities.
- ▶ Provided support to the Carel du Toit Centre, which cares for children with hearing disabilities.
- ▶ Contributes annually to the Paarl Post Christmas fundraising project in aid of the Western Cape Community Chest.
- ▶ Subsidised printing for the Society of the Blind and Tsiba College.
- ▶ Assisted Monte Christo Ministries with feeding schemes at schools, soup kitchens and hospitals.
  - ▶ Continuously donates to the National Sea Rescue Institute and SOS Children's Village.



- ▶ Partnered with the Paarl Mountain Project to create employment opportunities in clearing the mountain of alien vegetation.
- ▶ Provided financial assistance to Helping Hand SA, a missionary organisation that distributes food, clothing and other goods to the poor.

## COMMUNITY BENEFIT

MultiChoice reaches out to the local communities in which it operates, supporting initiatives such as disaster relief donations in Uganda for the victims of mudslides in the eastern part of that country and Farmer's Day celebrations in Ghana.

In Nigeria, MultiChoice supports the Sickle Cell Foundation. We provide vehicles and advocacy support for the foundation by using our platform to create awareness about the disease and provide information on treatment.

In some businesses where we have minority investments, valuable work is also being done.



National Sickle Cell Centre, Lagos

## Non-financial review Corporate citizenship *(continued)*



- ▶ The Tencent Charity Foundation donated almost RMB10m (R10,4m) to construct school buildings, dormitories and other infrastructure to improve local educational quality and school conditions in poor regions. Tencent

employees founded the Tencent Volunteers' Association, which has more than 1 000 members. Among these are middle- and high-ranking management headed by the chief executive officer and the core backbone of various departments. They use their spare time to implement projects funded by the Tencent Charity Foundation. These include educational development and university talent development projects. Other activities include help to the elders, safe internet surfing training for young people and donating clothing to disaster regions.

- ▶ In the Philippines, Sult joined the Bayan-Anihan ("community harvest") movement, a partnership



between the Department of Agriculture and Gawad Kalinga anti-poverty organisation. This movement aims to address the pressing issue of hunger in the Philippines. To mark its fourth anniversary, Sulit organised the SULITulungan project – 23 employees and some 40 members of the Sulit community built a farm and provided sustainable living for families from a village in Laguna region.

year) by running charity auctions on [www.ricardo.ch](http://www.ricardo.ch), supported by promotional marketing and employee volunteers. Ricardo also supported fundraising for the international Red Cross. Artworks incorporating a red cross created by prominent people were auctioned on [www.ricardo.ch](http://www.ricardo.ch). This project received the prestigious Swiss Dialogue Marketing Prize 2011.



- ▶ Each year Level Up! uses viral marketing and celebrity endorsements to encourage gamers to donate blood in its Life Quest project, working with the Apro Sanguine Institute. To mark Tree Day, Level Up! hosts a quiz on its website, with player participation supporting the company's donation of some 200 trees to Tropical Flora.
- ▶ OLX Argentina runs a computer donation programme to help schools, charities and not-for-profit organisations (NPOs) in their focus on education. Twelve organisations benefited from donations of computers and laptops in good condition. In addition, OLX supports numerous NPOs focused on education, literacy, vulnerable children and people with disabilities.
- ▶ Ricardo participates in the largest fundraising activity in Switzerland, Jeder Rappen zählt, (before Christmas each

## Health and safety



- ▶ We aim to have an injury-free workplace.
- ▶ We perform health and safety risk assessments at our facilities, supported by training.
- ▶ We monitor management's actions through operational, internal and external auditing and reporting processes.
- ▶ A healthy workforce contributes to business success. Several of our businesses provide medical aid and wellness programmes for their staff.

## Non-financial review Health and safety *(continued)*



backgrounds and receive training from Media24 on executing their jobs safely and effectively. The nature of the print business, which owns and manages distribution networks and printing facilities, makes it the area in the Naspers group with the greatest inherent risk for injuries on duty.

### MONITORING

The Media24 safety, health and environment committee, a subcommittee of the board, monitors related issues in the Media24 group.

### THE WORKPLACE

Implementing a healthy, safe workplace at both administrative and production facilities is a priority. Our aim is the lowest possible harm rate on duty. Where required, health and safety committees – comprising responsible, trained individuals – ensure regulatory compliance. Appropriate medical emergency and disaster-recovery plans have been devised for operating businesses.

Annual occupational health and safety risk-control audits or reviews are conducted by operational entities across the group and improvements implemented as required. Significant matters are reported to and monitored by the Naspers risk committee.

Media24's distribution and printing operations make extensive use of contractors and organisers. Most of these are from previously disadvantaged



Media24 and MultiChoice conduct annual health, safety and environmental compliance audits as well as building scans. Injuries on duty are stringently monitored.

Tragically, a fire at Paarl Print in April 2009 caused 13 deaths and serious injuries to four people, the worst in the group's history. We deeply regret this loss of life and injury and our thoughts are still with those families. Group companies assisted the families financially, paying out almost R7m. A formal inquiry into the Paarl Print fire, in terms of Section 32 of the Occupational Health and Safety Act, was

completed in June 2010. A report has been prepared in terms of this act, and based on information received from the Department of Labour it is anticipated



that this report will be made available in the foreseeable future. Further information indicates that the report has been referred to the National Prosecuting Authority for further action. Once the report has been made available, it is possible that third parties may pursue civil claims against the company. Paarl Print's exposure in this regard, after insurance reimbursement, is not expected to be material. We also assisted the families to submit claims under the Compensation for Occupational Injuries and Diseases Act, 1993.

## WELLNESS

Several wellness programmes are operated by group subsidiaries in a preventative approach to employee health. These range from programmes to stop smoking to HIV/Aids tests. Regular medical, eye and hearing tests are performed on drivers and staff exposed to noise. Professional and independent psychosocial support is provided for staff in businesses.

MultiChoice offers a range of wellness and balanced lifestyle services to all employees on site, plus a Montessori nursery school for its Randburg employees.

Media24 has a wellness centre at its Cape Town offices and certain printing facilities. Health services include hypertension and diabetes testing, free HIV/Aids counselling and testing, and a number of risk-control programmes.

Ongoing wellness support is provided by mobile clinics throughout the company.

## HIV/AIDS

We are acutely aware of the HIV/Aids pandemic in Africa, and its social and economic implications. Comprehensive programmes in Media24, MultiChoice South Africa and MultiChoice sub-Saharan Africa outside South Africa comprise:

- ▶ information and awareness campaigns
- ▶ voluntary free testing
- ▶ free counselling, and
- ▶ comprehensive medical treatment programmes.





## Non-financial review *(continued)*

# Environment

Through improvement and sustainable technological innovation, Naspers strives to create solutions that minimise its impact on the environment.

### HOW WE DO THIS

- ▶ We perform risk assessments identifying operations where our direct impact on the environment is most significant.
- ▶ We try using advanced technologies to reduce the impact on the environment.
- ▶ Our printing operations apply leading emission-reduction technology to minimise and responsibly dispose of waste.
- ▶ We monitor environmental compliance standards at our facilities and participate in third-party reviews.
- ▶ We measure and report on our carbon footprint.
- ▶ We respond to situations where operations have had an adverse effect on the environment.
- ▶ We use environmentally sustainable resources to meet our operational needs, and conserve non-renewable natural resources.
- ▶ Where possible, we use environmentally responsible energy sources, invest in improving energy efficiency and design energy-efficient facilities.
- ▶ We aim to influence our suppliers to adopt a similar approach in supplying materials and services.

Naspers's South African operations measured their gross carbon footprint with respect to scope 1 and 2 emissions for the second year in accordance with the Greenhouse Gas (GHG) protocol.

### THE GREENHOUSE GAS (GHG) PROTOCOL

is an accounting tool used by business and governments. It was created in 2001 when the World Resources Institute and the World Business Council for Sustainable Development identified a need for consistency in how organisations accounted and reported emissions and together introduced the new standard.

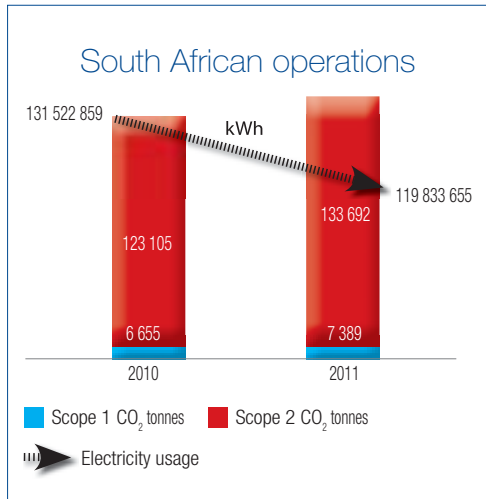




The largest contributor to direct emissions remains electricity. Given that the primary source of electricity in South Africa is coal, which has a higher emission rate, electricity accounts for 100% of scope 2 emissions (95% of total emissions).

Continuous supply of good quality electricity is vital to the continuity of our operations. The group installed generators at some facilities to ensure continuous supply of electricity, hence mitigating the risk of disruptions.

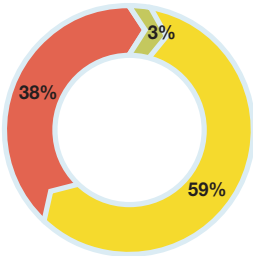
The gross carbon footprint (scope 1 and 2) is 141 081 (2010: 129 760) tonnes of CO<sub>2</sub>e. The group measured direct emissions at some 12 locations across South Africa and will focus on refining the process of collecting complete sets of data in the coming year. The printing operations contribute 59% to the total carbon emissions of the group.



During the past year our usage of electricity decreased by 9%, whilst the GHG emission factor for electricity increased by 10%.

Non-financial review **Environment** (continued)

## Greenhouse gases



- Logistics
- Office buildings
- Printing plants

**GREENHOUSE GASES**

In MultiChoice and Media24, a number of *Think Green* initiatives have been implemented to reduce our carbon footprint and support the sustainability campaign.

**Energy-efficiency initiatives introduced in the past year include:**

- ▶ installing movement-activated lights
- ▶ refurbishing air conditioners to reduce electricity consumption
- ▶ consolidating data centres, and
- ▶ automatic hibernation of PCs.

**Waste management initiatives included:**

- ▶ setting double-sided printing as a default to reduce paper consumed, and
- ▶ recycling office waste in a more appropriate manner.

**Community outreach initiatives were also implemented:**

- ▶ installing solar-powered traffic lights around the MultiChoice campus in Randburg
- ▶ installing e-waste bins for customers and employees to safely dispose of obsolete electronic devices such as decoders, remote controls, PCs etcetera, and
- ▶ Allegro in Poland has several initiatives under its All For Planet Foundation ([www.allforplanet.pl](http://www.allforplanet.pl)) designed to assist the local community in awareness in striving for a greener country, as well as making certain investments in the environment.

The operations of Naspers are diverse, ranging from printing plants to transactional internet platforms offering entertainment or products. Each type of business has a unique effect on the environment, requiring different responses to limit these impacts.



### *Printing facilities*

Paarl Media's paper suppliers are based in South Africa and Europe. They continuously investigate options to limit their environmental impact while ensuring quality paper products are used in our publications.

Paarl Media was the first African printing organisation to receive the Forest Stewardship Council (FSC) chain-of-custody certification. This is an independent international verification that printed products can be traced back from their point of origin to responsible, well-managed forestry, controlled and recycled sources.

Paarl Media offers clients a range of environmentally sustainable paper, leading the South African print industry in recognising the impact of print-production processes on natural resources and implementing practices to eliminate emissions. The Paarl Media group focuses on reduction and recycles all paper not sold as part of the printed product to Mondi. Equipment in the upgraded Paarl Media Cape plant ensures that dust particles from the printing process are collected and recycled.

Media24 produces mainly books, magazines and newspapers. It recycles all unsold magazines and newspapers. It uses its magazines and newspapers as platforms to educate readers about lowering their impact on the environment.

### *Pay television*

Decoders are sourced from reputable suppliers with a commitment to protect the environment.

Informative programming ensures viewers are encouraged to protect their immediate environment.

### *Internet*

Internet platforms such as Allegro do more with less. Their core business includes online shopping of pre-owned goods.

Contributions are also made in companies where we have minority stakes. Tencent's Volunteers' Association, with over 1 000 employees, has held numerous tree-planting activities to build Tencent Green Forests in the past five years. Tencent volunteers have planted over 1 000 trees.

The environmental impact of our international businesses is limited mainly to the use of electricity.



Non-financial review **Environment** (continued)**CASE STUDY – ALL FOR PLANET FOUNDATION**

Allegro established its All For Planet Foundation in November 2008 to encourage communities to think green every day. It combines ecology with design and music to revitalise public spaces through sustainable design and city transport:

► **Bicycle racks** supporting the sustainable concept by:

- promoting bikes as environmentally friendly transport
- combining design and usability
- encouraging public opinion to discuss city transport
- supporting talented young Polish designers, and
- presenting a unique approach to ecology projects in Poland.

► **Green backyards** initiative encourages local communities to take the ecology initiative, starting small by changing their own backyards. Each year Allegro selects five backyards from hundreds of applications sent in from all over the country.

► **Recycling music** creates musical instruments from used advertising materials and barrels. Recently, the initiative was recognised by Guinness World Records for the largest orchestra playing on recycled instruments at the XVI Woodstock Festival.




# Regulatory environment and fines

The group received no significant fines for non-compliance in the past year.

Because MultiChoice operates in a highly regulated environment in South Africa, compliance is important. The company participates in the regulatory process affecting the communications industry through various public forums and debates, giving inputs on formulating standards and strategies for this industry. MultiChoice and M-Net received

some fines from the self-regulatory body, the Broadcasting Complaints Commission of South Africa. These relate to incorrect scheduling of content due to human error and steps were taken to correct this.

In the past year there were no environmental accidents nor were any environment-related fines imposed by any government. The group will continue to refine its processes for managing its impact on the environment.

## Awards

Some of the prominent awards received by our group companies:

### ▶ **ibibo**

Star Youth Icon award at the third Global Youth Marketing Awards 2011 for contributing to youth.

### ▶ **Media24 Newspapers**

National Press Club Editor of the year 2010:  
*City Press* editor-in-chief, Ferial Haffajee.

### ▶ **Media24 Magazines**

Excellent performance at annual Pica Awards:

- *SARIE* – Michéle van Breda, editor of the year
- *SARIE* – consumer magazine of the year
- *Woolworths TASTE* – published by New Media Publishing and commissioned by Woolworths – client magazine of the year.



## Non-financial review Awards *(continued)*

### ▶ Paarl Media

- First Africa member admitted to international WAN/IFRA Quality Club
- Acknowledged by Mondi and Sappi for printing work.



### ▶ NB Publishers

- Hertzog prize for fiction – *30 Nagte in Amsterdam* by Etienne van Heerden (Tafelberg)
- University of Johannesburg début prize for creative writing – *Plaasmoord* by Karin Brynard (Human & Rousseau)
- University of Johannesburg prize for creative writing – *Reisiger* by Elsa Joubert (Tafelberg)
- Alba Bower prize for children's literature – *In die nimmer-immer-bos* by Linda Rode, illustrated by Fiona Moodie (Tafelberg)
- Commonwealth Writers' Prize best book Africa region – *The Double Crown* by Marié Heese.



### ▶ SuperSport

- *Let's Play* judged South Africa's best social responsibility in sport initiative at inaugural Virgin Active sport industry awards.

### ▶ MultiChoice

- Orange Index Awards – first in telecommunication sector and fourth overall (evaluation of all companies providing customer services)
- Four Loerie Awards (evaluation of all creative media advertising adjudicated by an expert panel)
- First in *FinWeek* radio campaign of the year (evaluation of radio advertising by an expert panel)
- 21 Generation X Top Teas (research on all South African brands)
- 12 Africa Promax Awards (Africa on-air creative marketing)
- Four international Promax awards (international on-air creative marketing)
- First and joint second in Millward Brown (research company) ten most-loved South African television ads.



Corporate governance



Conducting  
our business  
with integrity

CORPORATE GOVERNANCE



# Corporate governance

## INTRODUCTION

The board of directors conducts the group's business with integrity by applying appropriate corporate governance policies and practices.

Naspers is a multinational media group with operations in 131 countries including Africa, South America, Europe, China, India, south-east Asia and the USA. Its primary listing is on the JSE Limited (JSE). The company is therefore subject to the Listings Requirements of the JSE, the guidelines in the King Code and Report on Corporate Governance for South Africa 2009 (King III), as well as legislation applying to publicly listed companies in South Africa. Naspers also has a secondary listing of its American Depository Shares (ADSs) on the London Stock Exchange (LSE).

Compliance with both the JSE and applicable LSE listings requirements is monitored by the audit and risk committees of the board.

The board's audit, risk, human resources and remuneration and nomination committees fulfil key roles in ensuring good corporate governance. The group uses independent external advisers to monitor regulatory developments, locally and internationally, to enable management to make recommendations to the Naspers board on matters of corporate governance.

## APPLICATION OF AND APPROACH TO KING III

The board, its subcommittees, and the boards and subcommittees of subsidiaries MIH, MultiChoice and Media24 made good progress in embedding the appropriate principles and practices contained in King III. The Naspers board approved revised board and subcommittee charters. The responsibilities of the audit and risk committees were separated and new risk committees formed. Similar changes were approved by the boards of MIH, MultiChoice and Media24. A plan to address aspects of King III was approved and implemented for the in-scope entities for 2011.

A disciplined reporting structure ensures the Naspers board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities in the group are required to subscribe to the relevant principles of King III. Business and governance structures have clear approval frameworks. The process to address the principles of King III has been a top-down and bottom-up approach.

Naspers has an internal control oversight forum comprising the CFOs and risk and internal audit managers of Naspers, MIH, MultiChoice, Media24 and the group company secretary and group general counsel. The forum was tasked to ensure the Naspers group's governance structures and framework and King III implementation plan were rolled out to in-scope entities in the group during the financial year. Progress was monitored by the audit and risk committees and reported to the board.

Set out below is a synopsis of changes to our governance framework during the past year:

### New governance policies introduced

- ▶ Alternative dispute resolution policy
- ▶ Directors' right to take independent professional advice policy
- ▶ Human resources and remuneration committee's orientation policy
- ▶ Investor relations policy
- ▶ IT governance policy
- ▶ Legal compliance policy
- ▶ Nomination committee's orientation policy
- ▶ Risk committee's orientation policy
- ▶ Risk management policy
- ▶ Sustainable development policy

### Governance policies revised

- ▶ Appointment of new directors policy
- ▶ Audit committee's orientation policy
- ▶ Code of ethics and business conduct
- ▶ Communication policy
- ▶ Directors' right to access information/documents policy
- ▶ Group levels of authority
- ▶ Orientation policy for new directors
- ▶ Provision of services by independent auditor
- ▶ Remuneration policy
- ▶ Trading in securities policy
- ▶ Whistle-blower policy

### New charters introduced

- ▶ Risk committee charter

### Charters revised

- ▶ Board charter
- ▶ Human resources and remuneration committee charter
- ▶ Nomination committee charter
- ▶ Audit committee charter

## Corporate governance *(continued)*

The composition of subcommittees of the board and subcommittees of the boards of MIH, MultiChoice and Media24 was reviewed and, where required, amended.

The formalisation of our risk management processes was a major focus. Details of the enterprise-wide risk management framework appear on page 28.

In terms of JSE Listings Requirements reporting against King III applies for financial year-ends from 1 March 2010. In line with the overriding principle in King III of apply or explain, the board, to the best of its knowledge, believes the group has applied or is embedding processes in support of the relevant principles of King III.

King III provides that directors should have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business. The company does not interpret these provisions to mean the board should have legal expertise in all spheres in which the company operates or be familiar with all laws applicable to the company and its various businesses, nor is it practical to do so, since Naspers operates in 131 countries and in several subsectors of these economies.

However, the Naspers board does ensure adequate structures and systems are in place and populated with people of sufficient

competence for group compliance with the relevant laws. The board further manages corporate governance via its audit and risk committees, which monitor the proper operation of such structures and systems and report to the board.

Due to risk factors most notably the safety of our executives in the emerging markets in which we operate and possible contraventions of local privacy laws, the board has decided to report on the remuneration of executive management of the company, not the group. As such, remuneration of the two executive directors is set out in the remuneration report on page 119. Other company employees perform administrative functions.

The board believes the current non-executive directors' fee structure of a single annual fee is more appropriate for the board and its committees and better reflects member contribution.

### **STATUS: NEW COMPANIES ACT**

The impact of the new South African Companies Act No 71 of 2008 (signed into law on 8 April 2008 and effective 1 May 2011) was a focus over the past year. To comply with this act, shareholders will be asked to appoint the members of the audit committee and consider special resolutions on directors' fees and the

provision of loans and other financial assistance. A new memorandum of incorporation is being drafted and will be brought to shareholders for consideration and approval at the appropriate time. The new act provides transitional arrangements in terms of which Naspers has until 1 May 2013 to adopt a new memorandum of incorporation.

## BUSINESS ETHICS STATEMENT

Naspers is formalising its compliance and ethics management process. The group code of business ethics was revised during the year, and is available on [www.naspers.com](http://www.naspers.com).

This code applies to all directors and employees in the group. Ensuring that group companies adopt appropriate processes and establish supporting policies and procedures is an ongoing process. Management focuses on policies and procedures that address key ethical risks, such as conflicts of interest, accepting inappropriate gifts and acceptable business conduct.

The human resources and remuneration committee is the overall custodian of business ethics. The disciplinary codes and procedures of the various companies are used to ensure compliance with policies and practices that underpin the overall code of business ethics. Unethical business behaviour by senior staff

members is reported to this committee, along with the manner in which the company's disciplinary code was applied.

Naspers is committed to conducting its business on the basis of complying with the law, with integrity and with proper regard for ethical business practices. It expects all directors and employees to comply with these principles and, in particular, to avoid conflicts of interest and to desist from insider trading, illegal anti-competitive activities and bribery and corruption.

Whistle-blowing facilities at most major subsidiaries enable employees to anonymously report unethical business conduct.

## COMPLIANCE FRAMEWORK

Naspers has established a legal compliance programme formalising practices followed for some time. The programme involves preparing and maintaining inventories of material laws and regulations for each business unit, implementing policies and procedures based on these laws and regulations, establishing processes to supervise compliance and mitigate risks, monitoring compliance, implementing effective training and awareness programmes and reporting to the various boards and management on the effectiveness of these efforts.

The compliance programme is managed by the general counsel, André Coetzee, acting as

## Corporate governance *(continued)*

the chief compliance officer, while implementation at each business unit is undertaken by a local compliance officer and compliance committee. Each local compliance committee reports to the chief compliance officer who, in turn, reports to the relevant risk committees.

Litigation in the business units is reported monthly by the respective heads of legal affairs to the general counsel, but material litigation is notified to the general counsel as soon as possible after it arises. The general counsel, in turn, reports regularly on material litigation to the applicable boards and risk and audit committees.

### THE BOARD COMPOSITION

Details of directors at 31 March 2011 are set out on pages 110 to 113.

Naspers has a unitary board, which fulfils oversight and controlling functions. The board charter sets out the division of responsibilities. The majority of board members are non-executive directors and independent of management, to ensure that no one individual has unfettered powers of decision-making and authority. The roles of chair and chief executive are separate.

Mr Boetie van Zyl acts as lead director in all matters not dealt with by the independent non-executive chair.

At 31 March 2011 the board comprised 11 independent non-executive directors, one non-executive director and two executive directors, as defined under the Listings Requirements of the JSE. Five directors (36%) are from previously disadvantaged groups and three directors (21%) are female. These figures are above the average for JSE-listed companies.

### THE CHAIR

The chair is an independent non-executive director. He guides the board and ensures it is efficient, focused and operates as a unit. The responsibilities of the chair include:

- ▶ Provide overall leadership to the board without limiting the principle of collective responsibility for board decisions, while being aware of individual duties of board members.
- ▶ In conjunction with the chief executive, represent the board in communicating with shareholders, other stakeholders and, indirectly, the general public.
- ▶ Assisted by the board, its subcommittees and the boards and subcommittees of subsidiary companies, ensure the integrity and effectiveness of the governance process.
- ▶ Maintain regular dialogue with the group's chief executive on operational matters and consult with other board members on any matter of concern.

- ▶ In consultation with the company's chief executive and secretary, ensure appropriate content and order of the agendas of board meetings and that members of the board receive documentation promptly.
- ▶ Ensure board members are properly informed on issues arising from board meetings and that relevant information is submitted.
- ▶ Act as facilitator at board meetings to ensure a sound flow of opinions. The chair ensures adequate time is scheduled for discussions, and that these lead to conclusions.
- ▶ Monitor how the board works together and how individual directors interact at meetings. The chair meets with directors annually to evaluate their performance.
- ▶ Preapprove all dealings in Naspers shares by directors of the company and its major subsidiaries (as defined in the JSE Listings Requirements).

## THE CHIEF EXECUTIVE

The chief executive reports to the board and is responsible for the day-to-day business of the group and implementation of policies and strategies approved by the board. Chief executives of the various businesses assist him in this task. Board authority conferred on management is delegated through the chief executive, against approved authority levels.

The functions and responsibilities of the chief executive include:

- ▶ Developing the company's strategy for consideration and approval by the board.
- ▶ Developing and recommending to the board the annual business plan and budget that support the company's long-term strategy.
- ▶ Monitoring and reporting to the board on the performance of the company.
- ▶ Establishing an appropriate organisational structure for the company to execute its strategic planning.
- ▶ Recommending/appointing the executive team and ensuring proper succession planning and performance appraisals.
- ▶ Ensuring the company complies with relevant laws, corporate governance principles, business ethics and appropriate best practice.

## ORIENTATION AND DEVELOPMENT

An induction programme is held for new members of the board and key committees, tailored to the needs of individual appointees. This involves industry and company-specific orientation, such as meetings with senior management to facilitate an understanding of operations. Board members are also exposed to the main markets in which the group operates. The company secretary assists the chair with

## Corporate governance *(continued)*

the induction and orientation of directors, and arranges specific training if required.

The company will continue director development to build on expertise and develop an understanding of the businesses and main markets in which the group operates. During the past year Prof Debra Meyer attended a media course at Harvard.

### CONFLICTS OF INTEREST

Potential conflicts are appropriately managed to ensure candidate and existing directors have no conflicting interests between their obligations to the company and their personal interests. Any interest in contracts with the company must be formally disclosed and documented. Directors must also adhere to a policy on trading securities of the company.

### INDEPENDENT ADVICE

Individual directors may, after consulting with the chair or chief executive, seek independent professional advice, at the expense of the company, on any matter connected with discharging their responsibilities as directors.

### ROLE AND FUNCTION OF THE BOARD

The board has adopted a charter setting out its responsibilities as follows:

- ▶ Determine the company's purpose and key objectives.
- ▶ Determine the group's values and incorporate these into the code of business ethics and conduct; ensure compliance with these codes is integrated in the operations of the group.
- ▶ Provide strategic direction to the company, take responsibility for the adoption of strategic plans.
- ▶ Monitor the company's social, environmental and financial performance.
- ▶ Monitor compliance with key laws, codes and standards.
- ▶ Identify material stakeholders and monitor management's process of engaging.
- ▶ Approve the annual business plan and budget compiled by management, take cognisance of sustainability aspects.
- ▶ Retain effective control of the company and monitor management's implementation of the approved annual budget and business plan.
- ▶ Oversee preparation of and approve the annual financial statements (for adoption by shareholders), interim, provisional and integrated annual reports (as reviewed by the audit committee) and ensure their integrity and fair presentation.
- ▶ Consider and, if appropriate, declare the payment of dividends to shareholders.

- ▶ Evaluate the viability of the company and the group as a going concern, and properly record this evaluation.
- ▶ Determine the selection and orientation of directors.
- ▶ Appoint the chief executive and financial director, and ensure succession is planned.
- ▶ Establish appropriate subcommittees with clear terms of reference and responsibilities.
- ▶ Appoint the chair of the board and its subcommittees.
- ▶ Annually evaluate performance and effectiveness of directors, the board as a whole and its subcommittees.
- ▶ Ensure the company governs risk adequately through risk management systems and processes, which allow the board to set tolerance levels.
- ▶ Ensure there is effective risk-based internal audit, which allows it to report on the effectiveness of the company's system of internal controls in its integrated annual report.
- ▶ Define levels of delegation for specific matters, with appropriate authority delegated to subcommittees and management.
- ▶ Determine the company's communication policy.
- ▶ Communicate with shareholders and relevant stakeholders appropriately.
- ▶ Ensure processes are in place to resolve disputes. Alternative dispute resolution will be considered where appropriate.
- ▶ Annually review the charters of the group's significant subsidiary companies' boards, and their self-assessment of compliance with these to establish if the Naspers board can rely on the work of the subsidiary companies' boards.
- ▶ Review annually the charters of subcommittees of the board.

## BOARD MEETINGS AND ATTENDANCE

The board meets at least four times a year, or as required. The executive committee attends to matters that cannot wait for the next scheduled meeting. The board held five meetings in the past financial year. Independent, non-executive directors meet at least once annually without the chief executive, financial director and chair present, to discuss the performance of these individuals.

The company secretary acts as secretary to the board and its subcommittees and attends all meetings. Details of attendance at meetings are provided on page 114.



## Corporate governance *(continued)*

### EVALUATION

The nomination committee carries out the annual evaluation process. The performance of the board and its subcommittees, as well as the chair of the board, against their respective mandates in terms of the board charter and the charters of its subcommittees, is appraised. The subcommittees perform self-evaluations against their charters for consideration by the board.

In addition, the performance of each director is evaluated by the other board members, using an evaluation questionnaire. The chair of the nomination committee discusses the results with each director and agrees on any training needs or areas requiring attention by that director. Where a director's performance is not considered satisfactory, the board will not recommend his/her re-election.

A consolidated summary of the evaluation is reported to and discussed by the board, including any actions required. The lead independent director leads the discussion on the performance of the chair, with reference to the results of the evaluation questionnaire, and provides feedback to the chair.

The annual evaluation process showed that the board and its subcommittees had functioned well and discharged their duties as per the mandates in their charters. Furthermore, the independence of each director was evaluated. The board

determined that although some directors had served as members for nine years or longer, they all demonstrated that they were independent in character and judgement and there were no relationships or circumstances that were likely to affect or could appear to affect their independence.

### BOARD COMMITTEES

While the whole board remains accountable for the performance and affairs of the company, it delegates certain functions to subcommittees and management to assist in discharging its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems.

Each subcommittee acts within agreed, written terms of reference. The chair of each subcommittee reports at each scheduled board meeting.

The chair of each subcommittee is a non-executive director and is required to attend annual general meetings to answer questions.

Two Naspers directors serve on the Media24 safety, health and environmental committee.

The established board subcommittees are detailed below.

### Executive committee

This committee comprises a majority of non-executive directors, one being the chair of the

board, who also serves as the chair of the executive committee, plus two executive directors. The executive committee acts for the board in managing urgent issues when the board is not in session, subject to statutory limits and the board's limitations on delegation. This committee met three times during the financial year. Details of attendance at meetings are provided on page 115.

### **Audit committee**

This committee, chaired by Mr Boetie van Zyl, comprises only non-executive independent directors. All members are financially literate and have business and financial acumen.

The committee held four meetings during the past financial year. Details of attendance are provided on page 115. The chief executive and financial director attend committee meetings by invitation.

Both internal and external auditors have unrestricted access to the committee through the chair. The internal and external auditors also report their findings to the committee with members of executive management not in attendance.

The chair of the board is not a member of the audit committee, but may attend meetings by invitation.

This committee's main responsibilities, in addition to its responsibilities in terms of the Companies Act, are as follows:

- ▶ Review and approve the company's integrated annual report, annual financial statements, interim and provisional reports, and any other press releases with material financial or internal control impacts. Final approval rests with the board.
- ▶ Review the viability of the company and the group on a going-concern basis, making relevant recommendations.
- ▶ Receive all audit reports directly from the external auditor.
- ▶ Annually review and report on the quality and effectiveness of the audit process, including assessing the external auditor's independence.
- ▶ Evaluate the lead partner of the external auditor, who will be subject to rotation as required by regulations.
- ▶ Present the committee's conclusions on the external auditor to the board, preceding the annual request to shareholders to approve the appointment of the external auditor.
- ▶ Approve the external auditor's terms of engagement and remuneration. Evaluate and provide commentary on the external auditor's audit plans, scope of findings, identified issues and reports.

## Corporate governance *(continued)*

- ▶ Develop a policy for the board to approve non-audit services performed by the external auditor. Approve non-audit services provided by the external auditor in accordance with this policy.
- ▶ Receive notice of reportable irregularities (as defined in the Auditing Profession Act) that have been reported by the external auditor to the Independent Regulatory Board for Auditors.
- ▶ Evaluate the effectiveness of internal audit, including its purpose, activities, scope, adequacy and costs, and approve the annual internal audit plan and any material changes.
- ▶ Satisfy itself it has appropriately addressed:
  - financial reporting risks
  - internal financial controls
  - fraud risk as it relates to financial reporting, and
  - IT risks as these relate to financial reporting.
- ▶ Evaluate the nature and extent of the formal documented review of internal financial controls to be performed annually by internal audit on behalf of the board. Weaknesses in internal financial controls that are considered material (individually or in combination with other weaknesses) and that resulted in actual material financial loss, fraud or material errors, to be reported to the board and in the integrated annual report.
- ▶ Approve for recommendation to the board the internal audit charter, which must be reviewed annually.
- ▶ Confirm the appointment or dismissal of the head of the group's internal audit function and periodically review his/her performance. Ensure the internal audit function is subject to a periodic independent quality review.
- ▶ Review internal audit and the risk committee's reports to the audit committee.
- ▶ Review compliance with the requirements of the JSE Limited, the United Kingdom Listing Authority (UKLA) and the London Stock Exchange.
- ▶ Review procedures in light of the King Code on Corporate Governance.
- ▶ Monitor compliance with board-approved group levels of authority.
- ▶ Evaluate:
  - legal matters that may affect the financial statements
  - matters of significance reported by the internal and external auditors, and any other parties, including implied potential risks to the group and recommendations on appropriate improvements
  - major unresolved accounting or auditing issues, and
  - progress on completion of matters reported by the internal and external auditors.
- ▶ Establish procedures for the receipt, retention and treatment of complaints received on accounting, internal control, auditing matters,

risk management and management of other fraudulent activities, including procedures for confidential, anonymous reporting by employees.

- ▶ Annually evaluate the performance and appropriateness of the expertise and experience of the financial director and the finance function, and disclose the results in the integrated annual report.
- ▶ Ensure a combined assurance model is applied to provide a coordinated approach to all assurance activities, monitoring the relationship between external providers and the company. Coordination between internal and external auditors must be evaluated.
- ▶ Report to shareholders at the annual general meeting on fulfilling its duties in terms of the Companies Act during the financial year.
- ▶ Execute assignments commissioned by the board.
- ▶ Annually assess its charter and recommend any required amendments for approval by the board.
- ▶ Annually review the charters of significant subsidiaries' audit committees, and review their annual assessment of compliance with these charters to establish if the Naspers committee can rely on the work of the subsidiary companies' committees.

- ▶ Perform an annual self-assessment of its effectiveness, reporting these findings to the board.

### Human resources and remuneration committee

The main objective of this committee is to fulfil the board's responsibility for the strategic human resources issues of the group, particularly the appointment, remuneration and succession of the most senior executives. The committee comprises a minimum of three independent non-executive directors. Its responsibilities are outlined in the remuneration report on page 116.

### Risk committee

The committee comprises a minimum of three independent non-executive directors, as well as the chief executive and financial director. The chair of the board may not serve as chair of this committee.

Members of the committee are individuals with risk management skills and experience.

The committee's responsibilities include:

- ▶ Review and approve for recommendation to the board a risk management policy and plan developed by management. The risk policy and plan are reviewed annually.
- ▶ Monitor implementation of the risk policy and plan, ensuring an appropriate enterprise-

## Corporate governance *(continued)*

wide risk management system is in place with adequate and effective processes that include strategy, ethics, operations, reporting, compliance, IT and sustainability.

- ▶ Make recommendations to the board on risk indicators, levels of risk tolerance and appetite.
- ▶ Monitor that risks are reviewed by management, and that management's responses to identified risks are within board-approved levels of risk tolerance.
- ▶ Ensure risk management assessments are performed regularly by management.
- ▶ Issue a formal opinion to the board on the effectiveness of the system and process of risk management.
- ▶ Review reporting on risk management that is to be included in the integrated annual report.
- ▶ Review annually the charters of the group's significant subsidiary companies' risk committees, and their annual assessment of compliance with these charters to establish if the Naspers committee can rely on the work of these risk committees.
- ▶ Perform an annual self-assessment of the effectiveness of the committee, reporting these findings to the board.

### INTERNAL CONTROL SYSTEMS

The company has a system of internal controls, based on the group's policies and guidelines, in all material subsidiaries and joint ventures under its control. For those entities in which Naspers does not have a controlling interest, the directors representing Naspers on these boards seek assurance that significant risks are managed and systems of internal control are effective. Internal auditors monitor the functioning of internal control systems and make recommendations to management and the audit and risk committees. The external auditor considers elements of the internal control systems as part of its audit and communicates deficiencies when identified.

All internal control systems have shortcomings, including the possibility of human error or flouting of control measures. Even the best system may provide only partial assurance. The group's internal controls and systems are designed to provide reasonable, and not absolute, assurance on the integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement, while complying with regulations.

The board reviewed the effectiveness of controls for the year ending 31 March 2011,

principally through a process of management self-assessment, including formal confirmation per representation letters by executive management. Consideration was given to input, including reports from internal audit and the external auditor, compliance and the risk management process. Where necessary, programmes for corrective actions have been initiated.

Nothing has come to the attention of the board, external or internal auditors to indicate any material breakdown in the functioning of internal controls and systems during the year under review except for:

- ▶ weaknesses reported at Media24 with respect to the IT implementation of the ERP system during the year and the consequential inadequate and ineffective internal controls over the circulation process.

## INTERNAL AUDIT

An internal audit function is in place throughout the group. This is an independent appraisal mechanism that examines and evaluates the group's procedures and systems, including internal controls, disclosure procedures and information systems, ensuring these are functioning effectively. The head of internal audit reports to the chair of the Naspers audit

committee, with administrative reporting to the financial director. A large part of the internal audit fieldwork is outsourced.

## NON-AUDIT SERVICES

The group's revised policy on non-audit services provides guidelines on dealing with audit, audit-related, tax and other non-audit services that may be provided by Naspers's independent auditor to group entities. It also sets out services that may not be performed by the independent auditor.

The audit committee preapproves audit and non-audit services to ensure these do not impair the auditor's independence and comply with legislation. Under our guiding principles, the auditor's independence will be deemed impaired if the auditor provides a service where he/she:

- ▶ functions in the role of management of the company, or
- ▶ audits his/her own work, or
- ▶ serves in an advocacy role for the company.

## IT GOVERNANCE

Information technology (IT) governance is integrated in the operations of the Naspers businesses and, for many, specifically the internet businesses, at the core of their operations. Management of each subsidiary or business unit is responsible for ensuring proper processes are rolled out on IT governance.

## Corporate governance *(continued)*

Internal audit will provide assurance to management and the audit committee on the effectiveness of IT governance.

### COMPANY SECRETARY

The company secretary and group legal counsel are responsible for guiding the board in discharging its regulatory responsibilities.

Directors have unlimited access to the advice and services of the company secretary.

The company secretary plays a role in the company's corporate governance and ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders are properly administered. She is also the company's compliance officer as defined in the Companies Act and delegated information officer. The company secretary monitors directors' dealings in securities and ensures adherence to closed periods.

The company secretary attends all board and committee meetings.

### INVESTOR RELATIONS

Naspers's investor relations policy can be found on [www.naspers.com](http://www.naspers.com). It describes the principles and practices applied in interacting with shareholders and investors. Naspers is

committed to providing timely and transparent information on corporate strategies and financial data to the investing public. In addition, we consider the growing demand for transparency and accountability on our non-financial (or sustainability) performance. In line with King III, Naspers recognises that this performance is based on its risk profile and strategy, which includes non-financial risks and opportunities.

The company manages communications with its key financial audiences, including institutional shareholders and financial (debt and equity) analysts, through a dedicated investor relations unit. Presentations and conference calls take place after publishing interim and final results.

A broad range of public communication channels (including stock exchange news services, corporate website, press agencies, newswires and news distribution service providers) are used to disseminate news releases. These channels are supplemented by direct communication via email, conference calls, group presentations and one-on-one meetings.

Our policy is not to provide forward-looking information. However, to enable the investment community to better assess the group and its performance, prospects, strategy and plans for operations may be discussed. While disclosing

such information constitutes forward-looking statements, Naspers cautions investors and shareholders that these statements, although made on a fair and creditable basis, involve many assumptions and sources of risk and, therefore, actual results may differ materially from the projected scenario. Naspers also complies with legislation and stock exchange rules on forward-looking statements.

## CLOSED PERIODS

Naspers would typically be in a closed period on the day after the end of a reporting period (30 September or 31 March) until the release of results. General investor interaction during this time is limited to discussions on strategy and/or historical, publicly available information.

## ANALYST REPORTS

To enhance the quantity and quality of research, Naspers maintains working relationships with stock brokers, investment banks and credit-rating agencies – irrespective of their views or recommendations on the group. Naspers may review an analyst's report or earnings model for factual accuracy of information in the public domain, but in line with regulations and group policy. We do not provide guidance or forecasts.

The board encourages shareholders to attend the annual general meeting, notice of which is contained in this integrated annual report, where shareholders have the opportunity to put questions to the board, management and the chairs of the various subcommittees.

The company's website [www.naspers.com](http://www.naspers.com) provides the latest and historical financial and other information, including financial reports.



# Directorate



**TON VOSLOO** (73) became managing director of Naspers in 1984, serving as executive chairman from 1992 to 1997. Mr Vosloo worked as a journalist from 1956 to 1983 and as editor of *Beeld* from 1977 to 1983. He is a director of Media24 and MultiChoice South Africa Holdings, chairman of MIH BV, MIH Holdings and MIH (Mauritius) and independent non-executive chairman of the board of Naspers, a position he has held since 1997. He is a former chairman of Sanlam, M-Net, WWF South Africa and the Cape Philharmonic Orchestra. He was awarded the Nieman Fellowship from Harvard University in 1970. Mr Vosloo has been awarded three honorary doctorates.

**RACHEL JAFTA** (50), MEcon and PhD, is a professor in economics at Stellenbosch University. She joined Naspers as a director in 2003 and was appointed a director of Media24 in 2007. She is a member of the South African Economic Society, director of Exonex, chairperson of the Cape Town Carnival Trust and board member of the South African Institute of Race Relations. She is a member of the audit and risk committees of Naspers and Media24. She was appointed chair of the Media24 audit and risk committees in April 2008.



**KOOS BEKKER** (58) led the founding team of M-Net in 1985. He was also a founding director of MTN. He led the MIH group until 1997, when he became chief executive officer of Naspers. He serves on the boards of other companies in the wider group. He also served on the Local Organising Committee for the 2010 Fifa World Cup, the Council of Stellenbosch University and various bodies. He holds several qualifications, including BAHons (Stellenbosch), LLB (Wits), MBA (Columbia) and an honorary doctorate.



**JAKES GERWEL** (65) joined Naspers as a director in 1999. He is a former director-general in the office of then president Nelson Mandela, and a previous director of the University of the Western Cape. He is chancellor of Rhodes University, distinguished professor in humanities at the University of the Western Cape and honorary professor in humanities at the University of Pretoria. He is non-executive chairman of Aurecon, Brimstone Investment Corporation, Life Healthcare and Media24. He chairs the boards of trustees of the Nelson Mandela Foundation, Mandela Rhodes Foundation, Allan Gray Orbis Foundation and is vice chairman of the Peace Parks Foundation. He is a member of the executive, human resources and remuneration and nomination committees of Media24 and Naspers.

**DEBRA MEYER** (43) was appointed a director in 2009. Currently professor of biochemistry at the University of Pretoria, she holds a PhD in biochemistry and molecular biology from UC Davis (University of California). She writes for scientific journals and contributes to several newspapers and magazines. She is a published poet, has won several awards in her field of expertise and was recognised by *Rapport* and *City Press* in 2007 as one of ten nominated for their Prestigious Women Awards. She is involved in social issues, particularly HIV/Aids, and serves as trustee or board member of various organisations.



**STEVE PACAK** (56), a qualified CA(SA), began his career with Naspers as group financial manager of M-Net in 1988 and held various executive positions in the MIH group. He is a director of Media24, MIH BV, MIH (Mauritius), MIH Holdings, MultiChoice South Africa Holdings and other companies in the wider Naspers group. He was appointed an executive director of Naspers in 1998.

Directorate *(continued)*

**BOETIE VAN ZYL** (72) holds the qualifications PrEng and BScEng(Mechanical) (UCT). He joined Naspers as a director in 1988. He is a member of the boards of MIH Holdings and Media24, a director of the Peace Parks Foundation, and a trustee of WWF South Africa. He is chairman of the audit and risk committees of Naspers, a member of the audit and risk committees of Media24 and MIH, and a member of the human resources and remuneration and nomination committees of Media24 and Naspers.

**FRANCINE-ANN DU PLESSIS** (56) has been a director of Naspers since 2003 and holds the qualifications BComHons(Taxation), LLB and CA(SA). Although she is admitted as an advocate of the Cape High Court, she practises as a chartered accountant and is a director of Loubser du Plessis Inc. She is a member of the audit and risk committees of Naspers. She also serves on the boards of Sanlam, ArcelorMittal and Life Healthcare.



**FRED PHASWANA** (66) holds the qualifications MA and BComHons, and obtained a BA(Philosophy, Politics and Economics) from the University of South Africa in 2010. He joined Naspers as a director in 2003. He is chairman of The Standard Bank Group and of Standard Bank of South Africa Limited. He is also chairperson of the SA Institute of International Affairs.

**LAMBERT RETIEF** (58) obtained the qualifications BCom and BComHons at Stellenbosch University. He then qualified as a CA(SA) and completed the Owner President Management (OPM) programme at Harvard Business School. He is a director of Media24, chair and former chief executive of Paarl Media group and a director of other group subsidiaries. He is also a director of the listed Zeder Investments Limited.





**BEN VAN DER ROSS** (64), who holds the qualification of DipLaw (UCT) and is an admitted attorney, is chairman of Strategic Real Estate Management (Proprietary) Limited, the managers of the Emira Property Fund. He also serves inter alia on the boards of FirstRand Limited, MMI Holdings Limited and Pick n Pay Stores Limited.

**LOURENS JONKER** (71) obtained the qualification BScAgric with further studies at UC Davis (University of California). He has completed programmes for director development at IMD, Lausanne, Switzerland and GIBS (University of Pretoria). He is the owner of Weltevrede Wine Estate. He joined the board of KWW Co-operative in 1981 and became chairperson of KWW Group Limited in 1994. He led the successful transformation of KWW from a cooperative to a fully commercialised company, and resigned from the KWW board in December 2003.



**HEIN WILLEMSE** (53) holds an MA (cum laude), MBL and DLitt degrees. He is currently a literature professor at the University of Pretoria. He is a board member or trustee of various national and international technical associations or community organisations.

**NEIL VAN HEERDEN** (71), who holds a BA qualification, is a trustee of the University of the Western Cape, former director-general of foreign affairs, ambassador to the Federal Republic of Germany, ambassador to the European Union and former executive director of the South Africa Foundation (now South Africa Business Leadership). He is also a director of other companies.



## Directorate (continued)

## DIRECTORS AND ATTENDANCE AT MEETINGS

	<b>Date first appointed in current position</b>	<b>Date last appointed</b>	<b>Five board meetings were held during the year. Attendance:</b>	<b>Category</b>
T Vosloo	6 October 1997	27 August 2010	5	Independent non-executive
J P Bekker	6 October 1997	1 April 2008	5	Executive
F-A du Plessis	23 October 2003	28 August 2009	5	Independent non-executive
G J Gerwel	12 July 1999	22 August 2008	5	Independent non-executive
R C C Jafta	23 October 2003	28 August 2009	5	Independent non-executive
L N Jonker	7 June 1996	27 August 2010	5	Independent non-executive
D Meyer	25 November 2009	25 November 2009	5	Independent non-executive
S J Z Pacak	1 April 2009	1 April 2009	5	Executive
T M F Phaswana	23 October 2003	28 August 2009	5	Independent non-executive
L P Retief	1 September 2008	1 September 2008	5	Non-executive
B J van der Ross	12 February 1999	22 August 2008	5	Independent non-executive
N P van Heerden	7 June 1996	27 August 2010	5	Independent non-executive
J J M van Zyl	1 January 1988	22 August 2008	5	Independent non-executive
H S S Willemse	30 August 2002	27 August 2010	5	Independent non-executive

## COMMITTEES AND ATTENDANCE AT MEETINGS

	Executive committee		Audit committee <sup>1</sup>		Risk committee		Human resources and remuneration committee <sup>1</sup>		Nomination committee <sup>1</sup>		Category
	Three meetings held during the year. Attendance:		Four meetings held during the year. Attendance:		Four meetings held during the year. Attendance:		Five meetings held during the year. Attendance:		Five meetings held during the year. Attendance:		
T Vosloo	✓	3			✓	4	✓	5	✓	5	Independent non-executive
F-A du Plessis			✓	4	✓	4					Independent non-executive
G J Gerwel	✓	3					✓	5	✓	5	Independent non-executive
R C C Jafra			✓	4	✓	4					Independent non-executive
J J M van Zyl	✓	3	✓	4	✓	4	✓	5	✓	5	Independent non-executive
B J van der Ross			✓	3	✓	3					Independent non-executive
J P Bekker	✓	3			✓	4					Executive
S J Z Pacak	✓	3			✓	4					Executive

### Note

<sup>1</sup>Executive directors attend meetings by invitation.

# Remuneration report

## Human resources and remuneration committee and its role

The human resources and remuneration committee comprises only independent non-executive directors. Executive directors and certain members of management attend meetings by invitation. This committee met five times during the financial year. Details of attendance at meetings are provided on page 115.

The main responsibilities of the committee are as follows:

- ▶ Determine and approve the group's general remuneration policy, which must be tabled at each annual general meeting for a non-binding advisory vote by shareholders.
- ▶ Prepare an annual remuneration report for inclusion in the company's integrated annual report.
- ▶ Review and approve annually the remuneration packages of the most senior executives, including incentive schemes and increases, ensuring they are appropriate and in line with the remuneration policy.
- ▶ Annually appraise the performance of the chief executive.
- ▶ Review the remuneration of non-executive directors of the board and its subcommittees annually. Make proposals to the board for

final approval by shareholders in the annual general meeting. Remuneration is approved by shareholders in advance.

- ▶ Fulfil delegated responsibilities on Naspers's share-based incentive plans, eg appointing trustees and compliance officers.
- ▶ Approve the most senior appointments and promotions.
- ▶ Review incidents of unethical behaviour by senior managers and the chief executive.
- ▶ Review annually the company's code of ethics and business conduct.
- ▶ Review annually the committee's charter and recommend required amendments.
- ▶ Approve amendments to the Naspers share-based incentive plans.
- ▶ Perform an annual self-assessment of the effectiveness of the committee, reporting these findings to the board.
- ▶ Review annually the charters of the group's significant subsidiaries' remuneration committees, and their annual assessment of compliance with these charters to establish if the Naspers committee can rely on the work of the subsidiary companies' committees.

The committee fulfilled its remit during the year.

## Remuneration strategy and policy

Naspers's remuneration strategy aims to attract, motivate and retain competent leaders

in its drive to create sustainable shareholder value. We aim to attract entrepreneurs and the best creative engineers to grow the value of the group and to recognise top performance.

Our policies and practices align the remuneration and incentives of executives and employees to the group's long-term business strategy. Group companies are responsible for developing their own policies and benefits within the confines of the group remuneration policy and in accordance with their local laws and each company's needs.

Primary objectives include the need to promote superior performance; direct employees' energies towards key business goals; achieve the most effective returns for employee spend; address needs across differing cultures; and have credible remuneration policies.

Naspers has an integrated approach to its reward strategy, encompassing a balanced design in which reward components are aligned to the strategic direction and business-specific value drivers of Naspers.

### Overview of remuneration

Non-executive directors receive annual remuneration as opposed to a fee per meeting. This recognises the ongoing responsibility of directors for the efficient control of the company. This remuneration is augmented by compensation for services on subcommittees

of the board and boards of subsidiaries.

A premium is payable to the chair of the board, as well as to the chairs of the subcommittees.

Remuneration is reviewed annually, with reference to competitors and companies that have a dual listing on the JSE and an overseas securities exchange. Independent advice is acquired to review directors' remuneration. This remuneration is not linked to the company's share price or performance. Non-executive directors do not qualify for shares in terms of the group's incentive schemes. The board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

In remunerating executives, the group aims to attract, motivate and retain competent and committed leaders in its drive to create sustainable shareholder value. We aim to recognise top performance and attract entrepreneurs and the best creative engineers to grow the value of the group. The remuneration policies strive to meet this objective. Accordingly, the focus is not primarily on guaranteed annual remuneration, but on individual incentive plans linked to creating shareholder value.

Naspers usually structures packages on a total cost-to-company basis which incorporates base pay, car allowance, pension, medical aid and other optional benefits. In



## Remuneration report *(continued)*

addition, most executives qualify for individual and/or team performance incentives. At senior level, we avoid standardised packages and aim to tailor compensation structure to the needs of the specific business.

Remuneration packages are reviewed annually and are monitored and compared with reported figures for similar positions to ensure they are fair and sensible. In some cases independent consultants provide benchmarks. We have no specific group policies to, for example, pay the median, as the requirements of a group serving a multitude of countries differ widely.

### **Annual bonus**

Most executives have an annual bonus scheme that may comprise a variable component based on surpassing financial and operational objectives, as well as fixed amounts for achieving specific discrete objectives. The incentive for each executive is agreed annually in advance. Incentives are based on targets that are verifiable and aligned to the group's business plan, risk management policy and strategy. If targets are not met, no bonus is paid.

### **Long-term incentives**

Long-term incentives are generally share-based incentive schemes for Naspers N shares and/or shares or appreciation rights in respective

companies or subsidiaries. These awards normally vest over a period of four or five years and must be exercised within five to ten years from the date of grant. The shares/appreciation rights are not free. The employee is offered the shares/appreciation rights at market value on the day of the award. Employees benefit only if they, together with colleagues in that unit, can create additional value above the value on the date of issue. The various remuneration committees in the group annually review the share awards. In addition, if a particular group company employs people during the year, that remuneration committee may decide to make awards to those individuals. No awards of shares/appreciation rights are made during a closed period for trading, backdating awards is prohibited, there is no repricing and automatic regranteeing of underwater shares/appreciation rights. There is no automatic entitlement to bonuses or early vesting of share-based incentives should an executive leave the employ of the company.

The group operates numerous share-based incentive schemes, detailed in the notes to the annual financial statements enclosed with this report under equity compensation benefits.

### **Service contracts**

Executives' contracts generally are subject to terms and conditions of employment in the

local jurisdiction. Top executive and non-executive directors' contracts do not contain 'golden parachute' clauses.

Non-executive directors are subject to regulations on appointment and rotation in terms of the company's articles of association/memorandum of incorporation and the South African Companies Act No 61 of 1973.

### SHARE-BASED INCENTIVE PLANS

The group operates a number of share-based incentive schemes. Some offer employees Naspers shares, others relate directly to individual operating companies. Details are contained in the annual financial statements enclosed with this report, which can also be found on [www.naspers.com](http://www.naspers.com).

At 31 March 2011 the group held 26 433 083 (2010: 26 868 506) Naspers N ordinary shares as treasury shares to settle outstanding options under certain of the group's share incentive schemes. The dilution effect of these treasury shares amounted to 54 cents per N ordinary share (2010: 25 cents).

### EXECUTIVE DIRECTORS

	Salary R'000	Bonuses and performance- related fees R'000	Pension contributions R'000	Total R'000
<b>2011</b>				
S J Z Pacak	3 054	2 900	200	6 154
J P Bekker	—	—	—	—
	<b>3 054</b>	<b>2 900</b>	<b>200</b>	<b>6 154</b>
<b>2010</b>				
S J Z Pacak	2 820	3 135	280	6 235
J P Bekker	—	—	—	—
	2 820	3 135	280	6 235

Mr Pacak's bonus is based on financial, operational and discrete objectives, which were approved by the human resources and remuneration committee in advance. The bonus is capped at 100% of total cost to company. Remuneration received by executive directors for other services paid by subsidiary companies totalled R6,154m (2010: R6,235m).

## Remuneration report *(continued)*

### Executive directors' contracts

No executive director has a notice period of more than one year. No executive director's service contract includes predetermined compensation as a result of termination exceeding one year's salary and benefits.

The chief executive, Mr Bekker, does not earn any remuneration from the group. In particular no salary, bonus, car scheme, medical or pension contributions of any nature are payable. His contract is for a five-year period, which started on 1 April 2008. No compensation will apply to termination. The chief executive has share allocations, as indicated below, under the Naspers share incentive scheme, in terms of which Naspers N ordinary shares can be acquired at certain prices, with various tranches vesting over periods of five years. The purchase prices for the allocations were set at the middle market price of the shares on the purchase date, but increased by anticipated inflation over the vesting periods of three, four and five years respectively, for each tranche. Inflation expectations were calculated by the Bureau for Economic Research, University of Stellenbosch.

The chief financial officer, Mr Pacak, has an indefinite employee contract.

### 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 2011 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	31/03/2008	3 895 936	R176,11	31/03/2012
	31/03/2008	3 895 936	R185,56	31/03/2013
S J Z Pacak <sup>1</sup>	08/07/2006	50 000	R114,52	08/07/2011

<sup>1</sup> On 15 December 2010 a total of 15 000 released Naspers N ordinary shares were sold by Mr S J Z Pacak's family trust upon payment of an average price of R23,50 per share (the original average offer price based on the listed market price of Naspers Limited N ordinary shares on the date of the offer) due to the Naspers share incentive trust, at an average selling price of R392,01 per Naspers N ordinary share.

On 21 December 2010 a total of 10 000 released Naspers N ordinary shares were sold by Mr S J Z Pacak's family trust upon payment of an average price of R23,50 per share (the original average offer price based on the listed market price of Naspers Limited N ordinary shares on the date of the offer) due to the Naspers share incentive trust, at an average selling price of R390,00 per Naspers N ordinary share.

At 31 March 2011 a total of 428 000 (2010: 556 000) unreleased Naspers N ordinary shares had been allocated to Mr S J Z Pacak by the MIH (Mauritius) Limited share incentive scheme with vesting periods until 27 February 2014.

## NON-EXECUTIVE DIRECTORS' TERMS OF APPOINTMENT

### Appointments to the board

The board has a policy on procedures for the appointment and orientation of directors. The nomination committee periodically assesses the skills represented on the board by non-executive directors and determines whether these meet the company's needs. Annual self-evaluations conducted by the board and its subcommittees assist. Directors are invited to give their input in identifying potential candidates. The members of the nomination committee, who are all independent, propose suitable candidates for consideration by the board. A fit and proper evaluation is performed for each candidate.

### Retirement and re-election of directors

All non-executive directors are subject to retirement and re-election by shareholders every three years. In addition, all non-executive directors are subject to election by shareholders at the first suitable opportunity for interim appointments. The names of

non-executive directors submitted for election or re-election are accompanied by brief biographical details to enable shareholders to make an informed decision on their election. The reappointment of non-executive directors is not automatic.

### Directors' emoluments

	31 March	
	2011 R'000	2010 R'000
<b>Non-executive directors:</b>		
Fees for services as directors	7 649	6 409
Fees for services as directors of subsidiary companies	5 241	5 247
	<b>12 890</b>	11 656

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 benefits.

Remuneration report *(continued)*

Fees for the current year and proposed for 31 March 2012 and 31 March 2013 are as follows:

	31 March 2011	31 March 2012	31 March 2013**
<b>Board</b>			
1.1 Chair***	<b>R2 011 400*</b>	R2 390 000	R2 390 000
1.2 Member	<b>R378 800*</b>	R430 000	R430 000
<b>Committees</b>			
1.3 ● Audit committee: Chair	<b>R270 000*</b>	R280 000	R280 000
1.4 Member	<b>R135 000*</b>	R140 000	R140 000
1.5 ● Risk committee: Chair	<b>R120 000*</b>	R140 000	R140 000
1.6 Member	<b>R60 000*</b>	R70 000	R70 000
1.7 ● Human resources and remuneration committee: Chair	<b>R140 000*</b>	R160 000	R160 000
1.8 Member	<b>R70 000*</b>	R80 000	R80 000
1.9 ● Nomination committee: Chair	<b>R50 000*</b>	R60 000	R60 000
1.10 Member	<b>R25 000*</b>	R30 000	R30 000
<b>Other</b>			
1.11 Naspers representatives on Media24 safety, health and environmental committee: Member	<b>R45 000</b>	R48 000	R48 000
1.12 Trustee of group share schemes/other personnel funds	<b>R32 000</b>	R34 000	R34 000
1.13 Media24 pension fund: Chair	<b>R80 400</b>	R85 500	R85 500
1.14 Trustee	<b>R53 600</b>	R57 000	R57 000

\*These fees were approved by shareholders on 27 August 2010 and paid before the effective date of the Act and are reflected for comparative purposes.

\*\*The proposed 31 March 2013 remuneration is subject to such annual increase as may be retrospectively approved by the shareholders at the 2013 Naspers annual general meeting.

\*\*\*The chair of the board does not receive additional remuneration if he/she is a member of or chairs any committee of the board.

Individual non-executive 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		Total 2011 R'000	Directors' fees		Committee <sup>1</sup> and trustee <sup>2</sup> fees		Total 2010 R'000
	Paid by company R'000	Paid by subsidiaries R'000	Paid by company R'000	Paid by subsidiaries 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>	2 011	1 407	—	109	3 527	1 887	1 233	—	95	3 215
J J M van Zyl <sup>3,4</sup>	379	791	517	211	1 898	354	578	390	176	1 498
L N Jonker <sup>4</sup>	379	—	45	—	424	354	—	42	—	396
N P van Heerden <sup>3</sup>	379	85	—	—	464	354	80	—	—	434
B J van der Ross	379	—	163	—	542	354	—	—	—	354
G J Gerwel <sup>3</sup>	379	590	165	70	1 204	354	557	90	67	1 068
H S S Willemsen <sup>4</sup>	379	—	45	—	424	354	—	42	—	396
F-A du Plessis <sup>4</sup>	379	—	339	—	718	354	—	135	137	626
T M F Phaswana	379	—	—	—	379	354	124	—	—	478
L P R Retief <sup>3</sup>	379	1 350	—	133	1 862	354	1 687	—	130	2 171
R C C Jafta <sup>3</sup>	379	197	195	298	1 069	354	186	135	197	872
D Meyer	379	—	—	—	379	148	—	—	—	148
	<b>6 180</b>	<b>4 420</b>	<b>1 469</b>	<b>821</b>	<b>12 890</b>	<b>5 575</b>	<b>4 445</b>	<b>834</b>	<b>802</b>	<b>11 656</b>

#### Notes

<sup>1</sup> Committee fees include fees for the attendance of the audit committee, the risk committee (2011 only), the human resources and remuneration committee, and the nomination committee meetings of the board.

<sup>2</sup> Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds.

<sup>3</sup> Directors' fees include fees for services as directors, where appropriate, 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 (Proprietary) Limited.

<sup>4</sup> Committee and trustees fees include, where appropriate, fees to be considered by shareholders at the annual general meeting on 26 August 2011 for services as trustees or members, as appropriate, of the group's share schemes/retirement funds/ Media24's safety, health and environmental committee.

## Remuneration report *(continued)*

### Shareholding

#### **Directors' interest in Naspers shares**

The directors of Naspers have the following interests in Naspers A ordinary shares on 31 March 2011:

Name	31 March 2011 Naspers A ordinary shares Beneficial			31 March 2010 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 2011 or 31 March 2010.

The directors of Naspers (and their associates) had the following interests in Naspers N ordinary shares as at 31 March:

Name	31 March 2011			31 March 2010		
	Naspers N ordinary shares			Naspers N ordinary shares		
	Beneficial			Beneficial		
	Direct	Indirect	Total	Direct	Indirect	Total
T Vosloo	—	213 000	213 000	—	213 000	213 000
J P Bekker <sup>5</sup>	3 895 936	4 688 691	8 584 627	—	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	1 000	52 000	53 000	1 000	52 000	53 000
N P van Heerden	—	2 600	2 600	—	2 600	2 600
B J van der Ross <sup>1</sup>	—	400	400	—	400	400
G J Gerwel	—	—	—	—	—	—
H S S Willemse <sup>2</sup>	85	3 205	3 290	85	3 205	3 290
F-A du Plessis	—	—	—	—	—	—
T M F Phaswana <sup>3</sup>	—	3 530	3 530	—	3 530	3 530
L P Retief <sup>4</sup>	—	—	—	—	—	—
R C C Jafta	—	—	—	—	—	—
S J Z Pacak <sup>6</sup>	300 510	282 548	583 058	122 510	307 548	430 058
D Meyer	—	—	—	—	—	—
	<b>4 247 892</b>	<b>5 436 770</b>	<b>9 684 662</b>	173 956	5 461 770	5 635 726

#### Notes

<sup>1</sup> It has been ascertained that the Van der Ross Family Trust acquired 400 Naspers N ordinary shares on 18 August 2008. The comparatives have been adjusted accordingly.

Furthermore, on 21 April 2011 this trust acquired 100 Naspers N ordinary shares. The trade was implemented by the investment manager without specific approval from Mr B J van der Ross. The investment manager accepted full responsibility for the breach in the JSE Listings Requirements.

<sup>2</sup> In April 2004, in terms of a scheme of arrangement, Naspers acquired all the ordinary shares of M-Net and SuperSport for a cash distribution and 4,2365 Naspers shares for every 100 linked units in M-Net/SuperSport. It has been ascertained that Mr H S S Willemse and one of his associates were entitled to receive 85 Naspers N ordinary shares each in terms of this transaction. The comparatives have been adjusted accordingly.

<sup>3</sup> Mr T M F Phaswana's shares were reclassified from direct to indirect. The comparatives have been adjusted accordingly.

<sup>4</sup> 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.

<sup>5</sup> At 31 March 2011, 3 895 936 Naspers N ordinary shares at an offer price of R167,23 per share were released and reserved for Mr J P Bekker in the Naspers share incentive scheme.

<sup>6</sup> During the financial year Naspers N ordinary shares were released and reserved for Mr S J Z Pacak in the Naspers group's share incentive schemes.

Except as set out in note 1 above there have been no changes to the directors' interests in the table above between the end of the financial year and 24 June 2011.



**Prof G J Gerwel**

Chairman: Human resources and remuneration committee

24 June 2011



# Report of the audit committee

for the year ended 31 March 2011

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the South African Companies Act No 61 of 1973 ("the Act").

## FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has adopted formal terms of reference, delegated 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 and integrated annual report, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act
  - considered and, when appropriate, made recommendations on internal financial controls
  - dealt with concerns or complaints on accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls, and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- ▶ Reviewed external audit reports on the annual financial statements.
- ▶ Reviewed the board-approved internal audit charter. No amendments were recommended to the board by the committee.
- ▶ Reviewed and approved the internal audit plan.
- ▶ Reviewed internal audit and risk management reports and, where relevant, made recommendations to the board.
- ▶ Evaluated the effectiveness of risk management, controls and governance processes.
- ▶ Verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as auditor for 2011 and noted the appointment of Mr Anton Wentzel as the designated auditor.
- ▶ Approved audit fees and engagement terms of the external auditor.
- ▶ Determined the nature and extent of allowable non-audit services and approved contract terms for 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 below and meets at least three times per annum in accordance with its charter. All members act independently as described in section 269A of the Act. During the year under review, four meetings were held. Details of attendance are on page 115 of the integrated annual report.

Name of committee member	Qualifications
J J M van Zyl	PrEng and BScEng(Mechanical) (UCT)
R C C Jafta	MEcon and PhD
F-A du Plessis	BComHons (Taxation), LLB and CA(SA)
B J van der Ross	DipLaw (UCT)

All committee members, with the exception of Mr Van der Ross who was appointed with effect from 17 June 2010, served on the committee for the full financial year.

### INTERNAL AUDIT

The audit committee has oversight of the group's financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring the group's internal audit function is

independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The head of internal audit reports functionally to the chair of the committee and administratively to the financial director.

### 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 committee members and the internal and external auditors.

### INDEPENDENCE OF THE EXTERNAL AUDITOR

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

## Report of the audit committee *(continued)*

for the year ended 31 March 2011

### **EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION**

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

In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

### **DISCHARGE OF RESPONSIBILITIES**

The committee determined that during the financial year under review it had discharged its

legal and other responsibilities as outlined in terms of its remit, details of which are included on page 103 of this report. The board concurred with this assessment.



**J J M van Zyl**

*Chairman:* Audit committee

24 June 2011



Summarised annual financial statements



Strategically focused on long-term business success

# Summarised annual financial statements

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## Statement of responsibility by the board of directors

for the year ended 31 March 2011

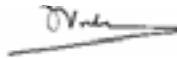
The summarised financial statements of the group are the responsibility of the directors of Naspers Limited. In discharging this responsibility, they rely on the management of the group to prepare the annual financial statements on pages 133 to 144 in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act No 61 of 1973. As such, the summarised 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 summarised 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 annual 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 group annual financial statements from which the summarised financial statements were derived. The directors believe that all representations made to the independent auditor during his audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 132.

The summarised financial statements were approved by the board of directors on 24 June 2011 and are signed on its behalf by:



**T Vosloo**

*Chairman*



**J P Bekker**

*Chief executive*

24 June 2011

## Report of the independent auditor on the summarised group annual financial statements

*to the members of Naspers Limited*

The summarised group annual financial statements, which comprise the condensed consolidated statement of financial position as at 31 March 2011, and the condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, as set out on pages 133 to 144, are derived from the audited group annual financial statements of Naspers Limited for the year ended 31 March 2011. We expressed an unmodified audit opinion on those group annual financial statements in our report dated 24 June 2011.

The summarised group annual financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the South African Companies Act No 61 of 1973. Reading the summarised group annual financial statements, therefore, is not a substitute for reading the audited group annual financial statements of Naspers Limited.

### **DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED GROUP ANNUAL FINANCIAL STATEMENTS**

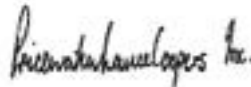
The company's directors are responsible for the preparation of the summarised group annual financial statements in accordance with the requirements of section 8.57 of the JSE Limited Listings Requirements.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the summarised group annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

### **OPINION**

In our opinion, the summarised group annual financial statements derived from the audited group annual financial statements of Naspers Limited for the year ended 31 March 2011 are consistent, in all material respects, with those group annual financial statements, in accordance with the requirements of section 8.57 of the JSE Limited Listings Requirements.



**PricewaterhouseCoopers Inc.**

**Director: Anton Wentzel**

*Registered auditor*

Cape Town, South Africa

24 June 2011

## Basis of presentation and accounting policies

The summarised annual financial statements for the year ended 31 March 2011 have been prepared in accordance with IAS 34 and 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. Except as noted below, accounting policies used are consistent with those applied in the previous annual financial statements and 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.

The group adopted the following new standards and amendments for the year ended 31 March 2011:

▶ IAS 7 "Statement of Cash Flows" has been amended and now requires changes in interests in a subsidiary that do not result in a loss of control to be recorded in financing activities as opposed to investing activities. This amendment is effective retrospectively, resulting in the restatement of the statement of cash flows. Preference dividends received are now recorded in investing activities as opposed to financing activities.

The total amount reallocated to investing activities was R404m for the year ended 31 March 2010.

▶ IFRS 3 Revised "Business Combinations" and IAS 27 Revised "Consolidated and Separate Financial Statements" were adopted. The effect of these standards is recorded in the line item "Gains on acquisitions and disposals" on the income statement. These items are adjusted for in the calculation of headline and core headline earnings.

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

Our share of associates' other comprehensive income and reserves relates mainly to the revaluation of the associates' available-for-sale investments.

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



## Segmental review

for the year ended 31 March 2011

Revenue  
Year ended 31 March

	2011 R'm	2010 R'm	% change
Pay television	21 025	17 603	19
Internet	12 092	8 237	47
– Tencent	7 215	4 874	48
– Other	4 877	3 363	45
Print	10 758	10 204	5
Technology	1 228	1 207	2
Economic interest	45 103	37 251	21
Less: Associates	(12 018)	(9 253)	30
<b>Consolidated</b>	<b>33 085</b>	<b>27 998</b>	<b>18</b>

EBITDA  
Year ended 31 March

	2011 R'm	2010 R'm	% change
Pay television	6 542	5 851	12
Internet	3 945	2 697	46
– Tencent	3 795	2 542	49
– Other	150	155	(3)
Print	1 194	1 232	(3)
Technology	188	98	92
Economic interest	11 869	9 878	20
Corporate services	(239)	(230)	4
Less: Associates	(4 481)	(3 152)	42
<b>Consolidated</b>	<b>7 149</b>	<b>6 496</b>	<b>10</b>

Segmental review *(continued)*

for the year ended 31 March 2011

	Trading profit		
	Year ended 31 March		
	2011 R'm	2010 R'm	% change
Pay television	5 727	5 232	9
Internet	3 493	2 362	48
– Tencent	3 543	2 363	50
– Other	(50)	(1)	+100
Print	872	896	(3)
Technology	128	47	+100
Economic interest	10 220	8 537	20
Corporate services	(240)	(232)	3
Less: Associates	(4 142)	(2 858)	45
<b>Consolidated</b>	<b>5 838</b>	<b>5 447</b>	<b>7</b>

**Note**

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

## Reconciliation of trading profit to operating profit

for the year ended 31 March 2011

	Year ended 31 March	
	2011 R'm	2010 R'm
<b>Trading profit</b>	<b>5 838</b>	5 447
Finance cost on transponder leases	144	93
Amortisation of intangible assets	(1 045)	(1 135)
Other gains/(losses) – net	(881)	(364)
<b>Operating profit</b>	<b>4 056</b>	4 041

**Note**

For a reconciliation of operating profit to profit before taxation, refer to the consolidated income statement.

## Consolidated income statement

for the year ended 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm	%
			change
<b>Revenue</b>	<b>33 085</b>	27 998	18
Cost of providing services and sale of goods	<b>(17 794)</b>	(14 438)	
Selling, general and administration expenses	<b>(10 354)</b>	(9 155)	
Other gains/(losses) – net	<b>(881)</b>	(364)	
<b>Operating profit</b>	<b>4 056</b>	4 041	
Interest received	<b>401</b>	348	
Interest paid	<b>(1 389)</b>	(883)	
Other finance income/(costs) – net	<b>(30)</b>	114	
Share of equity-accounted results	<b>3 290</b>	2 058	60
Impairment of equity-accounted investments	<b>(23)</b>	(62)	
Dilution gains on equity-accounted investments	<b>1 461</b>	–	
Gains on acquisitions and disposals	<b>42</b>	144	
<b>Income before taxation</b>	<b>7 808</b>	5 760	36
Taxation	<b>(1 861)</b>	(1 808)	
<b>Profit for the year</b>	<b>5 947</b>	3 952	50
<b>Attributable to:</b>			
Equity holders of the group	<b>5 260</b>	3 257	
Non-controlling interest	<b>687</b>	695	
	<b>5 947</b>	3 952	
Core headline earnings for the period	<b>6 036</b>	5 319	13
Core headline earnings per N ordinary share (cents)	<b>1 612</b>	1 426	13
Fully diluted core headline earnings per N ordinary share (cents)	<b>1 550</b>	1 386	12
Headline earnings for the period	<b>4 213</b>	3 297	28
Headline earnings per N ordinary share (cents)	<b>1 125</b>	884	27
Fully diluted headline earnings per N ordinary share (cents)	<b>1 082</b>	859	26
Earnings per N ordinary share (cents)	<b>1 405</b>	873	61
Fully diluted earnings per N ordinary share (cents)	<b>1 351</b>	848	59
Net number of shares issued ('000)			
– At period-end	<b>375 440</b>	374 308	
– Weighted average for the period	<b>374 501</b>	372 951	
– Fully diluted weighted average	<b>389 465</b>	383 820	

## Condensed consolidated statement of comprehensive income

for the year ended 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm
<b>Profit for the year</b>	<b>5 947</b>	3 952
<b>Total other comprehensive income, net of tax, for the year</b>	<b>2 277</b>	(2 047)
Translation of foreign operations	(461)	(1 918)
Cash flow hedges	126	(560)
Share of associates' other comprehensive income and reserves	2 622	250
Tax on other comprehensive income	(10)	181
<b>Total comprehensive income for the year</b>	<b>8 224</b>	1 905
<b>Attributable to:</b>		
Equity holders of the group	7 543	1 308
Non-controlling interest	681	597
	<b>8 224</b>	1 905

## Condensed consolidated statement of changes in equity

for the year ended 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm
<b>Balance at beginning of the year</b>	<b>35 634</b>	35 217
<b>Changes in share capital and premium</b>		
Movement in treasury shares	(335)	(1 041)
Share capital and premium issued	253	433
<b>Changes in reserves</b>		
Total comprehensive income for the year	7 543	1 308
Movement in share-based compensation reserve	508	498
Movement in existing control business combination reserve	(63)	(334)
Direct retained earnings movements	(22)	(22)
Dividends paid to Naspers shareholders	(882)	(773)
<b>Changes in non-controlling interest</b>		
Total comprehensive income for the year	681	597
Dividends paid to non-controlling shareholders	(665)	(311)
Movement in non-controlling interest in reserves	290	62
<b>Balance at end of year</b>	<b>42 942</b>	35 634
<b>Comprising:</b>		
Share capital and premium	14 384	14 466
Retained earnings	21 179	16 823
Share-based compensation reserve	2 300	1 573
Existing control business combination reserve	25	98
Hedging reserve	(297)	(408)
Valuation reserve	4 256	1 844
Foreign currency translation reserve	(1 185)	(736)
Non-controlling interest	2 280	1 974
<b>Total</b>	<b>42 942</b>	35 634

## Condensed consolidated statement of financial position

at 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>53 610</b>	44 342
Property, plant and equipment	7 561	6 490
Goodwill	17 278	16 620
Other intangible assets	3 886	4 976
Investment in associates	20 767	11 942
Other investments and loans	3 301	3 500
Deferred taxation	817	814
<b>Current assets</b>	<b>16 245</b>	13 126
Inventory	731	693
Programme and film rights	1 487	1 298
Trade receivables	2 929	2 438
Other receivables and loans	2 330	1 900
Cash and cash equivalents	8 731	6 785
Assets classified as held-for-sale	37	12
<b>Total assets</b>	<b>69 855</b>	57 468
<b>EQUITY AND LIABILITIES</b>		
Share capital and reserves	40 662	33 660
Non-controlling shareholders' interest	2 280	1 974
Total equity	42 942	35 634
Non-current liabilities	14 951	10 892
Capitalised finance leases	1 893	1 736
Liabilities – interest-bearing	10 822	6 983
– non-interest-bearing	178	51
Post-retirement medical liability	179	178
Derivatives	714	684
Deferred taxation	1 165	1 260
<b>Current liabilities</b>	<b>11 962</b>	10 942
Current portion of long-term debt	1 510	1 675
Trade payables	1 915	1 721
Accrued expenses and other current liabilities	6 608	5 740
Derivatives	599	847
Bank overdrafts and call loans	1 330	959
<b>Total equity and liabilities</b>	<b>69 855</b>	57 468
Net asset value per N ordinary share (cents)	10 831	8 993

## Condensed consolidated statement of cash flows

for the year ended 31 March 2011

	<b>31 March 2011 R'm</b>	31 March 2010 R'm
Cash flow from operating activities	<b>5 271</b>	5 622
Cash flow utilised in investing activities	<b>(5 778)</b>	(4 752)
Cash flow generated from/(utilised in) financing activities	<b>2 513</b>	(169)
Net movement in cash and cash equivalents	<b>2 006</b>	701
Foreign exchange translation adjustments	<b>(431)</b>	(678)
Cash and cash equivalents at beginning of the year	<b>5 826</b>	5 803
Cash and cash equivalents at end of the year	<b>7 401</b>	5 826

## Calculation of headline and core headline earnings

for the year ended 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm
<b>Net profit attributable to shareholders</b>	<b>5 260</b>	3 257
Adjusted for:		
– insurance proceeds	<b>(51)</b>	(369)
– impairment of property, plant, equipment and other assets	<b>25</b>	225
– impairment and derecognition of goodwill and intangible assets	<b>1 035</b>	384
– profit on sale of property, plant and equipment and intangible assets	<b>(407)</b>	(229)
– profit on sale of investments	<b>(152)</b>	(120)
– dilution gains on equity-accounted investments	<b>(1 461)</b>	–
– remeasurements included in equity-accounted earnings	<b>(28)</b>	30
– impairment of equity-accounted investments	<b>23</b>	62
	<b>4 244</b>	3 240
Total tax effects of adjustments	<b>(27)</b>	7
Total adjustment for non-controlling interest	<b>(4)</b>	50
<b>Headline earnings</b>	<b>4 213</b>	3 297
Adjusted for:		
– treasury-settled share scheme charges	<b>488</b>	418
– prior year withholding taxes	<b>–</b>	121
– reversal of deferred tax assets	<b>13</b>	253
– amortisation of intangible assets	<b>1 052</b>	922
– Welkom Yizani refinancing	<b>–</b>	330
– fair value adjustments and currency translation differences	<b>18</b>	(22)
– RCF – accelerated amortisation of costs	<b>128</b>	–
– acquisition-related costs	<b>124</b>	–
<b>Core headline earnings</b>	<b>6 036</b>	5 319



## Supplementary information

for the year ended 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm
<b>Depreciation of property, plant and equipment</b>	<b>1 040</b>	878
<b>Amortisation</b>	<b>1 172</b>	1 213
– intangible assets	1 045	1 135
– software	127	78
<b>Other gains/(losses) – net</b>	<b>(881)</b>	(364)
– profit/(loss) on sale of property, plant and equipment and intangible assets	42	(47)
– impairment and derecognition of goodwill and intangible assets	(1 035)	(384)
– impairment of tangible assets	(33)	(225)
– Welkom Yizani refinancing	–	(330)
– insurance proceeds	51	369
– profit on transponder lease settlement	88	253
– fair value adjustment on shareholders' liability	6	–
<b>Interest received</b>	<b>401</b>	348
– loans and bank accounts	308	314
– other	93	34
<b>Interest paid</b>	<b>(1 389)</b>	(883)
– loans and overdrafts	(883)	(600)
– transponder leases	(144)	(93)
– RCF costs – accelerated amortisation	(128)	–
– other	(234)	(190)
<b>Other finance income/(cost) – net</b>	<b>(30)</b>	114
– net foreign exchange differences and fair value adjustments on derivatives	(247)	(154)
– preference dividends received	217	268
<b>Gains on acquisitions and disposals</b>	<b>42</b>	144
– profit on sale of investments	34	144
– profit on partial disposal of investments	72	–
– acquisition-related costs	(109)	–
– other	45	–

## Supplementary information (continued)

for the year ended 31 March 2011

	31 March 2011 R'm	31 March 2010 R'm
<b>Goodwill</b>		
– cost	17 051	15 407
– accumulated impairment	(431)	(49)
Opening balance	16 620	15 358
– foreign currency translation effects	(510)	(1 163)
– acquisitions	1 885	2 807
– contingent consideration adjustment	(49)	–
– impairment and derecognition	(668)	(382)
Closing balance	17 278	16 620
– cost	18 371	17 051
– accumulated impairment	(1 093)	(431)
<b>Investments and loans</b>	24 068	15 442
– listed investments	16 874	4 646
– unlisted investments	7 194	10 796
Market value of listed investments	137 735	92 843
Directors' valuation of unlisted investments	7 194	10 796
<b>Commitments</b>	16 997	18 626
– capital expenditure	401	527
– programme and film rights	7 744	8 698
– network and other service commitments	700	656
– transponder leases	6 787	7 689
– operating lease commitments	896	697
– set-top box commitments	469	359
<b>Share of equity-accounted results</b>	3 290	2 058
– dilution gains	(39)	(64)
– FCTR release	(29)	–
– impairment of investments	24	–
– (gains)/losses on acquisitions and disposals	(262)	100
<b>Contribution to headline earnings</b>	2 984	2 094
– amortisation of intangible assets	355	180
– treasury-settled share scheme charges	227	148
– business combination costs	15	–
– reversal of deferred taxation	13	101
<b>Contribution to core headline earnings</b>	3 594	2 523
Tencent	3 164	2 148
Mail.ru	152	70
Abril	250	318
Other	28	(13)

## Business combinations and significant acquisitions

In August 2010 the group consolidated its internet interests in Russia, acquiring a 28,7% in Digital Sky Technologies (DST), a prominent internet company in Russian-speaking markets. In consideration, the group contributed its 39,3% investment in Mail.ru and US\$388m in cash.

In August 2010 the group acquired a 67,8% fully diluted interest in OLX Inc., an online classifieds business. The fair value of the total purchase consideration was R1 044m (US\$144m) cash. The purchase price allocation (PPA): PP&E R3m; intangible assets R260m; cash R237m; other current assets R59m; trade and other payables R35m; deferred tax liability R103m and the balance to goodwill. The main factor contributing to the goodwill recognised is the company's presence in the classifieds sector in the emerging markets. The recognised goodwill is not expected to be deductible for income tax purposes. A non-controlling interest of R51m was recognised at the acquisition date. This was measured using the proportionate share of the identifiable net assets.

In December 2010 the group increased its total economic interest to 71,5% on a fully diluted basis. This was accounted for as a transaction with non-controlling interests. The revenue and results from OLX since the acquisition date were not significant to the group's consolidated results.

In September 2010 the group acquired a 73,9% fully diluted interest in Multiply Inc. which combines social networking with an online marketplace. The fair value of the total purchase consideration was R311m (US\$44m) in cash. The group increased its holding in Multiply to 74,5% during November.

The preliminary PPA: PP&E R7m; intangible assets R80m; cash R3m; trade and other receivables R2m; trade and other payables R1m; deferred tax liability R24m and the balance to goodwill. The main factor contributing to the goodwill recognised is the company's significant user base in emerging markets. The recognised goodwill is not expected to be deductible for income tax purposes.

A non-controlling interest of R17m was recognised at the acquisition date, and was measured using the proportionate share of the identifiable net assets. The revenue and results from Multiply since the acquisition date were not significant to the group's consolidated results.

In December 2010 the group acquired 100% of Level Up! International Holdings for a cash purchase consideration of R365m (US\$51m). A PPA has not yet been performed and the difference between the net asset value and purchase consideration of R279m was allocated to goodwill.

In February 2011 the group acquired 77,7% of DineroMail, Latam's leading internet payment solution, for a cash purchase consideration of R206m (US\$28m). A PPA has not yet been performed and the difference between the net asset value and purchase consideration of R181m was allocated to goodwill.

Total acquisition-related costs of R109m were recorded in "Gains on acquisitions and disposals" in the income statement. Had the revenues and net results of all business combinations that occurred in the period been included from 1 April 2010 it would not have had a significant effect on the group's consolidated revenue and net results.

Shareholder and  
corporate information



Applying appropriate  
corporate governance  
and policies

## Administration and corporate information

### GROUP SECRETARY

G Kisbey-Green  
251 Oak Avenue  
Randburg 2194  
South Africa

### REGISTERED OFFICE

40 Heerengracht  
Cape Town 8001  
South Africa  
PO Box 2271  
Cape Town 8000  
South Africa  
Tel: +27 (0)21 406 2121  
Fax: +27 (0)21 406 3753

### REGISTRATION NUMBER

1925/001431/06  
Incorporated in South Africa

### AUDITOR

PricewaterhouseCoopers Inc.

### TRANSFER SECRETARIES

Link Market Services South Africa  
(Proprietary) Limited  
(Registration number: 2000/007239/07)  
PO Box 4844, Johannesburg 2000  
South Africa  
Tel: +27 (0)11 630 0800  
Fax: +27 (0)11 834 4398

### ADR PROGRAMME

The Bank of New York Mellon maintains a Global BuyDIRECT™ plan for Naspers Limited. For additional information, please visit The Bank of New York Mellon's website at

[www.globalbuydirect.com](http://www.globalbuydirect.com)

or call Shareholder Relations at  
1-888-BNY-ADRS

or 1-800-345-1612 or write to:

The Bank of New York Mellon  
Shareholder Relations Department –  
Global BuyDIRECT™  
Church Street Station  
PO Box 11258, New York, NY 10286-1258, USA

### SPONSOR

Investec Bank Limited  
(Registration number: 1969/004763/06)  
PO Box 785700, Sandton 2146  
South Africa  
Tel: +27 (0)11 286 7326  
Fax: +27 (0)11 286 9986

### ATTORNEYS

Werksmans incorporating Jan S de Villiers  
PO Box 1474, Cape Town 8000  
South Africa

### INVESTOR RELATIONS

M Horn  
[meloy.horn@naspers.com](mailto:meloy.horn@naspers.com)  
Tel: +27 (0)11 289 3320  
Fax: +27 (0)11 289 3026

[www.naspers.com](http://www.naspers.com)

## Analysis of shareholders and shareholders' diary

### ANALYSIS OF SHAREHOLDERS

Size of holdings	Number of shareholders	Number of shares owned
1 – 100 shares	19 460	732 907
101 – 1 000 shares	19 035	6 882 891
1 001 – 5 000 shares	3 630	7 795 757
5 001 – 10 000 shares	547	4 006 261
More than 10 000 shares	1 156	387 164 095

The following shareholders hold 5% and more of the issued share capital of the company:

Name	Number of shares owned
Public Investment Corporation	41 404 675
Dodge & Cox Incorporated	29 795 695
Capital World Investors	27 761 600
Coronation Fund Managers (Proprietary) Limited	21 126 278

### Public shareholder spread

To the best knowledge of the directors, the spread of public shareholders in terms of section 4.25 of the JSE Limited's Listings Requirements at 31 March 2011 was 92,19%, represented by 43 809 shareholders holding 374 810 522 ordinary shares in the company. The non-public shareholders of the company comprising 19 shareholders representing 31 771 389 ordinary shares are analysed as follows:

Category	Number of shares	% of issued share capital
Naspers Share Trust	17 377 456	4,3
Directors	9 684 662	2,4
Group companies	4 709 271	1,2

### SHAREHOLDERS' DIARY

<b>Annual general meeting</b>	August
<b>Reports</b>	
Interim for half-year to September	November
Announcement of annual results	June
Annual financial statements	July
<b>Dividend</b>	
Declaration	August
Payment	September
<b>Financial year-end</b>	March

## Notice of annual general meeting

Notice is hereby given in terms of the Companies Act No 71 of 2008, as amended ("the Act") that the ninety-seventh annual general meeting of Naspers Limited ("the company" or "Naspers") will be held on the 18th floor of Naspers Centre, 40 Heerengracht in Cape Town, South Africa, on Friday, 26 August 2011 at 11:15.

### RECORD DATE, ATTENDANCE AND VOTING

The record date for the meeting (determined in accordance with section 59(3)(a) of the Act) is 28 July 2011, being the date on which a person must be registered as a shareholder of the company for purposes of being entitled to receive notice of the annual general meeting.

Votes at the annual general meeting will be taken by way of a poll and not on a show of hands.

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.

Before any person may attend or participate in a shareholders' meeting that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. Forms of identification include valid identity documents, driver's licences and passports.

A form of proxy, which includes the relevant instructions for its completion, is attached for the use of holders of certificated shares and "own name" dematerialised

shareholders who wish to be represented at the annual general meeting. Completion of a form of proxy will not preclude such a shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.

Holders of dematerialised shares, other than "own name" dematerialised shareholders, who wish to vote at the annual general meeting must instruct their central securities depository participant (CSDP) or broker accordingly in the manner and cut-off time stipulated by their CSDP or broker.

Holders of dematerialised shares, other than "own name" dematerialised shareholders, who wish to attend the annual general meeting in person need to arrange the necessary authorisation as soon as possible through their CSDP or broker.

The form appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company (Link Market Services South Africa (Proprietary) Limited, 13th floor – Rennie House, 19 Ameshoff Street, Braamfontein 2001 or PO Box 4844, Johannesburg 2000) by no later than 11:15 on Thursday, 25 August 2011. A form of proxy is enclosed with this notice. The form of proxy may also be obtained from the registered office of the company.

### PURPOSE OF MEETING

The purpose of the meeting is (i) to present the directors' report and the audited annual financial statements of the company for the immediately preceding financial year and an audit committee report and (ii) to consider and, if approved, to adopt with or without amendment, the resolutions set out below and

## Notice of annual general meeting *(continued)*

(iii) to consider any matters raised by the shareholders of the company, with or without advance notice to the company.

### ELECTRONIC PARTICIPATION

Shareholders entitled to attend and vote at the meeting or proxies of such shareholders shall be entitled to participate in the meeting (but not vote) by electronic communication. Should a shareholder wish to participate in the meeting by electronic communication, the shareholder concerned should advise the company thereof by no later than 09:00 on Friday, 19 August 2011 by submitting via registered mail addressed to the company (for the attention of Mrs Gillian Kisbey-Green) relevant contact details as well as full details of the shareholder's title to securities issued by the company and proof of identity, in the form of certified copies of identity documents and share certificates (in the case of materialised shares) and (in the case of dematerialised shares) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.

### ORDINARY RESOLUTIONS

In order for the ordinary resolutions below to be adopted, the support of a majority of votes exercised by shareholders present or represented by proxy at this meeting is required. Ordinary resolutions numbers 8 and 9 require the support of at least 75% of the total

number of votes which may be exercised by the shareholders present or represented by proxy at this meeting.

1. The financial statements of the company and the group for the twelve (12) months ended 31 March 2011 and the reports of the directors, the auditor and the audit committee to be considered and accepted. (The summarised form of the financial statements is included on pages 130 to 144 of the annual integrated report). A copy of the complete annual financial statements of the company for the preceding financial year is enclosed with this notice and can also be obtained at [www.naspers.com](http://www.naspers.com).
2. The confirmation and approval of payment of dividends in relation to the N ordinary and A ordinary shares of the company as recommended by the board after having applied the solvency and liquidity tests contemplated in the Act.
3. To reappoint, on the recommendation of the company's audit committee, the firm PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Mr A Wentzel is the individual registered auditor of that firm who will undertake the audit) for the period until the next annual general meeting of the company.
4. To elect Adv F-A du Plessis, Prof G J Gerwel and Messrs T M F Phaswana, B J van der Ross and J J M van Zyl, who retire by rotation and, being eligible, offer themselves for re-election as directors of the company. Their abridged curricula vitae appear on pages 111 to 113 of the integrated annual report.



## Notice of annual general meeting *(continued)*

The board unanimously recommends that the re-election of directors in terms of resolution 4 be approved by the shareholders of the company. The re-election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, and in each vote to fill a vacancy, each voting right entitled to be exercised may be exercised once.

5. To appoint the audit committee members as required in terms of the Act and as recommended by the King Code of Governance for South Africa 2009 ("King III") (chapter 3).

The board and the nomination committee are satisfied that the company's audit committee members are suitably skilled and experienced independent non-executive directors. Collectively they have sufficient qualifications and experience to fulfil their duties, as contemplated in regulation 42 of the Companies Regulations 2011. They have a comprehensive understanding of financial reporting, internal financial controls, risk management and governance processes within the company, as well as International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other regulations and guidelines applicable to the company. They keep up-to-date with developments affecting their required skills-set.

The board and the nomination committee therefore unanimously recommend Messrs J J M van Zyl and B J van der Ross, Prof R C C Jafta and Adv F-A du Plessis for election to the audit committee. Their abridged curricula vitae appear on pages 110 to 113 of the integrated annual report.

The appointment of the members of the audit committee will be conducted by way of a separate vote in respect of each individual.

6. To endorse the company's remuneration policy, as set out in the remuneration report on pages 116 and 117 of the integrated annual report, by way of a non-binding advisory vote.
7. To place the authorised but unissued share capital of the company under the control of the directors and to grant, until the conclusion of the next annual general meeting of the company, an unconditional authority to the directors to allot and issue at their discretion (but subject to the provisions of the Act, and the requirements of the JSE Limited ("the JSE") and any other exchange on which the shares of the company may be quoted or listed from time to time) the unissued shares of the company on such terms and conditions and to such persons, whether they be shareholders or not, as the directors at their discretion deem fit.
8. Subject to a minimum of 75% of the votes of shareholders of the company present in person or by proxy at the annual general meeting and entitled to vote, voting in favour thereof, the directors be authorised and are hereby authorised to issue unissued shares of a class of shares already in issue in the capital of the company for cash as and when the opportunity arises, subject to the requirements of the JSE, including the following:

## Notice of annual general meeting *(continued)*

- ▶ this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond fifteen (15) months from the date of the meeting
  - ▶ that a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares of that class in issue prior to the issue
  - ▶ the aggregate issue of any particular class of shares in any financial year will not exceed 5% of the issued number of that class of shares (including securities which are compulsorily convertible into shares of that class)
  - ▶ that in determining the price at which an issue of shares will be made in terms of this authority, the discount at which the shares may be issued may not exceed 10% of the weighted average traded price of the shares in question, as determined over the thirty (30) business days prior to the date that the price of the issue is determined, and
  - ▶ that the shares will only be issued to “public shareholders” as defined in the Listings Requirements of the JSE, and not to related parties.
9. To approve the following amendments to the trust deed of the Naspers share incentive scheme, Masters reference IT4713/97 (“the scheme”):

Changing the heading of clause 2 of the trust deed to DEFINITIONS AND

INTERPRETATION and adding the following to clause 2:

*“closed period” any period during which dealing in shares by a participant is prohibited, whether by virtue of the requirements of the JSE or any other exchange on which the shares may from time to time be listed, the internal rules of Naspers or applicable legislation;*

*“dealing” dealing in the shares which shall include buying and selling the shares, or accepting or exercising an offer to acquire the shares or to dispose of the shares, or paying the purchase price or receiving the selling price in respect of the shares, or taking any other action in relation to the shares;*

*2.4 Whenever the last day of any period stipulated in this trust deed falls within a closed period, the stipulated period shall be extended to a date ninety (90) days after the expiry of the closed period or a date ninety (90) days after the expiry of any subsequent closed period(s), should another/further closed period(s) occur during the ninety (90) day extension period.*

The trust deed of the scheme in its amended form will be available for inspection by shareholders during normal business hours at Naspers’s registered address, 40 Heerengracht, Cape Town, 8000 (contact person Lurica Klink) and in Johannesburg at 251 Oak Avenue, Randburg, 2194 (contact person Gillian Kiseby-Green) for a period of 14 days prior to the date of this annual general meeting.

The amendment of the terms of the scheme must be approved by ordinary resolution requiring a 75% majority of the votes exercised

## Notice of annual general meeting *(continued)*

in favour of such resolution by all shareholders present or represented by proxy at the annual general meeting. Votes attaching to equity securities owned or controlled by persons who are existing participants in the scheme and which have been acquired in terms of the scheme and may be impacted by the changes will be excluded from the vote.

### SPECIAL RESOLUTIONS

The special resolutions set out below, require the support of at least 75% of votes exercised by shareholders present or represented by proxy at this meeting in order to be adopted.

### SPECIAL RESOLUTIONS NUMBERS 1.1 – 1.14

The approval of the remuneration of the non-executive directors for the years ending 31 March 2011 (that have not yet been approved and paid), 31 March 2012 and 31 March 2013, as follows:

	31 March 2011	31 March 2012	31 March 2013**
<b>Board</b>			
1.1 Chair***	<b>R2 011 400*</b>	R2 390 000	R2 390 000
1.2 Member	<b>R378 800*</b>	R430 000	R430 000
<b>Committees</b>			
1.3 ● Audit committee: Chair	<b>R270 000*</b>	R280 000	R280 000
1.4 Member	<b>R135 000*</b>	R140 000	R140 000
1.5 ● Risk committee: Chair	<b>R120 000*</b>	R140 000	R140 000
1.6 Member	<b>R60 000*</b>	R70 000	R70 000
1.7 ● Human resources and remuneration committee: Chair	<b>R140 000*</b>	R160 000	R160 000
1.8 Member	<b>R70 000*</b>	R80 000	R80 000
1.9 ● Nomination committee: Chair	<b>R50 000*</b>	R60 000	R60 000
1.10 Member	<b>R25 000*</b>	R30 000	R30 000
<b>Other</b>			
1.11 Naspers representatives on Media24 safety, health and environmental committee: Member	<b>R45 000</b>	R48 000	R48 000
1.12 Trustee of group share schemes/other personnel funds	<b>R32 000</b>	R34 000	R34 000
1.13 Media24 pension fund: Chair	<b>R80 400</b>	R85 500	R85 500
1.14 Trustee	<b>R53 600</b>	R57 000	R57 000

\*These fees were approved by shareholders on 27 August 2010 and paid before the effective date of the Act and are reflected for comparative purposes only.

\*\*The proposed 31 March 2013 remuneration is subject to such annual increase as may be retrospectively approved by the shareholders at the 2013 Naspers annual general meeting.

\*\*\*The chair of the board does not receive additional remuneration if he/she is a member of or chairs any subcommittee of the board.

## Notice of annual general meeting *(continued)*

The reason and effect of special resolutions numbers 1.1 – 1.14 is to grant the company the authority to pay remuneration to its directors for their services as directors.

Each of the special resolutions 1.1 – 1.14 in respect of each of the proposed 31 March 2011, 31 March 2012 and the proposed 31 March 2013 remuneration will be considered by way of a separate vote.

### **SPECIAL RESOLUTION NUMBER 2**

That the board may authorise the company to generally provide any direct or indirect financial assistance in the manner contemplated in and subject to the provisions of sections 44 and 45 of the Act to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, pursuant to the authority hereby conferred upon the board for these purposes.

The reason for and effect of special resolution number two is to approve generally the provision of financial assistance to the potential recipients as set out in the resolution.

### **SPECIAL RESOLUTION NUMBER 3**

That the company or any of its subsidiaries be and are hereby authorised to acquire N ordinary shares issued by the company from any person whatsoever (including any director or prescribed officer of the company or any person related to any director or prescribed officer of the company), in terms of and subject to the Act and in terms of the rules and requirements of the JSE being that:

- ▶ any such acquisition of N ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement
- ▶ this general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond fifteen (15) months from the date of passing of this special resolution
- ▶ an announcement will be published as soon as the company or any of its subsidiaries have acquired N ordinary shares constituting, on a cumulative basis, 3% of the number of N ordinary shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions
- ▶ acquisitions of N ordinary shares in aggregate in any one financial year may not exceed 20% of the company's N ordinary issued share capital as at the date of passing of this special resolution
- ▶ in determining the price at which N ordinary shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such N ordinary shares may be acquired will not exceed 10% of the weighted average of the market value at which such N ordinary shares are traded on the JSE as determined over the five (5) business days immediately preceding the date of repurchase of such N ordinary shares by the company or any of its subsidiaries
- ▶ the company has been given authority by its articles of association
- ▶ at any point, the company may only appoint one agent to effect any repurchase on the company's behalf

## Notice of annual general meeting *(continued)*

- ▶ the company's sponsor must confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of N ordinary shares in writing to the JSE before entering the market for the repurchase
- ▶ the company remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements, and
- ▶ the company and/or its subsidiaries not repurchasing any N ordinary shares during a prohibited period as defined by the JSE Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Service (SENS) prior to the commencement of the prohibited period.

Before the general repurchase is effected, the directors, having considered the effects of the repurchase of the maximum number of N ordinary shares in terms of the foregoing general authority, will ensure that for a period of twelve (12) months after the date of the notice of the annual general meeting:

- ▶ the company and the group will be able, in the ordinary course of business, to pay their debts
- ▶ the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company and the group, and
- ▶ the company and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which appears elsewhere in the integrated annual report of which this notice forms part and in the annual financial statements enclosed with this notice, is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- ▶ directors – pages 110 to 113 of the integrated annual report
- ▶ major shareholders – page 147 of the integrated annual report
- ▶ directors' interests in ordinary shares – page 125 of the integrated annual report
- ▶ share capital of the company, and litigation – pages 66 to 68 and pages 79 to 80, respectively, of the annual financial statements.

### **Directors' responsibility statement**

The directors, whose names appear in the list of directors set out on pages 110 to 113 of the integrated annual report collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number three and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number three contains all relevant information.

### **Material changes**

Other than the facts and developments reported on in the integrated annual report and enclosed annual financial statements, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

## Notice of annual general meeting *(continued)*

The directors have no specific intention, at present, for the company to repurchase any of its N ordinary shares, but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the company and its shareholders.

The reason for and effect of special resolution number three is to grant the company the authority in terms of the Act and the JSE Listings Requirements for the acquisition by the company, or a subsidiary of the company, of the company's N ordinary shares.

### **SPECIAL RESOLUTION NUMBER 4**

That the company or any of its subsidiaries be and are hereby authorised to acquire A ordinary shares issued by the company from any person whatsoever (including any director or prescribed officer of the company or any person related to any director or prescribed officer of the company), in terms of and subject to the Act.

The reason for and effect of special resolution number four is to grant the company the authority in terms of the Act for the acquisition by the company, or a subsidiary of the company, of the company's A ordinary shares.

### **SPECIAL RESOLUTION NUMBER 5**

The resolution set out below was passed (in part) as an ordinary resolution with the requisite majority vote at the annual general meeting of the company on 27 August 2010. In terms of the transitional arrangements under the Act, certain matters which had previously been approved by the company's shareholders prior to the effective date of the Act are subject to

the Act, which contains additional requirements that must be complied with in respect of the matters contemplated in this resolution. Shareholders are accordingly requested to consider and vote on this resolution as a special resolution.

Details of the Naspers group share-based incentive schemes currently in existence can be found in the annual financial statements of the company enclosed with this notice, which are also available on [www.naspers.com](http://www.naspers.com). (The Naspers share incentive scheme conducted in terms of the trust deed of the Naspers share incentive trust, Masters reference IT 4713-97, the other existing group share-based incentive schemes and such group share-based schemes that are established in future are hereafter collectively referred to as 'Naspers group share-based incentive schemes'.)

Resolved, subject to the Act and Schedule 14 of the Listings Requirements of the JSE, that the board of directors of Naspers shall be authorised for purposes of sections 41, 42, 44 and 45 of the Act:

5.1 to allot and issue, to grant and issue options for the allotment or subscription and to grant any other rights exercisable in respect of up to 40 588 541 Naspers N ordinary shares (which comprised 10% of Naspers's issued N ordinary share capital as at March 2010) ("the shares") to the Naspers group share-based incentive schemes and participants thereunder (which may include directors, future directors, prescribed officers and future prescribed officers of the company or of a related or inter-related company) ("the participants")

## Notice of annual general meeting *(continued)*

5.2 to make application to the JSE for the listing of the shares

5.3 to authorise the company to grant financial assistance by way of a loan, guarantee, the provision of security or otherwise to the Naspers group share-based incentive schemes and participants thereunder for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company,

pursuant to the administration and implementation of the Naspers group share-based incentive schemes, in each instance on the terms applicable to the Naspers group share-based incentive scheme in question.

The reason and effect of special resolution number 5 is to grant the Naspers board the necessary authority to allot and issue up to 40 588 541 Naspers N ordinary shares and to grant options, rights exercisable and financial assistance in respect thereof to the Naspers group share-based incentive schemes and

participants thereunder, to allow for the proper administration and implementation of the Naspers group share-based incentive schemes.

### ORDINARY RESOLUTION

10. Each of the directors of the company is hereby authorised to do all things, perform all acts and sign all documentation necessary to effect the implementation of the ordinary and special resolutions adopted at this annual general meeting.

### OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting.

By order of the board



### G Kisbey-Green

*Company secretary*

28 July 2011

Cape Town

#### Note

*The proxy form can be found on pages 161 to 164 of this integrated annual report.*

## GRI G3 indicators

## INDICATORS

GRI	Topic	Page
<b>Strategy and analysis</b>		
1.1	Statement from CEO	20
<b>Organisational profile</b>		
2.1 – 9	Name, primary brands, operational structure, location, number of countries, legal form, markets served, scale, significant changes	5 – 13; 146 – 147
2.10	Awards	91 – 92
<b>Report parameters</b>		
3.1 – 8	Reporting period	2 – 3
3.9	Data measurement techniques and assumptions	86; 133
3.10 – 1	Explanation of restatements	133
3.12	GRI index	2 – 3
3.13	Policy and practice on external assurance	2; 132
<b>Governance, commitments and engagement</b>		
4.1 – 4	Governance structure	flap; 94 – 128
4.5	Link between compensation and performance	116
4.6	Process for avoiding conflict of interest	100
4.7	Expertise of board	110 – 113
4.8	Policies on economic, environmental and social performance	95
4.9	Procedures for board oversight of economic, environmental and social performance	100 – 106
4.10	Board performance	102
4.14 – 15	Stakeholder groups	66 – 73; 147
4.16	Approach to stakeholder engagement	40
<b>Economic</b>		
<b>Economic performance</b>		
EC1	Economic value generated and distributed (revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments).(Core)	4 – 5; 37; 74 – 83; 130 – 144
EC3	Coverage of defined benefit plan obligations. (Core)	Refer to Naspers's annual financial statements, page 70 on <a href="http://www.naspers.com">www.naspers.com</a>
EC4	Significant financial assistance received from government. (Core)	None



GRI G3 indicators *(continued)*

GRI	Topic	Page
<b>Market presence</b>		
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant operations. (Core)	Most of our procurement is from local sources except for some international programming and sporting rights, satellite leases and printing equipment
<b>Indirect economic impacts</b>		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement. (Core)	Educational development, Let's Play initiative
<b>Environmental</b>		
<b>Materials</b>		
<b>Management approach</b>		
EN2	Percentage of materials used that are recycled input materials. (Core)	89
<b>Energy</b>		
<b>Management approach</b>		
EN4	Indirect energy consumption by primary source. (Core)	87
EN5	Energy saved due to conservation and efficiency improvements. (Additional)	87
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)	88 – 89
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)	88
<b>Biodiversity</b>		
EN11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas. (Core)	None
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	None
<b>Emissions, effluents and waste</b>		
EN16	Total direct and indirect greenhouse gas emissions by weight. (Core)	87
EN17	Other relevant indirect greenhouse gas emissions by weight. (Core)	87
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)	88

GRI G3 indicators *(continued)*

GRI	Topic	Page
<b>Emissions, effluents and waste</b> <i>(continued)</i>		
EN23	Total number and volume of significant spills. (Core)	None
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under terms of Basel I, II, III, and VIII and percentage of transported waste shipped internationally. (Additional)	None
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by discharges of water and runoff. (Additional)	None
<b>Products and services</b>		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	89
<b>Compliance</b>		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)	None
<b>Transport</b>		
EN29	Significant environmental impacts of transporting products and other goods and materials used for operations and transporting members of the workforce. (Additional)	None
<b>Social performance: Labour practices and decent work</b>		
<b>Employment</b>		
LA1	Total workforce by employment type, contract and region. (Core)	69
LA3	Benefits for full-time employees not provided to temporary/part-time employees, by major operations.	70
<b>Occupational health and safety</b>		
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region. (Core)	84
LA8	Education, training, counselling, prevention and risk-control programmes to assist workforce members, their families or community members with serious diseases. (Core)	83 – 85
<b>Child labour</b>		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to elimination of child labour. (Core)	70
<b>Forced and compulsory labour</b>		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour. (Core)	None

GRI G3 indicators *(continued)*

GRI	Topic	Page
<b>Indigenous rights</b>		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)	None
<b>Social performance: Society</b>		
<b>Corruption</b>		
SO2	Percentage and number of business units analysed for risks related to corruption. (Core)	2; 80% of revenue
SO4	Actions taken in response to incidents of corruption. (Core)	No significant incidents
<b>Compliance</b>		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)	91
<b>Social performance: Product responsibility</b>		
<b>Customer health and safety</b>		
PR1	Lifecycle stages where health and safety impacts are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)	No significant impact through products
PR2	Total number of incidents of non-compliance with regulations and voluntary codes on health and safety impacts of products and services during their lifecycle, by type of outcomes. (Additional)	None
<b>Products and service labelling</b>		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	Some requirements on programming on DStv channels
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. (Additional)	91
<b>Marketing communications</b>		
<b>Customer privacy</b>		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (Additional)	91
<b>Compliance</b>		
PR9	Monetary value of significant fines for non-compliance with laws and regulations on the provision and use of products and services. (Core).	91

## Form of proxy

*Incorporated in the Republic of South Africa*

*JSE code: NPN ISIN: ZAE000015889 Registration number: 1925/001431/06*

*LSE code: NPSN*

### NINETY-SEVENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS

For use by holders of certificated shares or "own name" dematerialised shareholders at the ninety-seventh annual general meeting of shareholders of the company to be held on the 18th floor of the Naspers Centre, 40 Heerengracht in Cape Town, South Africa on Friday, 26 August 2011 at 11:15.

I/We \_\_\_\_\_ (please print)

of \_\_\_\_\_

being a holder of \_\_\_\_\_ certificated shares of

"own name" dematerialised shares of Naspers and entitled to \_\_\_\_\_ votes hereby appoint,  
(see note 1)

1. \_\_\_\_\_ or, failing him/her,

2. \_\_\_\_\_ or, failing him/her,

3. the chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting, which will be held in the boardroom on the 18th floor, Naspers Centre, 40 Heerengracht in Cape Town on Friday, 26 August 2011 at 11:15 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name/names (see note 2) as follows:

	In favour of	Against	Abstain
<b>Ordinary resolutions</b>			
1. Approval of annual financial statements			
2. Confirmation and approval of payment of dividends			
3. Reappointment of PricewaterhouseCoopers Inc. as auditor			
4. To elect the following directors:			
4.1 Adv F-A du Plessis			
4.2 Prof G J Gerwel			
4.3 Mr T M F Phaswana			
4.4 Mr B J van der Ross			
4.5 Mr J J M van Zyl			
5. Appointment of the following audit committee members:			
5.1 Adv F-A du Plessis			
5.2 Prof R C C Jaffa			
5.3 Mr B J van der Ross			
5.4 Mr J J M van Zyl			
6. To endorse the company's remuneration policy			

## Form of proxy (continued)

	In favour of	Against	Abstain
7. Approval of general authority placing unissued shares under the control of the directors			
8. Approval of issue of shares for cash			
9. Approval of amendments to the trust deed of the Naspers Share Incentive Scheme			
10. Authorisation to implement all resolutions adopted at annual general meeting			
<b>Special resolution number one</b>			
Approval of the remuneration of the non-executive directors:			
<b>Proposed 31 March 2011</b>			
1.11 Naspers representatives on Media24 safety, health and environmental committee			
1.12 Trustees of group share schemes/other personnel funds			
1.13 Chair of Media24 pension fund			
1.14 Trustees of Media24 pension fund			
<b>Proposed 31 March 2012</b>			
1.1 Board – chair			
1.2 Board – member			
1.3 Audit committee – chair			
1.4 Audit committee – member			
1.5 Risk committee – chair			
1.6 Risk committee – member			
1.7 Human resources committee – chair			
1.8 Human resources committee – member			
1.9 Nomination committee – chair			
1.10 Nomination committee – member			
1.11 Naspers representatives on the Media24 safety, health and environmental committee			
1.12 Trustees of group share schemes/other personnel funds			
1.13 Chair of Media24 pension fund			
1.14 Trustees of Media24 pension fund			
<b>Proposed 31 March 2013</b>			
1.1 Board – chair			

## Form of proxy (continued)

	In favour of	Against	Abstain
1.2 Board – member			
1.3 Audit committee – chair			
1.4 Audit committee – member			
1.5 Risk committee – chair			
1.6 Risk committee – member			
1.7 Human resources committee – chair			
1.8 Human resources committee – member			
1.9 Nomination committee – chair			
1.10 Nomination committee – member			
1.11 Naspers representatives on the Media24 safety, health and environmental committee			
1.12 Trustees of group share schemes/other personnel funds			
1.13 Chair of Media24 pension fund			
1.14 Trustees of Media24 pension fund			
<b>Special resolution number two</b>			
Approve generally the provision of financial assistance			
<b>Special resolution number three</b>			
General authority for the company or its subsidiaries to acquire N ordinary shares in the company			
<b>Special resolution number four</b>			
General authority for the company or its subsidiaries to acquire A ordinary shares in the company			
<b>Special resolution number five</b>			
Approval of issue of shares, options and rights to Naspers share-based incentive schemes and participants			

and generally to act as my/our proxy at the said annual general meeting (tick whichever is applicable. If no indication is given, the proxy holder will be entitled to vote or to abstain from voting as the proxy holder deems fit).

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature \_\_\_\_\_ Assisted (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.

## Notes to form of proxy

1. The following provisions shall apply in relation to proxies:
  - 1.1 a shareholder of the company may appoint any individual (including an individual who is not a shareholder of the company) as a proxy to participate in, and speak and vote at, the annual general meeting of the company
  - 1.2 a shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder
  - 1.3 a proxy instrument must be in writing, dated and signed by the shareholder
  - 1.4 a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person subject to any restrictions set out in the instrument appointing the proxy
  - 1.5 a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at the annual general meeting
  - 1.6 irrespective of the form of instrument used to appoint the proxy (i) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (ii) the appointment is revocable unless the proxy appointment expressly states otherwise and (iii) if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and the company, and
  - 1.7 the proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction except to the extent that the Memorandum of Incorporation of the company, or the instrument appointing the proxy provides otherwise.
2. A certificated or "own name" dematerialised shareholder may insert the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and whose name has not been deleted and who attends the meeting will be entitled and authorised to act as proxy to the exclusion of those whose names follow.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the annual general meeting as he/she deems fit in respect of the shareholder's votes exercisable at that meeting, but where the proxy is the chairman, failure to so comply will be deemed to authorise the chairman to vote in favour of the resolutions. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy.
4. Forms of proxy must be lodged at or posted to the transfer secretaries of the company, Link Market Services South Africa (Proprietary) Limited, 13th floor – Rennie House, 19 Ameshoff Street, Braamfontein, 2001 or PO Box 4844, Johannesburg, 2000 to be received by not later than 11:15 on Thursday, 25 August 2011, or such later date if the annual general meeting is postponed.
5. The completion and lodging of this form of proxy will not preclude the certificated shareholder or "own name" dematerialised shareholder from attending the annual general meeting and speaking and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof.
6. An instrument of proxy shall be valid for any adjournment or postponement of the annual general meeting as well as for the meeting to which it relates, unless the contrary is stated therein but shall not be used at the resumption of an adjourned annual general meeting if it could not have been used at the annual general meeting from which it was adjourned for any reason other than that it was not lodged timely for the meeting from which the adjournment took place.
7. A vote cast or act done in accordance with the terms of a form of proxy shall be deemed to be valid despite:
  - ▶ the death, insanity, or any other legal disability of the person appointing the proxy, or
  - ▶ the revocation of the proxy, or
  - ▶ the transfer of a share in respect of which the proxy was given, unless notice as to any of the abovementioned matters shall have been received by the company at its registered office or by the chairman of the annual general meeting at the place of the annual general meeting if not held at the registered office, before the commencement or resumption (if adjourned) of the annual general meeting at which the vote was cast or the act was done or before the poll on which the vote was cast.
8. The authority of a person signing the form of proxy:
  - 8.1 under a power of attorney, or
  - 8.2 on behalf of a company or close corporation or trust, must be attached to the form of proxy unless the full power of attorney has already been received by the company or the transfer secretaries.
9. Where shares are held jointly, all joint holders must sign.
10. Dematerialised shareholders, other than by "own name" registration, must NOT complete this form of proxy and must provide their central securities depository participant (CSDP) or broker of their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP and/or broker.

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