NASPERS LIMITED ANNUAL REPORT 2003

NASPERS

MIH
A PERSONAL WORLD OF ENTERTAINMENT AND INFORMATION

M-NET/SUPERSPORT
ENTERTAINMENT ACROSS THE CONTINENT

MEDIA24
CREATING CONTENT, BUILDING BRANDS

NASBOEK
BOOKS FOR AFRICA

EDUCOR
PRIVATE EDUCATION COMMUNITIES

NASPERS

NASPERS LIMITED ANNUAL REPORT 2003

our MISSION is...

to build

shareholder value

by operating subscriber management platforms that provide content, services and means of communication to paying users; to license related technologies and

to be useful to the communities we serve.

NASPERS

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CHAIRMAN: Ton Vosloo
VICE-CHAIRMAN: Jeff Malherbe
MANAGING DIRECTOR: Koos Bekker
DIRECTORS: Professor Elize Botha
Dr Jakes Gerwel
Steve Pacak
Leepile Taunyane
Boetie van Zyl
Ben van der Ross
Neil van Heerden
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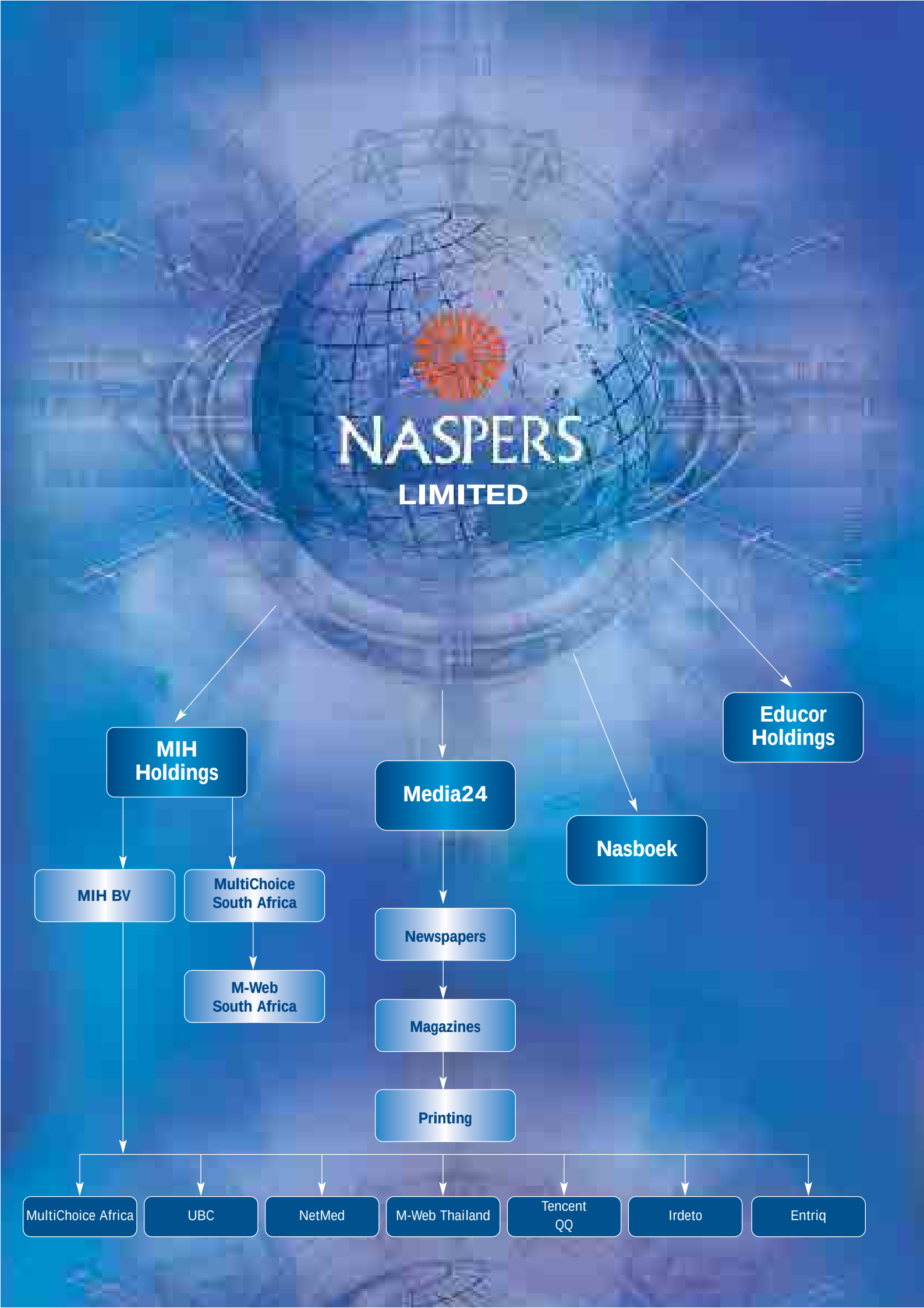
Picture of the child with the mortar board: *Greatstock/Paul Barton*


NASPERS
LIMITED
MIH Holdings
Media24
Nasboek
Educor Holdings
MIH BV
MultiChoice South Africa
M-Web South Africa
Newspapers
Magazines
Printing
MultiChoice Africa
UBC
NetMed
M-Web Thailand
Tencent QQ
Irdeto
Entriq

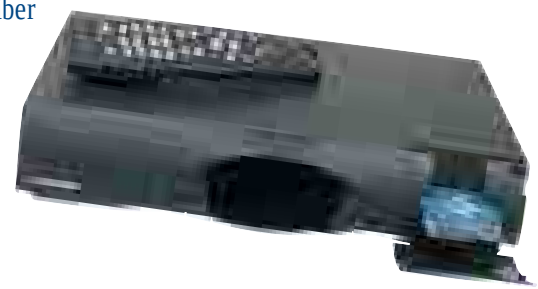
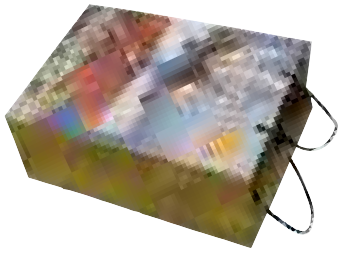
Revenue **R11 187m**

Operating profit before amortisation and impairment **R527m**

Cash flow from continuing operating activities **R1 343m**

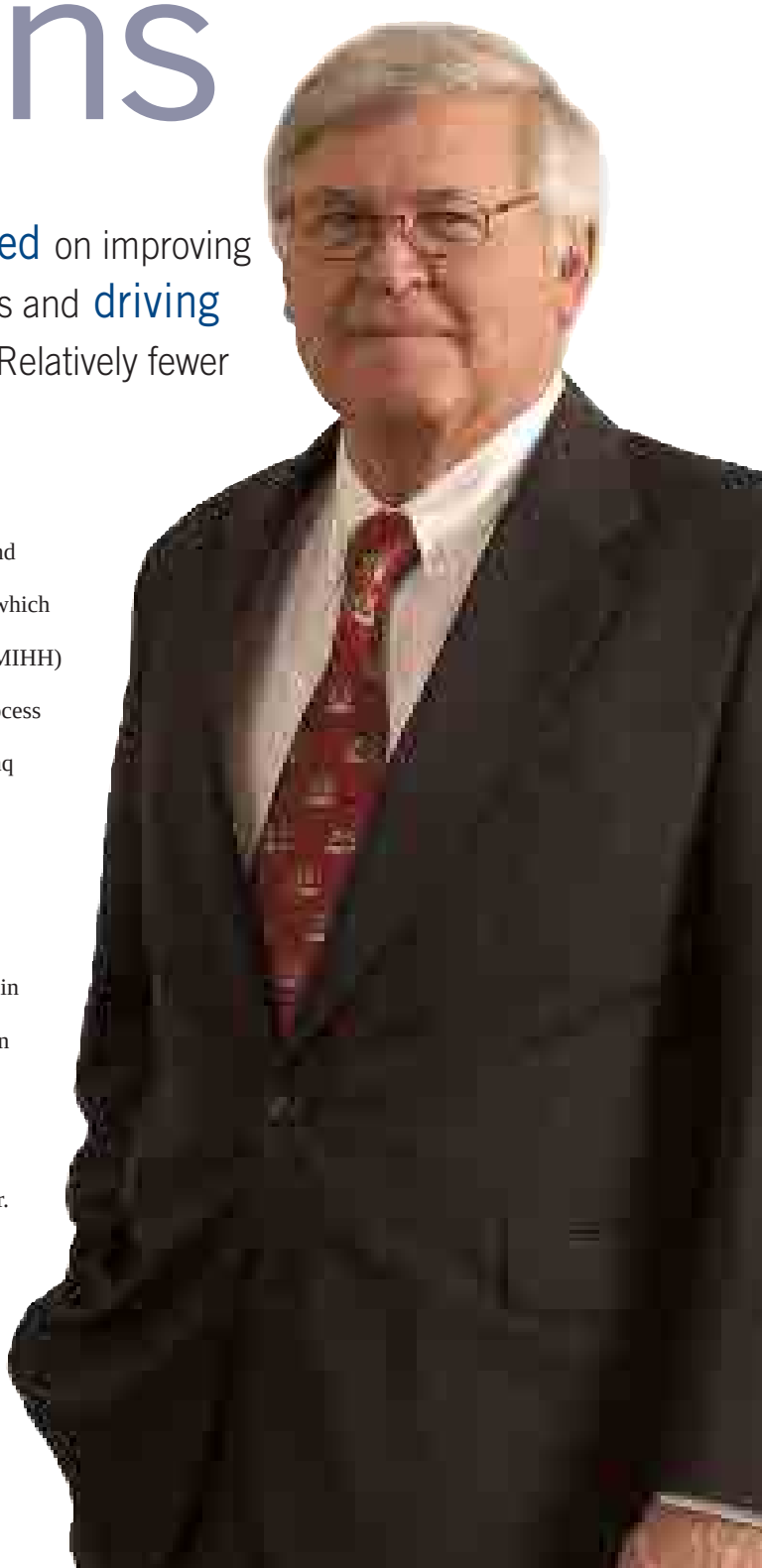
	2003 R'm	2002 R'm	2001 R'm	2000 R'm	1999 R'm
Income statement and cash flow					
Revenue	**11 187**	9 837	8 266	6 670	5 339
Operating profit before amortisation and impairment	**527**	73	(284)	(20)	(26)
Operating profit/(loss)	**18**	(300)	(328)	(20)	(26)
Net attributable income/(loss)	**326**	(1 923)	1 000	3 393	565
Cash flow from continuing operating activities	**1 343**	190	(366)	349	(122)
Balance sheet					
Total assets	**12 180**	16 646	17 484	8 438	5 591
Current assets	**5 276**	6 538	5 816	4 831	2 315
Shareholders' equity	**3 511**	1 386	2 553	1 181	300
Non-current liabilities	**3 097**	5 117	3 253	2 536	2 340
Current liabilities	**5 271**	5 778	4 136	3 548	2 993
Other information					
Dividend per N ordinary share (cents)	**25**	24	24	22	20
Earnings per N ordinary share (cents)	**185**	(1 320)	715	2 771	500
Weighted number of N ordinary shares in issue ('000)	**176 556**	145 692	139 896	122 458	112 952

COMPANY, LOCATION AND NATURE OF BUSINESS	MAJOR BRANDS
MIH HOLDINGS	
MIH operates pay-television and internet subscriber platforms in Africa, China, Thailand, Greece and Cyprus and owns Irdeto Access, a conditional access company	■ **Pay Television** MIH, MultiChoice, MultiChoice Africa, DStv, NetMed, Nova, MultiChoice Hellas, MultiChoice Cyprus, UBC
M-NET and SUPERSPORT	
M-NET and **SUPERSPORT** are pay-television operators that provide services across the African continent	■ **M-Net** M-Net, Series Channel, Big Brother Africa, Idols, Channel O, Movie Magic 1, Movie Magic 2, Action TV, KTV, K-World, Phuthuma Futhi, M-Connection, M-Net-on-Demand, kykNET
MEDIA24	
MEDIA24 is a newspaper, magazine, printing and distribution business in sub-Saharan Africa	■ **Newspapers** Die Burger, Beeld, Volksblad, Rapport, City Press, Daily Sun, Sunday Sun, The Natal Witness, Soccer-Laduma, Kaapse Son ■ **e-MEDIA24** News24, Women24, Food24, Property24, Health24, Subscribe24, Wheels24 ■ **MEDIA24 Printing** Paarl Media, Paarl Gravure, Paarl Web, Paarl Print
NASBOEK	
NASBOEK is a book publishing and distribution business	■ **NB Publishers** Tafelberg Uitgewers, Human & Rousseau, Queillerie, Pharos, JL van Schaik, Kwela, Best Books ■ **Jonathan Ball Publishers** Jonathan Ball Publishers, Ad Donker Publishers, Delta Books, Sunbird ■ **Lux Verbi** Lux Verbi.BM, Bybelkor, NG Kerk-Uitgewers, Protea, Hugenote and Waterkant
EDUCOR HOLDINGS	
EDUCOR is a private education provider	Academy for Mathematics & Science, Allenby Campus, Camelot International Health & Skin Care, College of Financial Services, City Varsity: Film, Television and Multimedia School, Damelin Correspondence College, Damelin Education Group, The H.I.L.L. School for Business (overseeing the interests of Michigan University in South Africa),

MAJOR BRANDS	HIGHLIGHTS FOR 2003
■ **Internet** M-Web, M-Web (Thailand), Sanook!, SportsCN, QQ, Tencent ■ **Technology** Irdeto Access, Entriq	The aggregate subscriber base ended at **2,1** million households 
■ **SuperSport** SuperSport, SuperSport Zone, SuperSport Wheelchair Basketball, SuperSport Series Cricket, SuperSport Hardware, SuperSport United, SuperSport Club Champs, SuperSport Show, SuperSport Arena, SuperSport Travel, SuperFan	 **13** entertainment channels produced for DStv In excess of **100** sports codes broadcast live
■ **DISTRIBUTION** NND24 ■ **MAGAZINES** LandbouWeekblad, Huisgenoot, YOU, Drum, TV Plus!, Fairlady, Sarie, True Love, Woman's Value, dit, Finansies & Tegniek, Finance Week, Insig, Visi, Eat Out, Eat In, Sleep Out, Veld Toe, Blunt, ZigZag, Salt Water Girl, Drive Out, Shop!, FHM, Your Pregnancy, Your Baby, Baba & Kleuter, Men's Health, Shape, Kick Off, Runner's World, Golf Digest, SA Sports Illustrated, Bicycling SA	 **2,8** million copies per month for weekly family magazines
■ **NEG** Nasou, Via Afrika, Afribooks, Afro, Afritech, KZN Books, Acacia, Atlas, Action Publishers ■ **Van Schaik Group** Van Schaik Bookstores, Lux Verbi winkels, Van Schaik Uitgewers, Van Schaik Electronic, Van Schaik Content Solutions, Van Schaik Active, Learning Online ■ **N-direct** Kalahari.net, Leisure Books ■ **On the Dot Distribution**	 **484** new titles 4,96 million units sold
INTEC College, Lyceum Advancement College, Midrand Graduate Institute, Milpark Business School (incorporating Edinburgh Business School), Self Empowerment International, Success Career College (Matric)	**230 000** students

IMPROVING margins

During the past year, our group focused on improving margins in its established businesses and driving new ventures to profitability. Relatively fewer new opportunities were developed.



MIH Limited (MIHL) sold its interest in OpenTV and the group completed a reorganisation in terms of which the minority interests in MIH Holdings Limited (MIHH) and MIHL were swapped for shares in Naspers itself. The process concluded with the secondary listing of Naspers on the Nasdaq National Market (Nasdaq) in New York.

Financial

Conditions in most markets in which the group operates remain tough. In this environment, our focus on improving margins in our mature businesses, and driving new ventures to profitability, resulted in operating profits before amortisation and impairment increasing to R527 million in the current year.

Whilst a firmer rand will be of benefit to our South African units, which have foreign currency input costs, the group follows a policy of covering forward those expenses denominated in foreign currency, which will dampen the

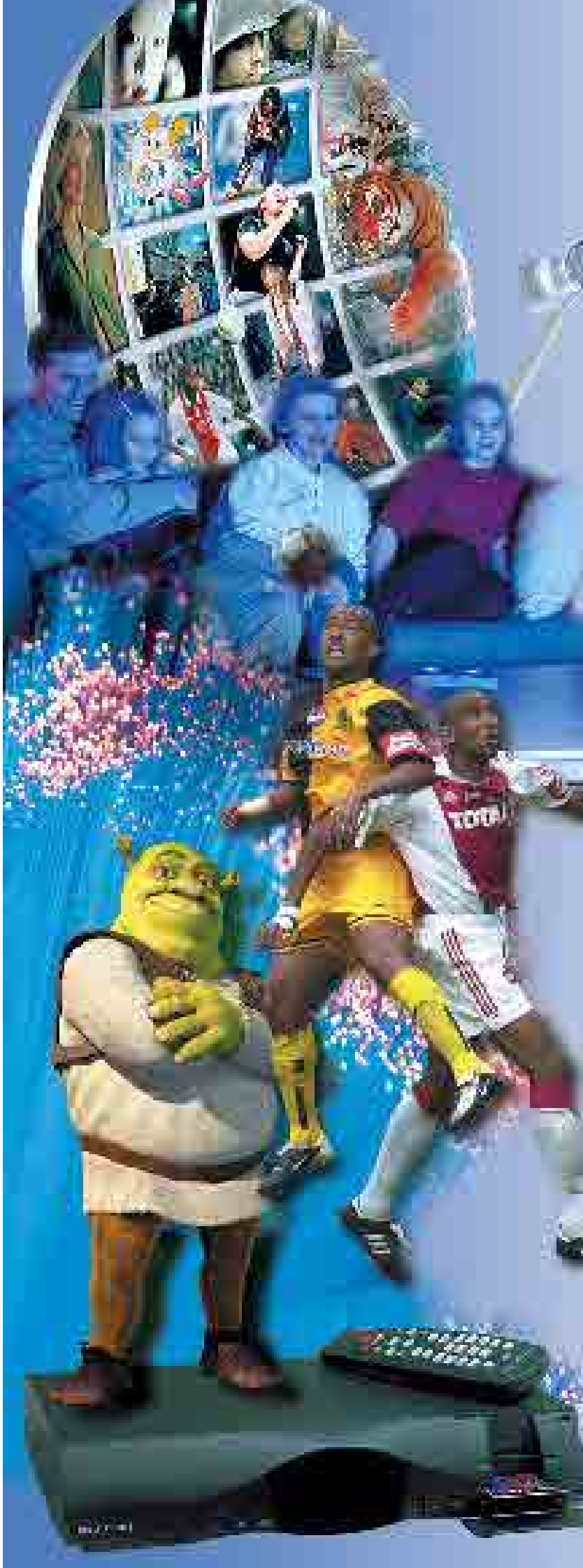
beneficial impact. The stronger local currency also resulted in our foreign earnings translating into fewer rands.

Cash generated from continuing operations amounted to R1,4 billion. On 31 March 2003, the group had net consolidated cash resources of R2,1 billion and interest-bearing liabilities of R1,0 billion, excluding capitalised satellite and other transmission equipment leases.

The headline earnings from continuing operations amounted to R2 million, compared with a loss of R236 million last year. However, as prescribed by South African Generally Accepted Accounting Practice (SA GAAP), this headline earnings performance includes the following items which, in the opinion of the board, reduces its utility as a measure of true operating performance:

- unrealised currency gains R86 million
- creation of deferred tax assets R58 million
- amortisation of intangible assets R(31) million.

The net impact of the above items is that headline earnings from continuing operations were favourably impacted by R113 million, because of prescribed accounting conventions. We believe it may be useful for shareholders to apply a more meaningful metric, such as ‘core headline earnings’ that adjusts for these items, both positive and negative. This could serve as a more dependable yardstick for true operating performance in future. On this basis, the core headline loss would be R111 million, compared with a loss of R175 million in the prior year.



Subscriber Platforms

PAY TELEVISION

In the aggregate, the pay-television subscriber base is mature and grew by only 40 000 households during the year. The group now manages just over two million pay-television subscribers, of which 67% are on the digital base. As a consequence, pay-television revenues increased by only 13%. A sustained focus on operational efficiencies, cost management and the migration of subscribers from the analogue service to the digital service, saw operating profits before amortisation and impairment increase to R443 million.

Africa

The pay-television market in South Africa is fully mature and we expect no further growth, although the migration from the analogue to the digital service continues. Growth opportunities do exist on the rest of the continent. For the continent in aggregate the subscriber base increased to 1,3 million households. M-Net and SuperSport both reported growth in headline earnings.

Mediterranean

In Greece, the launch of a competing platform in 2001 created confusion and drove up costs. The competitor has now ceased broadcasting and our focus is on driving this business to profitability.

In the aftermath of a failed agreement regarding the aforementioned competitor, MIH is involved in arbitration proceedings under the London Board of International Arbitration for a declaration that NetMed's termination of the contract with Fidelity and other parties was valid. Fidelity has also issued a summons in South Africa.

Over the past year our digital service, Nova, added 39 000 subscribers to end the year on 139 000 households. However, the region closed on 310 000, marginally down from last year because of the decline in analogue subscribers. Once the market stabilises and costs are reduced to viable levels, growth of the subscriber base should resume.

Thailand

UBC in Thailand increased its subscriber base by 24 000 to 437 000 homes. The business, which is equity accounted, reported an operating profit before amortisation of R106 million and is also cash-flow positive.

INTERNET

The internet was our fastest growing business with revenues up by 63%, whilst operating losses before amortisation were almost halved to R244 million.

In Africa, M-Web maintained its leading position with 247 000 subscribers. Research shows that M-Web subscribers now spend 23% more time online than in the previous year, confirming the growing role the internet is assuming in the daily lives of subscribers. A negative element is that the dial-up market in South Africa has stagnated, largely due to the high cost of telephone calls locally.

However, growth occurred in other segments. The consumer e-commerce platform, Kalahari.net, almost doubled revenues to R32 million over the past year. CommerceZone, the procurement platform, assisted our group to cut operating costs. External clients have now joined this online platform.

The group's principal activity in China is an interest in Tencent, an operator of communication, community and wireless services based on its instant-messaging platform 'QQ'. This is a young business, which, although profitable and cash-flow positive is nonetheless still in a development phase and is constantly refining its business model.

In Thailand, the group has 248 000 subscribers accessing its service on a pre-paid basis and 17 000 on a post-paid billing basis. Growth over the past few months has been encouraging.

Whilst the group's internet business has now reached a critical mass, we anticipate further investment as the industry evolves.

Print Media

Most sectors of the South African magazine and newspaper markets are overtraded and the circulation of magazine titles generally remained under pressure. Media24 compensated for this by attention to content quality and cost reduction.

Exceptions are the *Sunday Sun* and *Daily Sun* titles, which were conceived to attract buyers who would otherwise not be regular readers of newspapers. Their formula of content written in a language that their readers find familiar, sold at a price they can afford, is proving useful for readers.

In aggregate, our print media revenues increased by 14% and operating profits by 8%. Financially, the newspaper, printing and distribution divisions contained costs well and performed satisfactorily.

Technology

Globally, the conditional access market for pay television faces harsh conditions, placing pressure on margins. These factors, coupled with a stronger rand, led to both revenues and operating profits declining sharply at Irdeto Access.

The group invests at present in Entriq – a broadband service, which allows an operator to sell niche content to subscribers via the internet in such a way that payment could be collected for it.

Book publishing

The book publishing business had a poor year with revenues growing a meagre 3%. This, in addition to the liquidation of CNA and provisioning for stock write-downs, resulted in an operating loss before amortisation of R20 million. This business is being reorganised.

Private education

Educor had a satisfactory year, with modest revenue growth, but operating profits increasing by 69%. Student enrolments for the current academic year were up on the previous year on most campuses.

Dividend

The board has recommended that the annual dividend be increased to 30c (previously 25c) per N ordinary share, and 6c per unlisted A ordinary share. The dividends are payable to shareholders recorded in the books on 12 September 2003 and will be paid on 15 September 2003.

Transformation and corporate citizenship

The group is conscious of its responsibility to contribute to economic change in Africa. The group's businesses in South Africa promote the transformation process through a number of initiatives including:

- procurement policies
- employment selection criteria
- investment in training and education
- industry initiatives
- social investment programmes.

In addition, employment equity targets form part of our South African businesses' business plans and progress is constantly monitored.

Empowerment

Our economic empowerment scheme, Welkom, was launched in 1998, when equity markets were surging, with 17 000 previously disadvantaged individuals participating. This scheme was scheduled to terminate in September 2003. Given the reduced state of the equity markets at present, the board believes it is in the interest of both the participants and the group that the scheme be extended for a further three years. More details are included on page 148 of this annual report.

Prospects

The year ahead may prove to be adventurous. On the one hand, the South African economy appears in better shape than most, whilst some other markets may start to recover. On the other hand, the global geopolitical scene is unstable, which may have fundamental economic consequences for our markets.

Against this background, it would be presumptuous to predict our performance for the year ahead. However, we are conscious that each set of economic circumstances offers some opportunities to those who seek them out and adapt fast enough.

The introduction of some accounting standards will result in volatile earnings being reported in future years. We, as a public company, have no choice but to conform to these standards, even if the result is sometimes commercially nonsensical. However, where possible, we will attempt also to report results in a format that shareholders may find easier to follow.

Risk management

Managing risk plays a central role in the day-to-day operations of all our businesses. The Naspers board, in conjunction with the boards of the various subsidiary companies, is responsible for determining risk management and control procedures, as well as evaluating the effectiveness of those procedures.

The main risks to which the group businesses are exposed include:

- geopolitical or economic instability
- regulatory disruption
- epidemics
- satellite failures
- competition and technical innovations
- currency fluctuations.

Whilst these risks are outside the board's control, mitigating measures can often be implemented. A more detailed review of the risks facing the group and the compensatory steps taken are contained on page 42 of this annual report.

Corporate governance

Naspers is committed to the principles advocated in the King Report on Corporate Governance (King II) and is mindful of the company's obligations in terms of the Sarbanes-Oxley Act (Sarbanes-Oxley) and the Securities Exchange Commission (SEC) requirements in the USA. The directors will conduct the business of the enterprise with integrity and in accordance with generally accepted corporate practices. The board has reviewed its structures and rules according to King II, Sarbanes-Oxley and the applicable SEC requirements and the requisite improvements to the company's corporate governance procedures and policies have either been implemented or are in the process of being made, details of which are contained on page 40 of this annual report.

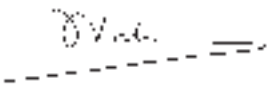
Directors

In accordance with the company's statutes, one third of the serving directors have to resign at the annual general meeting on 29 August 2003. Messrs J F Malherbe and L M Taunyane reach retirement age and are not available for re-election. These directors were thanked for their highly valuable contributions over the years. Mr Malherbe was a distinguished vice-chairman of Naspers and is the longest serving member of the board. Mr T Vosloo has made himself available for re-election.

People

We are proud of the contribution made by so many of our people across many countries. They have shown character and enterprise to achieve most of the goals of the majority of our businesses in a tough environment.

Finally thank you to our fellow board members for their guidance and support during what has been a busy year. ■



Ton Vosloo
Chairman

Koos Bekker
Managing director

DRIVING NEW ventures to profitability

During the past year, the following events occurred:

- MIHL Limited (MIHL) sold its interest in OpenTV
- a reorganisation in terms of which the minority interests in MIH Holdings Limited (MIHH) and MIHL were swapped for shares in Naspers itself. The process concluded with the secondary listing of Naspers on the Nasdaq.

The sale of the interest in OpenTV was accounted for as a discontinuing operation and a profit of R751 million was recorded. As a result of the reorganisation, goodwill of R1,8 billion, as well as other intangible assets of R0,5 billion, were created on the balance sheet. The latter includes brand names and patents. In terms of South African Generally Accepted Accounting Practice (SA GAAP), this goodwill will be amortised, but with no effect on headline earnings. Other intangible assets are also amortised, but present accounting rules rather counter-intuitively dictate that this does reduce headline earnings.

Group performance

The continued focus on improving margins in our established businesses and driving new ventures to profitability, led to group operating profits before amortisation and impairments increasing to R527 million.

The income statement reflects an amortisation charge of R342 million. Some R276 million of this relates to the amortisation of goodwill and R66 million to the amortisation of other intangible assets. Neither charge had any impact on cash flow.

The write-off of programme rights of R155 million reflect prepayments to certain Greek football teams to broadcast their matches in the

future. Given the confused state of Greek football, this may not be recoverable and, as already reported at the interim stage, the board believes it prudent to provide for it.

Finance costs at R223 million were lower than last year, partially due to lower levels of borrowing in the group. The stronger rand, for which we can claim no credit, resulted in favourable translation gains that reduced finance costs by R214 million (2002: R25 million).

Whilst a firmer rand will be of benefit to our South African units, which have foreign currency input costs, the group follows a policy of covering forward its expenses denominated in foreign currency. This policy will dampen the beneficial impact. In addition, the stronger local currency also resulted in our earnings from our offshore units translating into fewer rands.

Exceptional items total R61 million. This mainly comprises a profit of R121 million on the sale and revaluation of Liberty Media shares (received as part of the consideration on the sale of OpenTV) and a charge of R67 million for the group's share of SuperSport's impairment of its MIHL shares.

The tax charge of R159 million includes a once-off net credit of R118 million relating to the creation of a deferred tax asset in a group company, as prescribed by South African accounting standards.

The headline earnings from continuing operations amounted to R2 million, compared with a loss of R236 million last year.

However, as prescribed by SA GAAP, this headline earnings figure includes net favourable gains of R113 million arising from unrealised currency fluctuations (R86 million), the creation of deferred tax assets (R58 million) and the amortisation of intangible assets (R31 million). This in the opinion of the board, reduces the utility of this metric as a measure of true operating performance.

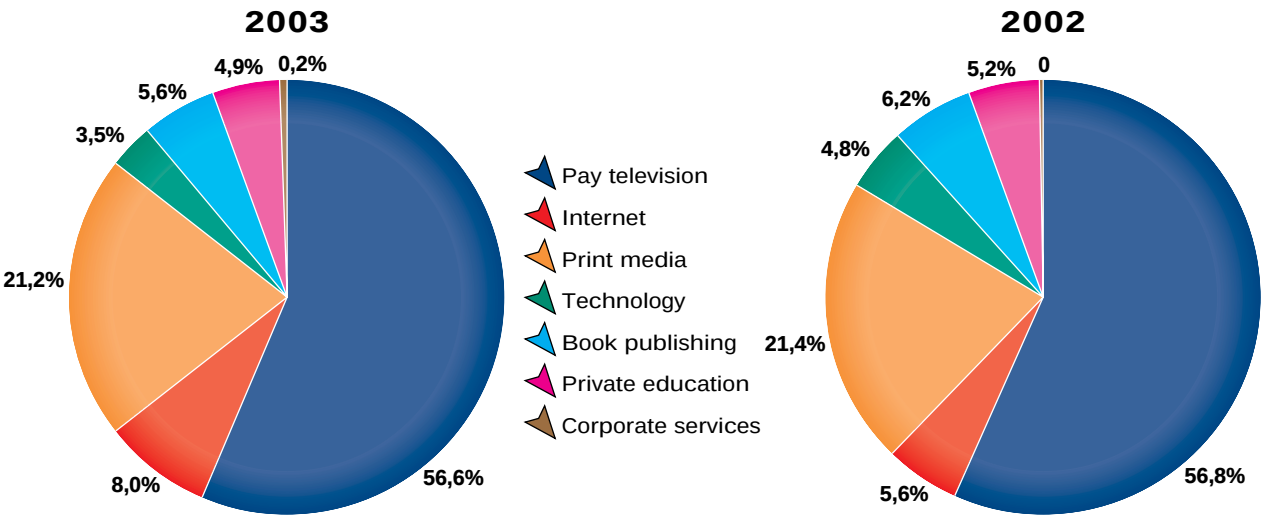
The group leases satellite capacity, mainly denominated in US dollars. SA GAAP requires that these future liabilities be aggregated and translated to the rand equivalent at year-end, resulting in an unrealised translation gain or loss. We do not believe that this reflects the real world where actual cost incurred in future years because of currency fluctuations would be recovered by either revenue increases or cost reductions. The creation of a deferred tax asset also provides a once-off artificial boost to headline earnings and is unlikely to be repeated in future. On the other hand, the charge relating to the amortisation of intangible assets reflects an accounting convention that has no commercial relevance.

We believe it may be useful for shareholders to apply a metric, such as 'core headline earnings' that adjusts for these items, both positive and negative. This could serve as a more dependable yardstick for sustainable performance. On this basis, the core headline loss would be R111 million, compared with a loss of R175 million in the prior year.

Segmental review

Revenues and operating profits of the key business segments were as follows:

	Revenue		
	2003 R'm	2002 R'm	%
Continuing operations			
Subscriber platforms			
– pay-television	**6 329**	5 591	13
– internet	**894**	547	63
Print media	**2 387**	2 102	14
Technology	**391**	475	(18)
Book publishing	**631**	610	3
Private education	**553**	511	8
Corporate services	**2**	1	100
	11 187	9 837	14



	Operating profit before amortisation and impairment			Operating profit		
	2003 R'm	2002 R'm	%	**2003 R'm**	2002 R'm	%
Continuing operations						
Subscriber platforms						
– pay-television	**443**	161	175	**229**	138	66
– internet	**(244)**	(464)	47	**(452)**	(752)	40
Print media	**296**	273	8	**289**	268	8
Technology	**49**	81	(40)	**14**	49	(71)
Book publishing	**(20)**	22	—	**(24)**	20	—
Private education	**22**	13	69	**(7)**	(11)	36
Corporate services	**(19)**	(13)	(46)	**(19)**	(13)	(46)
	527	73		**30**	(301)	

Accounting policies

The accounting policies used in this report comply in all material aspects with SA GAAP and are consistent with those applied in the prior year.

Cash flow and borrowings

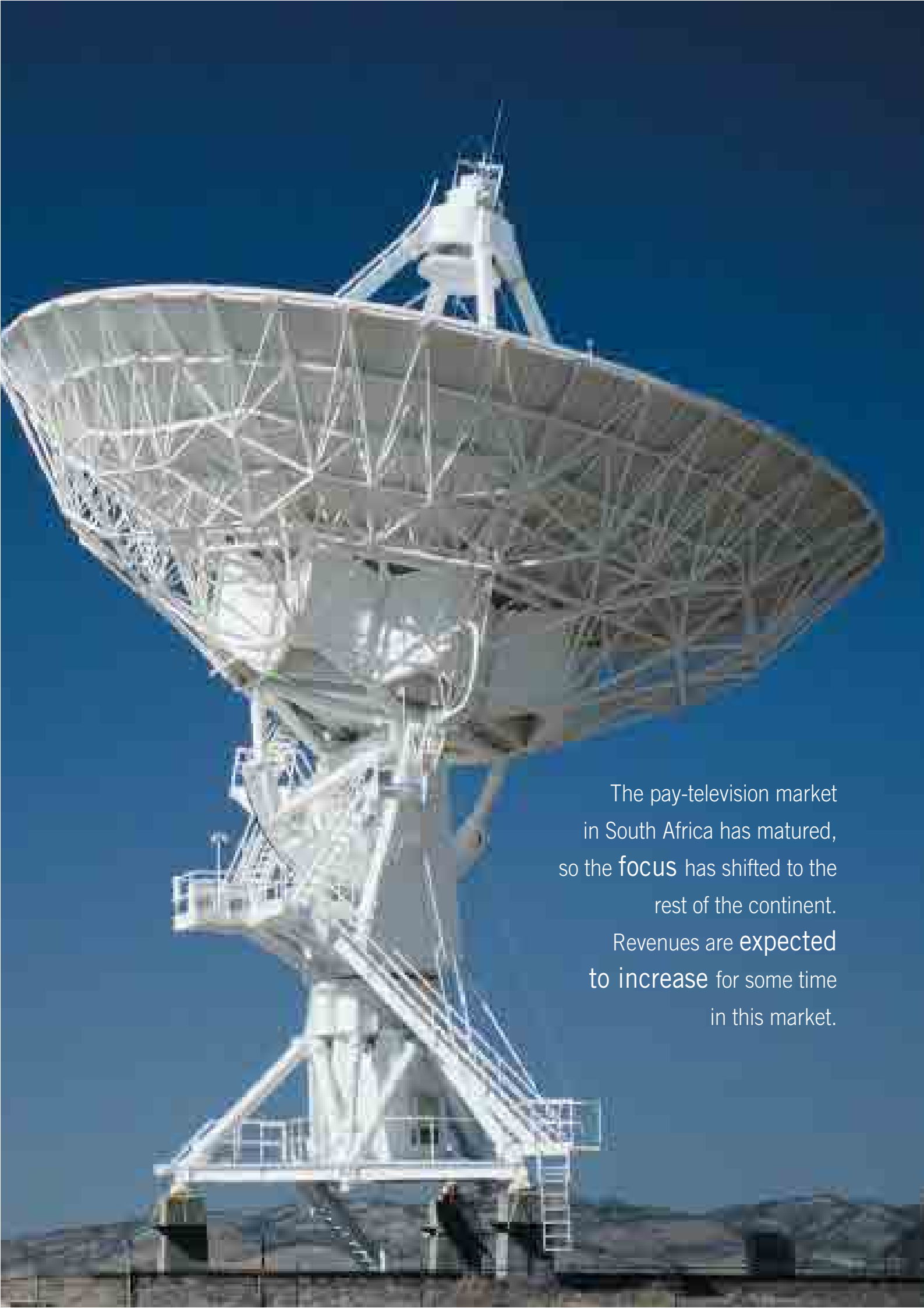
Cash generated from continuing operations amounted to R1,4 billion. On 31 March 2003, the group had net consolidated cash resources of R2,1 billion and interest-bearing liabilities of R1,0 billion, excluding capitalised satellite and other transmission equipment leases. ■

VCR1 DSS•CABLE TV
VCR2•LD AUDIO
PLAY
STOP
REW
REC
FF

CREATING a personal reference world

The Naspers group comprises:

- The MIH group of companies, which operates pay-television and internet subscriber platforms in Africa, China, Thailand, Greece and Cyprus and owns Irdeto Access, a conditional access company
- M-Net and SuperSport, both pay-television operators, that provide services across the African continent
- Media24, a newspaper, magazine, printing and distribution business in sub-Saharan Africa
- Nasboek, a book publishing and distribution business, and
- Educor, a private education provider.



The pay-television market in South Africa has matured, so the **focus** has shifted to the rest of the continent. Revenues are **expected to increase** for some time in this market.

POTENTIAL for growth

Subscriber Platforms

PAY TELEVISION

Africa

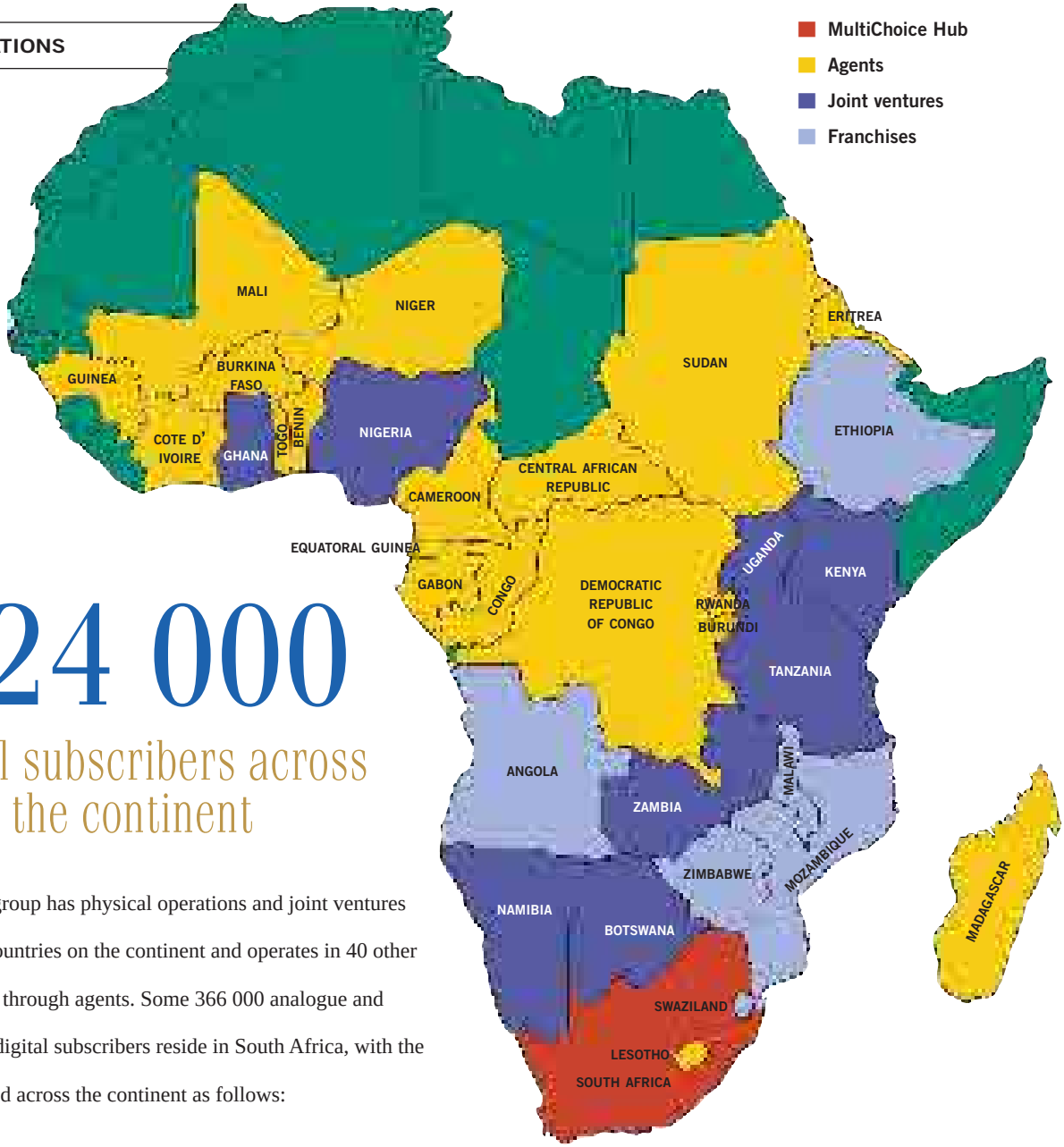
MultiChoice Africa (MultiChoice) (www.multichoice.co.za) provides television and subscriber management services locally and in some 48 other countries throughout sub-Saharan Africa and the adjacent islands.

The television service comprises several direct-to-home digital satellite television (DStv) bouquets, as well as a terrestrial analogue network in South Africa. The digital service consists of some 50 video channels, six data channels and 40 audio channels.

MultiChoice's aggregate subscriber base in Africa ended the financial year at 1,3 million households. The digital base for Africa as a whole grew by 130 000 subscribers to 924 000. While analogue subscribers churned by 21,9%, digital subscribers now account for 71% of the base on the continent.

The Dual View set-top box.

The South African pay-television market has matured, and no further growth in the subscriber base is expected here. However, growth potential still exists in other markets in sub-Saharan Africa, specifically West Africa. Revenues are expected to increase for some time due to the continued migration from the analogue service to the higher-earning digital platform.



924 000

digital subscribers across the continent

The group has physical operations and joint ventures in nine countries on the continent and operates in 40 other countries through agents. Some 366 000 analogue and 679 000 digital subscribers reside in South Africa, with the rest spread across the continent as follows:

COUNTRY	NO OF SUBSCRIBERS
Botswana	18 443
Ghana	6 660
Kenya	16 202
Namibia	31 250
Nigeria	63 694
Tanzania	8 544
Uganda	6 929
Zambia	12 764
Other	95 917

During the year enhancements to the DStv bouquet in South Africa included an interactive service (with t-mail), a Dual View set-top box (which allows for the simultaneous viewing of two different digital channels in one household) and Playjam games. The aim with these enhancements is to provide a more useful service to subscribers and assist in reducing churn.

In South Africa a new broadcast bill was promulgated and MultiChoice has applied for a broadcast licence. Regulatory matters in Africa are intensifying, with new broadcast bills under discussion in several countries.

Over the past year, costs were tightly contained. However, the business remains exposed to the oscillating value of the rand.

Funding national development priorities

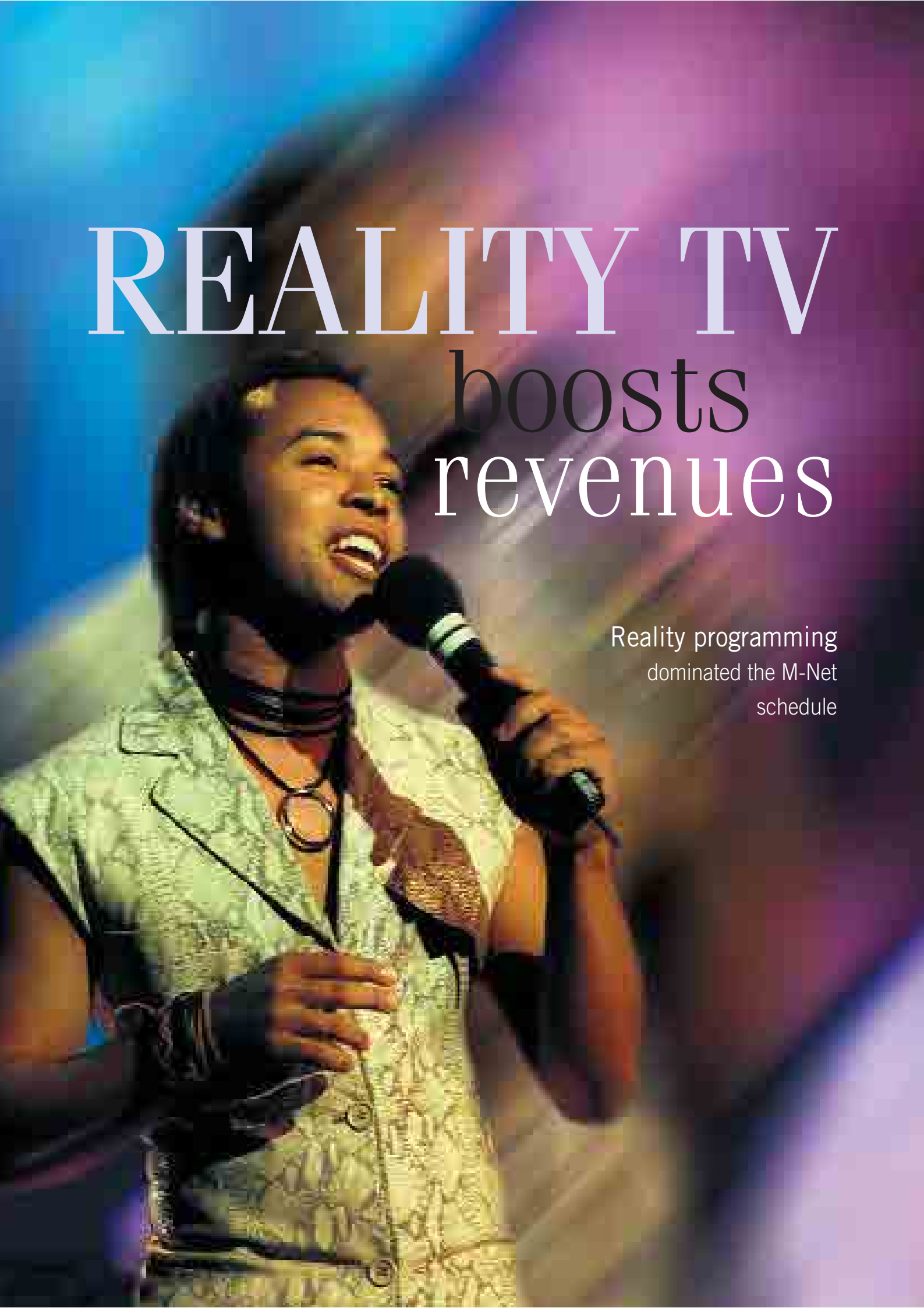
MultiChoice continues to develop a corporate social investment programme through, amongst others, its electronically delivered educational services. The MultiChoice Africa Foundation helps fund national development priorities, including education, arts and media development. The foundation has benefited approximately 15 000 teachers and 600 000 learners in 139 provincial learning centres.

The foundation also supported the efforts of the local Ministry of Education to recognise excellence in education through the National Teaching and Most Improved Schools Awards, and played a leading role in partnering with the presidential commission on information society and development of an e-schooling strategy framework. The foundation also supports a number of media development initiatives, including the All African Editors' Conference and the Niemann Fellow Scholarship.

Within the arts arena, the MultiChoice Vuka! Awards have provided a platform for 450 aspiring young film-makers by stimulating access to real world skills, while at the same time exposing key social issues.

Award recipients at the National Teaching and Most Improved Schools function.

The Nieman Fellowships for Journalists at Harvard University
Seen at a celebration of the Nieman Society of Southern Africa are from left: Barney Mthombothi (Editor – Sunday Tribune), Mathata Tsedu (Editor – Sunday Times) and Nkenke Kekana, former chairman of Parliamentary Portfolio Committee of Communication.



REALITY TV boosts revenues

Reality programming dominated the M-Net schedule

M-Net (www.mnet.co.za) and **SuperSport** (www.supersport.co.za) posted a satisfactory performance given a difficult market environment.

Subscription revenues were boosted by digital growth in sub-Saharan Africa. However, as the market in South Africa is mature, and the analogue service experienced heavier churn, the overall subscriber base remained static.

Advertising time sales, however, enjoyed an excellent year, boosted in part by the line-up of reality shows on the M-Net schedule and the world cup soccer and cricket tournaments in the case of SuperSport.

The M-Net broadcasting licence was renewed until 31 March 2010. This process involved detailed hearings before the regulatory body.

Reality programming dominated the M-Net schedule and during the year M-Net produced two major formats in *Big Brother 2* and *Idols*. Both shows attracted significant viewership and publicity. The channel also introduced a number of innovative interactive features.

M-Net produces 13 channels for DStv platforms across the African continent including Channel O, kykNET, KTV, The Movie Magic channels, The Series channel and Action channel. Its channels are among the most watched on the bouquets.

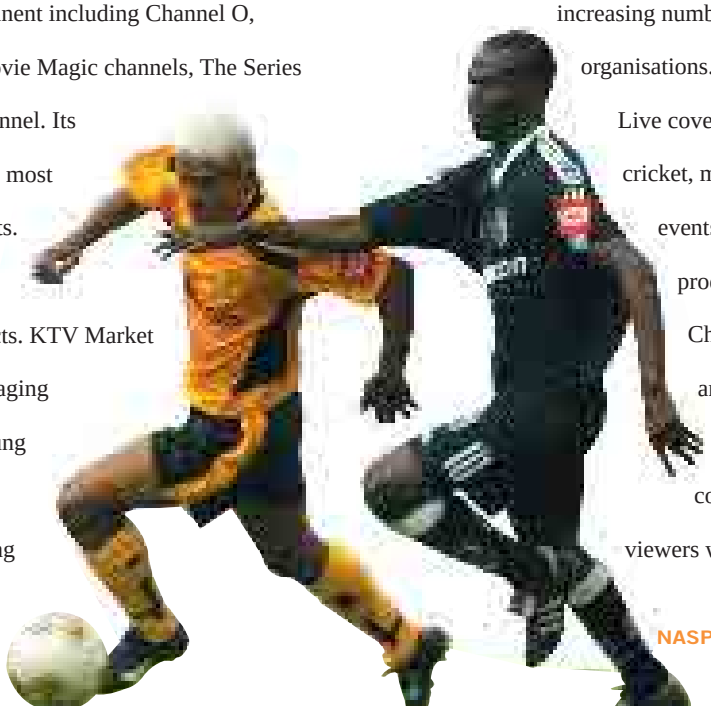
M-Net funds a number of social projects. KTV Market Day is aimed at encouraging entrepreneurship in young people. The New Directions and Emerging Dynamics in Television (EDiT) initiatives have assisted a number of emerging film-makers from across the African continent. *M-Net Cares*, a weekly television programme, is aimed at highlighting charitable causes in South Africa.

In addition, M-Net supported the following initiatives: Twilight Children, the Hillbrow-based shelter and learning centre for homeless children, Cotlands Baby Sanctuary (a home for HIV/Aids infected babies), Disabled People of South Africa, the SPCA and the Reach for a Dream Foundation (which arranges for some terminally ill children to act out their dreams).

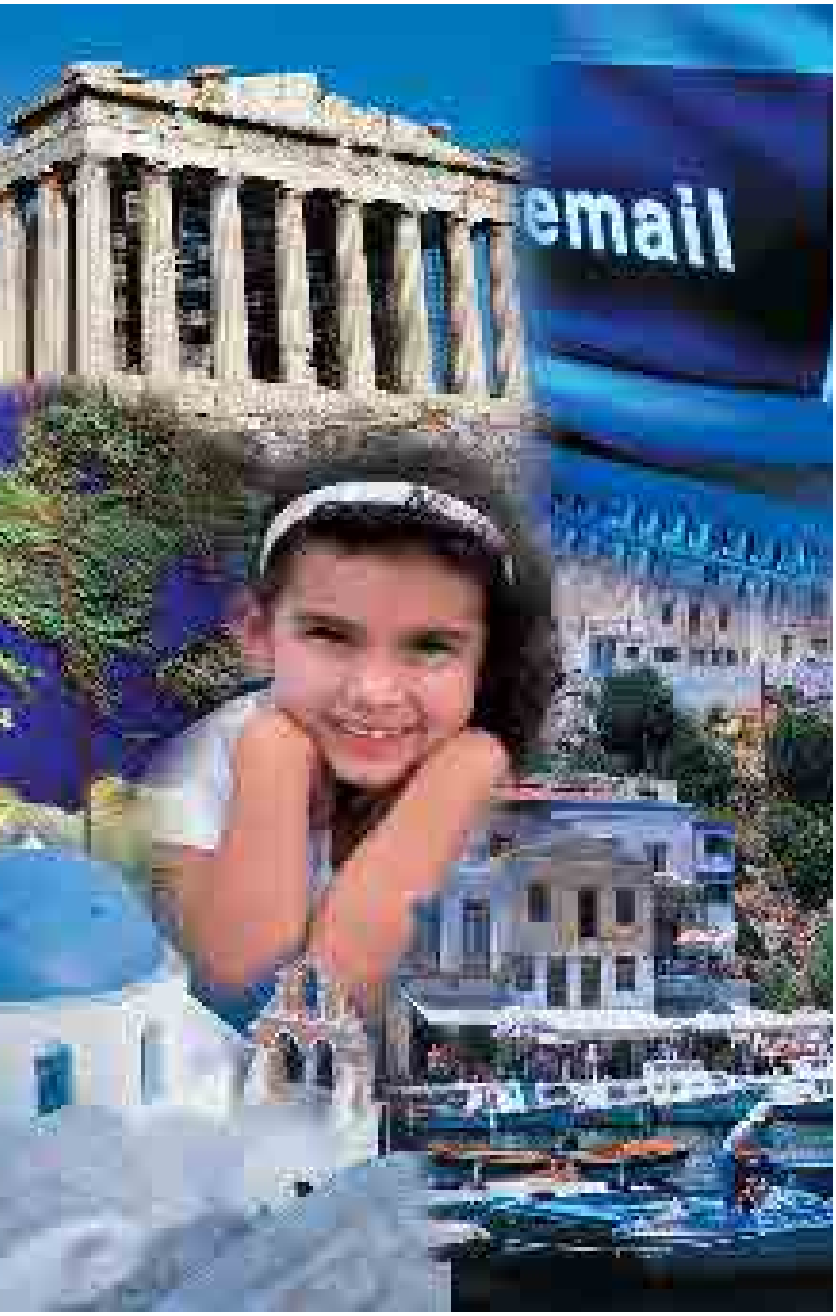
SuperSport retained its position as Channel of Champions and grew in popularity in a number of African countries during the financial year. It provided live coverage of every match in both the soccer and cricket World Cup tournaments.

The three 24-hour channels and the Highlights channel are enhanced by the facilities on channel 20 on DStv, which offers 'internet' information on television, as well as simultaneous action from up to six channels. SuperSport Zone (www.supersport.co.za) hosts web sites for an increasing number of clubs and organisations.

Live coverage of major soccer, rugby, cricket, motor sport, tennis and golf events, the multichannel productions of the Nedbank Golf Challenge and Commonwealth and Olympic Games, as well as boxing and minority sports content, provide SuperSport viewers with top value. ■



DRIVING our business



Mediterranean

NetMed, the television platform serving Greece and Cyprus, offers 17 channels in Greek, 11 European channels either locally produced or customised in the Greek language, plus more than 100 other European channels.

In Greece, the launch of a competing platform in 2001 created confusion and drove up costs. The competitor has now ceased broadcasting and our focus is on driving this business to profitability. Over the past year, our digital service, Nova, added 39 000 subscribers to end the year on 139 000. However, the region closed on 310 000 subscribers, marginally down from last year because of the decline in analogue subscribers. Once the market stabilises and costs are reduced to viable levels, subscriber growth should resume.

Nova offers a number of interactive-television (iTV) services – including home-banking information, a suite of games, horoscopes and shopping – under the brand name NovaScope. Nova offers SuperSport Extra, an enhanced iTV sports service with multiple camera angles, on-demand highlights and match statistics. In addition, the bouquet included Greek versions of the reality shows *Big Brother* and *The Wall*, complete with multiple video feeds, enhanced

iTV and SMS messaging applications. Two news services were added to the Nova bouquet – Euronews in seven European languages and TV5. The MGM movie channel was customised and added to the existing line-up of three movie channels, making a total of four.

It is hoped that the unrealistic escalation in the costs of sports rights that occurred over the past few years can now be curbed. The failure in 2002 of the competitor Alpha Digital may well result in cost corrections in the Greek market, but much work is still required to reduce the exorbitant cost structure of this market.

NetMed operates a two-channel analogue service. The tender process for two analogue terrestrial licences by the Greek government is temporarily suspended. Its digital satellite television licence, awarded in December 1999, has 11 years to run.

Thailand

United Broadcasting Corporation (UBC) (www.ubctv.com) provides a pay-television service through two different broadcasting systems – digital satellite and analogue cable.

UBC's bouquet consists of 16 international channels, four locally produced channels, nine UBC-branded channels, 15 education channels and six terrestrial free-to-air channels. Most of these are localised for the Thai market through subtitling or dubbing. UBC-branded channels include general Movies, Asian Movies, Kids, Series, News and X-Zyte (entertainment).

During the year UBC acquired 24 561 new subscribers (mostly satellite viewers) and ended the year with 437 589 households, 65% of which are digital.

The business is now cash flow positive.

However, provincial cable piracy is a significant inhibitor to subscriber growth. A number of strategies are addressing this problem, including legal action against violators and lobbying of government bodies to take firmer action against perpetrators.

UBC continues to support development of the youth of Thailand, and is actively campaigning to improve the lives of children, including assistance in the fight against drugs. The business received official recognition for its contribution against drug abuse.

The Thai government is preparing new broadcasting legislation with the aim of creating an independent broadcasting regulator. UBC has participated in the public hearings and working committees to develop broadcasting legislation and establish the new regulator. ■

MORE TIME online

INTERNET

Africa

M-Web Africa (www.mweb.co.za) maintained its leading position in the residential internet sector in the South African market, ending the year with 247 000 dial-up subscribers. In excess of 3 000 clients also made use of the company's hosting service. However, the dial-up market in South Africa has been sluggish for some time due to the high cost of telephone calls. On the positive side, every month the internet is assuming a more important role in consumers' daily lives.

Research shows that M-Web subscribers now spend 23% more time online than in the previous year.

The 'M-Web Anywhere' strategy provides access to content and e-commerce services from almost any wired or wireless communications device and from multiple locations. M-Web Africa's focus on adding value to the online experience, coupled with high service levels, has entrenched subscriber loyalty and reduced churn levels to new lows.

Corporate business has shown satisfactory growth. M-Web Africa provides the e-commerce platform for some 200 online retailers, including some of South Africa's leading retailers such as Pick 'n Pay and Makro (large food, appliances, clothing stores), Incredible Connection (computers and software), the Pro-Shop (golf accessories) and Look & Listen (CDs, videos, DVDs).

The newly launched business-to-business (B2B) trading platform, CommerceZone, has become the market leader in South Africa with sales volumes in excess of R6 billion traded during the last 12 months. This helped our other business units to cut costs considerably.

Management continues to focus on reducing costs.

Media24's internet businesses experienced strong growth in unique visitors and page impressions. The internet, as a provider of breaking news, was prominent when the war in Iraq prompted up to 850 000 readers to visit News24's web site *daily*.

Other web sites of e-Media24 strengthened their leadership in the categories motoring (Wheels24.co.za), health (Health24.co.za), food (Food24.co.za.) and women's interests (Women24.co.za).

Subscribe24.co.za, a facility for subscribers to purchase and manage their subscriptions online, made a contribution towards subscriptions to Media24's magazines.

Property24 and Absa formed a partnership to establish South Africa's strongest property portal with the highest number of residential properties listed for sale. The base of estate agents subscribing to Property24's software to manage stock online increased by 44%.

The growing world-wide trend towards payment for premium content augurs well for e-Media24's brands, but exact business models and payment mechanisms are still being developed.

Nasboek's consumer e-commerce platform, Kalahari.net, almost doubled revenues to R32 million over the past year.

Asia

In Thailand, the group's internet platform **M-Web Thailand** (www.mweb.co.th) is the premier local-content service provider. The group also controls one of Thailand's largest internet service providers, IKSC. Aware of its responsibilities to the communities in which it operates, M-Web Thailand supports the Care Thailand/Rak Thai Foundation, that assists children whose mothers have died as a result of HIV/Aids.

The group's principal activity in China is an interest in Tencent, an operator of communication, community and wireless services by its instant-messaging platform 'QQ'. This is a young business, which, although profitable and cash flow positive, is nonetheless still in a development phase and is constantly refining its business model.

The group also continued to develop SportsCN, one of the leading 'sports destinations' on the internet in China. ■

Technology

Irdeto Access (www.irdetoaccess.com) focuses on securing digital content from concept to user. For many years Irdeto Access has provided content protection technologies for analogue and digital video and, more recently, for internet protocol (IP) networks. It plays a pivotal role in securing our pay-television platforms worldwide.

Globally, the conditional access market is facing tough business conditions as pay television growth slows and competition increases for fewer opportunities, putting pressure on margins.

QUALITY of content

Print media

Media24 (www.media24.com) owns newspapers, magazines, printing and distribution businesses in South Africa. Some internet businesses relying on the expertise of our printed publications, have been established.

Market conditions have become harsher with launches of numerous new publications, and overtrading of the magazine sector.

In spite of these conditions, Media24's newspapers and magazines were able to maintain their share of the advertising market.

Circulations of mass publications were under pressure, but careful attention to quality of content and the opening of new markets through new publications, compensated for losses of circulation in the case of established titles.

Printing plants of both the newspaper businesses and Paarl Media Holdings (PMH), 73,68% of which is owned by Media24, achieved satisfactory results. Past capital investments in technologically advanced printing plants are starting to deliver good returns.

The printing industry's application to the South African Board of Trade and Tariffs to abolish import tariffs on imported paper failed. This decision to overprotect paper mills will put a damper on the media industry's ability to contain the cost of titles and to create new jobs.

Newspapers

Media24 Newspapers had an exciting year, and the established businesses maintained their position. New publications show promising results.

The Cape daily, *Die Burger*, completed the second phase of its press replacement plan with a R56 million investment. Taking advantage of new printing technology, the layout and presentation of the newspaper was enhanced. The stronger results for the Eastern Cape is gratifying.

A new community newspaper group was formed by consolidating our Western Cape community papers into Boland Koerante. A new weekly tabloid newspaper, *Kaapse Son*, was launched in the Western Cape.

Volksblad, a Free State daily, achieved stable circulation and a good growth in profits. Community newspapers in the Free State and Northern Cape provinces achieved good results.

The daily *The Natal Witness* (50% owned), covers the KwaZulu-Natal province. With a new press and new offices the focus is on cost containment and profitability.

Beeld remains a widely respected daily in the Northern provinces and has increased its share in the advertising market.

RCP Media, publisher of Sunday titles *Rapport*, *City Press* and *Sunday Sun* achieved good results. *City Press* operates in a very competitive market, but results were satisfactory. *Sunday Sun*, launched in 2001, has achieved monthly average sales in excess of 170 000 and has outperformed its direct competitor.

Soccer Laduuma, a weekly newspaper, continues to grow.

The biggest project for the year under review was the launch of a new tabloid, *Daily Sun*. Circulation approaching 200 000 has been achieved. Advertising income is still modest, but is growing from a low base. The intention is to address that market of readers who do not regularly buy a daily newspaper, in language familiar to them and at a price they can afford.

Media24's striving for quality was rewarded by a variety of awards for journalism and trophies for printing and typography.

Both NND (magazine distributor) and NLD (a national leaflet distributor) did well, servicing both internal and external clients. ■

LEADING positions

Huisgenoot, You and **Drum** have aggregate sales of 2,8 million copies a month

Magazines

Media24 Magazines is the largest publisher of consumer magazines in Africa and now has interests in some 30 titles. This sector is already overtraded and a shake-out of weaker titles is probable.

The weekly family magazines *Huisgenoot*, *You* and *Drum*, have aggregate sales of 2,8 million copies a month. Strong advertising revenues compensated to some extent for circulation figures, which remained under pressure.

The frequency of two of the women's titles, *Sarie* and *Fairlady*, was successfully changed from fortnightly to monthly, securing their leadership positions in their respective fields. *Sarie*'s achievements in a competitive environment was acknowledged by being named magazine of the year and editor Michelle van Breda was named editor of the year.

Advertising revenue of *True Love* grew and circulation is stable. The new Afrikaans version of *Woman's Value*, *dit*, is making good progress with circulation constantly improving. The concept enjoyed recognition when an agreement was reached for the publishing, under licence, of a Hungarian version of the magazine *Woman's Value*.

Content changes to *Finansies & Tegniek* and *Finance Week* have been well received by the market, but profitability is still an objective rather than an achievement.

Landbouweekblad maintained its position as the leading agricultural magazine in the country.

Touchline Media is a wholly-owned subsidiary, publishing titles which focus on sport and health. *Men's Health* is performing well and has been followed by the successful *Shape*, aimed at health-conscious women. Other magazines published through joint ventures or licence agreements with overseas publishers are *Runner's World* and *Golf Digest*.

Kick Off, a fortnightly publication in South Africa, was launched in Nigeria as a monthly publication. Touchline also launched *Bicycling SA* as a new joint venture with Rodale Press of the USA.

FHM, published jointly with its British owner Emap, continues to enjoy steady growth in circulation and is experiencing rising advertising support.

Media24 is active in the field of contract publishing through New Media, in which it holds a 50% stake. Monthly magazine *Insig* and quarterly *Visi* are published on behalf of Media24 by New Media.

Alchemy Publishing (50% owned) is the source of niche titles *Your Baby*, *Baba & Kleuter* and *Your Pregnancy*, all of which are aimed at present or prospective mothers.

SERVING its communities

Public Service

Media24 serves its communities through a variety of projects such as support for arts festivals, the collection of funds for disadvantaged children by means of its newspapers and support for educational projects.

Computer Centres

In recent years, Media 24 has focused on investment in education. In April 2001, former president Nelson Mandela opened the Mandela/Naspers computer centre in Calitzdorp.

Media in the Classroom

Media24's Media in the Classroom project seeks to establish a learning and reading culture among learners. Each year, thousands of learners and teachers are introduced to newspapers and the internet in the classroom, while almost R1 million is invested in schools annually by means of various projects. This action entails two projects, a national school newspaper project (NSP) and the Media24 news quiz for primary school learners. The NSP involves training about 3 500 school newspaper journalists, as well as an advanced course for school newspaper editors held in conjunction with the Department of Journalism at the University of Stellenbosch. A significant number of participants are from previously disadvantaged communities. In addition, schools enter their publications in the NSP's countrywide school newspaper competition, in which journalists from Media24 dailies are the judges.

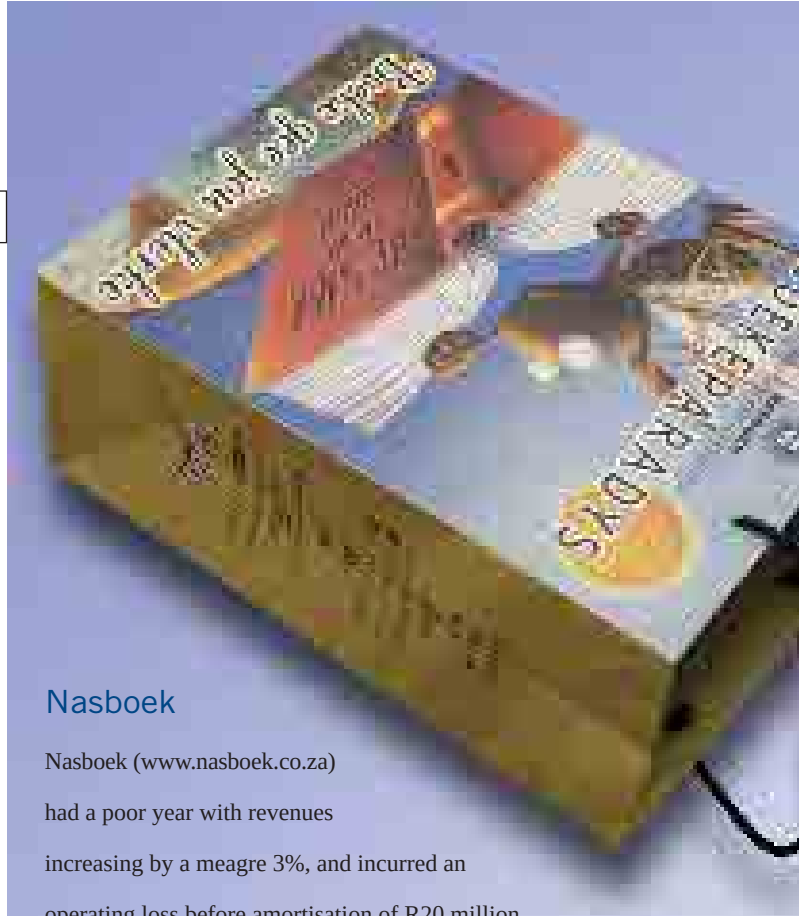
Media24's national news quiz for primary schools, launched in 2001, has proved to be extremely popular. Over 5 000 grade 7 learners from throughout South Africa participate in the competition.

Bursaries

Media24 provides bursaries to postgraduate students from previously disadvantaged communities to encourage them to pursue a degree in journalism and media studies. In 2002, the company signed a R1 million bursary fund agreement with the University of Stellenbosch, which will contribute to the establishment of a more representative journalistic corps in South Africa, as well as greater diversity on the university's campus. Five bursaries per year to students from previously disadvantaged communities offered over a six-year period are covered by the fund.

Transformation

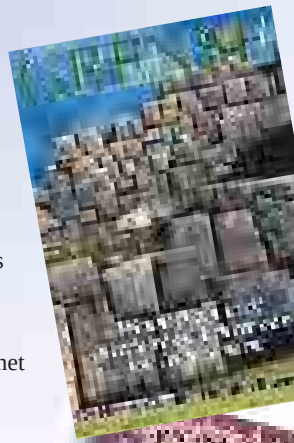
Affirmative action projects, bursaries for previously disadvantaged students, mentoring, fast-tracking, opportunities for management trainees from disadvantaged groups and strict procurement policies comprise the main elements of the transformation policy. ■



Nasboek

Nasboek (www.nasboek.co.za) had a poor year with revenues increasing by a meagre 3%, and incurred an operating loss before amortisation of R20 million. On the positive side, recent revenue levels are more encouraging. Despite the loss, Nasboek managed to improve its use of cash, mostly by improving debt collection. Some developments, including the liquidation of a big customer (CNA) and provisioning for stock write-downs, precipitated a re-organisation of Nasboek.

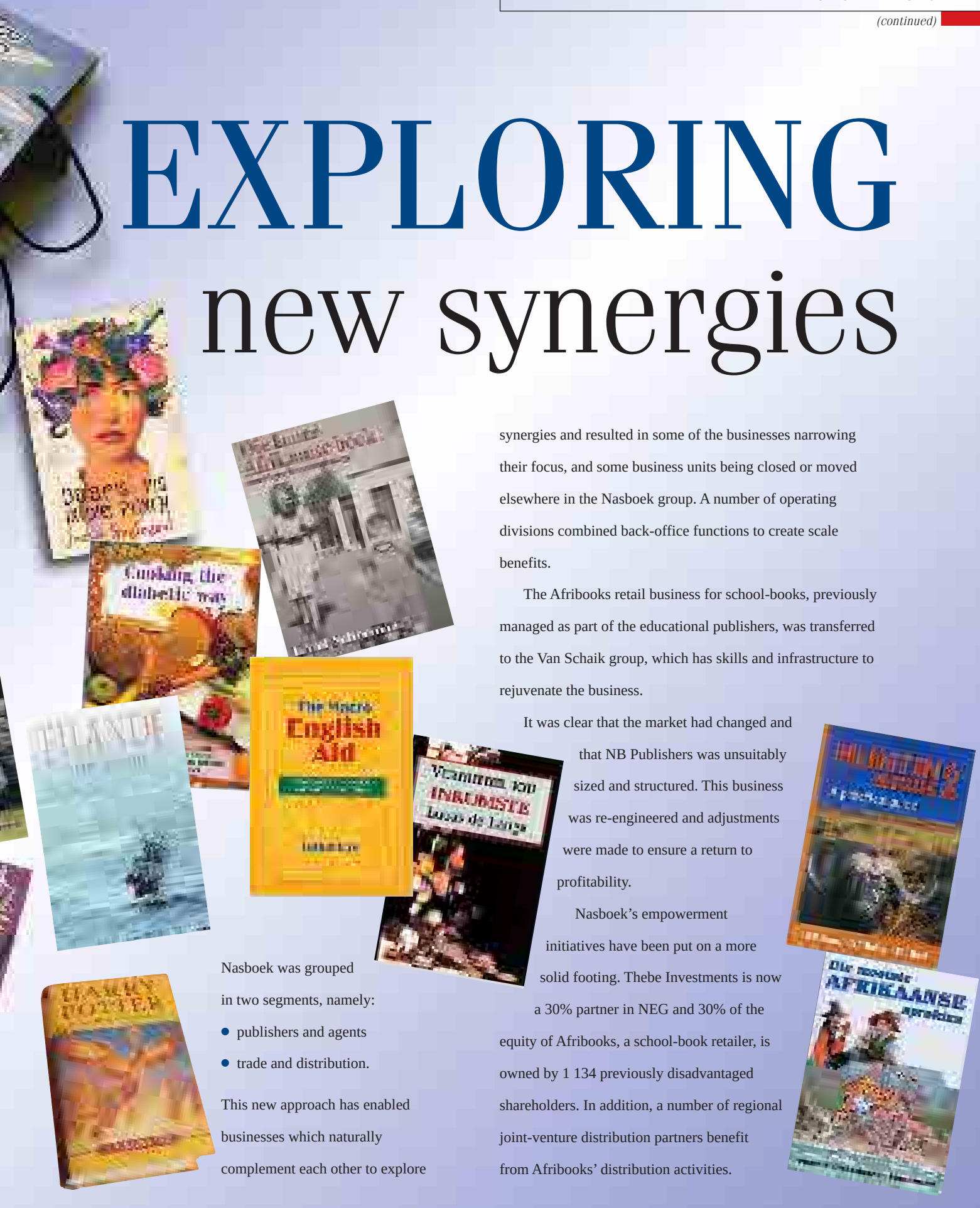
A number of Nasboek's businesses, including the Van Schaik academic retail group, the National Education Group (NEG), Van Schaik Publishers, Jonathan Ball Publishers and the specialist distribution business On the Dot each had a good year, and Kalahari.net nearly doubled its turnover for the second year running. However, the losses incurred by the religious publishers, retailer Lux Verbi, and Afrikaans publishers NB Publishers were disappointing.



Although profitable, Leserskring/Leisure Book/CDM clubs had a dull year from an operational perspective.

The focus for the second half of the 2003 financial year was a review, which resulted in a number of corrective measures, some of which have already been executed.

EXPLORING new synergies



Nasboek was grouped in two segments, namely:

- publishers and agents
- trade and distribution.

This new approach has enabled businesses which naturally complement each other to explore synergies and resulted in some of the businesses narrowing their focus, and some business units being closed or moved elsewhere in the Nasboek group. A number of operating divisions combined back-office functions to create scale benefits.

The Afribooks retail business for school-books, previously managed as part of the educational publishers, was transferred to the Van Schaik group, which has skills and infrastructure to rejuvenate the business.

It was clear that the market had changed and that NB Publishers was unsuitably sized and structured. This business was re-engineered and adjustments were made to ensure a return to profitability.

Nasboek's empowerment initiatives have been put on a more solid footing. Thebe Investments is now a 30% partner in NEG and 30% of the equity of Afribooks, a school-book retailer, is owned by 1 134 previously disadvantaged shareholders. In addition, a number of regional joint-venture distribution partners benefit from Afribooks' distribution activities.

FOCUS ON higher education

Educor

Educor is the largest private education provider in higher and further education in Africa. The major brands in the group are Damelin, Allenby Campus, International Colleges Group (ICG), Graduate Institute of Management and Technology (GIMT), Midrand Graduate Institute and Academy for Mathematics. Further consolidation was implemented. This enabled the group to focus its resources on the major brands. An integration process of the Allenby brand into the Damelin group was initiated and should yield benefits in improved capacity utilisation and profitability.

Corporate education is a major market opportunity and the group has been restructured to serve this market.

Regulatory conditions became tougher with stricter course-approval procedures and a much higher cost of accreditation. The group is engaging with regulatory bodies such as the Department of Education and the Council for Higher Education to ensure compliance with quality standards.

Since credit is extended to students, cash flow is a challenge in education. Systems, people and key metrics were developed over the past year to improve our collections and to better manage our cash flows.

Educor's corporate, social investment programme has focused on:

- bursaries under its key brands
- support of The Walter Sisulu Bursary and Training Fund, whose mission is to help deliver Africa's education renaissance
- the Midrand Support Centre for trauma. ■

NASPERS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2003

FINANCIAL statements

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CORPORATE GOVERNANCE REVIEW

Naspers ('the company') is a multinational media group with operations in Africa, Europe and South East Asia. Its primary listing is on the JSE Securities Exchange South Africa. It also has a secondary listing on the Nasdaq National Market in New York with its ADR (American Depositary Receipt) programme. This means that the board of Naspers is subject to the governance guidelines contained in the King Report on Corporate Governance for South Africa 2002 (King II), as well as the recently enacted Sarbanes-Oxley Act by virtue of it having to meet the applicable SEC (Securities and Exchange Commission in the USA) requirements.

The directors of Naspers recognise the need to conduct the business of the group with integrity and in accordance with suitable governance practices.

Accordingly, the board has reviewed King II, Sarbanes-Oxley and the applicable SEC requirements. Audits of Naspers and its subsidiaries were performed in compliance with the respective governance guidelines. The requisite improvements to the group's corporate governance procedures and policies have either been implemented or are in the process of being made.

The board

Naspers has a unitary board. With the exception of the managing and financial directors, it comprises all non-executive directors, most of whom are independent (see page 144 for details on individual board members). The board and each of its subcommittees have adopted a charter. In terms of the board charter, the board:

- determines the company's mission, provides strategic direction to the company and is responsible for the approval of strategic plans and the implementation of values in support thereof
- approves the annual business plan and budget proposed by management
- retains full and effective control over the company and monitors management with regard to the implementation of the approved annual budget and business plan
- appoints the managing director, who reports to the board and ensures that succession is planned
- approves the company's financial statements, interim reports and preliminary reports, as well as the form 20-F filing required by the SEC, and is responsible for the integrity and reasonable presentation thereof
- assesses the viability of the company and the group on a going concern basis
- determines the company's communication policy
- determines director selection, orientation and evaluation
- ensures that the company has appropriate risk management, internal control and regulatory compliance procedures in place and that it communicates adequately with shareowners and stakeholders
- establishes board subcommittees with clear terms of reference and responsibilities as appropriate
- defines levels of delegation in respect of specific matters, with required authority to board sub-committees and management
- monitors non-financial aspects pertaining to the business of the company
- considers and, if appropriate, declares the payment of dividends to shareowners
- regularly evaluates its own performance and effectiveness.

The board and its committees are supplied with full and timely information, which enables them to discharge their responsibilities. All directors have access to the company secretary and to independent professional advice in appropriate circumstances at the company's expense. Directors' interests in other boards and contracts are regularly declared and recorded. A formal code to manage the potential conflict between a director's interests and those of the group has been adopted.

In terms of the company's articles of association, one third of the non-executive directors retire annually, and re-appointment is not automatic. The board identifies and evaluates candidates for appointment as directors. At present one third of the members of the board are from previously disadvantaged groups.

The roles of chairman and managing director are separate. Following the appointment of new directors to the board, an orientation programme is arranged to facilitate their understanding of the group.

Board committees

While retaining overall accountability, and excluding those matters reserved for the board itself, the board has delegated to the managing director the authority to run the day-to-day business of the company. The board has also established the following subcommittees:

- audit and risk management committee
- human resources and nomination committee
- budget committee.

Each committee acts within agreed terms of reference.

Audit and risk management committee

The scope of this committee includes risk management, as well as compliance with the JSE, SEC and Nasdaq requirements. A board-approved charter, which defines the committee's mandate and responsibilities, has been adopted. The main responsibilities of the committee are to:

- review and recommend to the board, the company's annual reports, interim and preliminary reports, as well as the form 20-F filing required by the SEC
- review and make recommendations to the board relating to the viability of the companies concerned and the group as an ongoing concern
- receive the external auditors' reports
- evaluate and approve the external auditors' plans, scope of findings and reports
- evaluate the effectiveness of the internal auditing function, including its purpose, activities, scope, adequacy and costs, and approve the annual internal audit plan
- evaluate procedures and systems (including, without limitation, internal controls, disclosure control and procedures, and information systems) introduced by management, thus ensuring that these are functioning effectively
- review and approve the activities, scope, adequacy and effectiveness of the company's risk management and regulatory procedures
- ensure compliance with the group's code of ethics as well as the code for financial officers
- evaluate legal matters which may affect the financial statements
- establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal control or auditing

matters.

The chairman and members of this committee are all non-executive directors. Mr J J M van Zyl acts as the financial expert on the committee. The committee meets at least twice a year with members of executive management, as well as the internal and external auditors.

Both the internal and external auditors have unrestricted access to the committee. The external auditors may report their findings to the committee in the absence of members of executive management.

It is a duty of the audit committee to ensure that the independence of the external auditor is not impaired. A policy regulating non-audit services provided by the external auditors has been adopted.

Human resources and nomination committee

This committee, comprising a majority of non-executive directors, one of which acts as chairman, meets at least three times a year. A board-approved charter, which defines the committee's mandate and responsibilities, has been adopted. The main responsibilities of the committee are to:

- determine, approve and develop the company's general policy on remuneration, as well as specific policy in respect of executive remuneration
- review and approve remuneration packages of executive directors, including bonus incentive schemes and increases
- appraise the performance of the managing director
- review the general level of remuneration for directors of the board, as well as its committees, and recommend proposals in this respect for approval by shareowners in general meeting
- fulfil delegated responsibilities in respect of the Naspers share scheme
- regularly review the company's code of ethics and the effectiveness of the ethic management programme of the company
- evaluate cases of unethical behaviour by senior managers and executives of the company
- review employment equity and skills development plans
- make recommendations to the board in respect of the appointment of new directors
- evaluate the performance of the board, subcommittees of the board, directors and the chairman

Budget committee

The majority of members on this committee are non-executive directors. The committee meets annually to evaluate and propose to the board the group's business plan and budget.

Discharge of responsibilities

The board has determined that all the subcommittees have satisfied their responsibilities for the year under review in compliance with their terms of reference.

Risk management

As an international multimedia group with various business activities, the group is exposed to a wide range of risks, and some may have serious consequences. However, the diversified nature of the group helps to spread the risk. The board is of the opinion that there is no single risk that would endanger the group's viability as a going concern.

Identification of risk and risk management forms part of each business unit's business plan and budget. These are thoroughly assessed by the budget committee on an annual basis. The audit and risk committee reviews the risk management process.

At present the following major risks are evident:

- **Geopolitical or economic instability**

  There is an element of political risk in most countries in which the group operates, some higher than others. Whilst this risk is beyond our control, care is taken to assess this risk when entering a new market.

  In addition, the group operates in more than 50 countries across the globe, thereby spreading its exposure.

- **Regulatory disruption**

  The group's pay-television, internet and other media operations are generally subject to government regulation in many of the countries in which they operate. Delays or failure in obtaining or renewing the necessary regulatory approvals could disrupt the group's ability to offer its services.

  To mitigate against this risk, the group cooperates, discusses and consults on a continuous basis with the various regulators in the countries in which it operates and endeavours to comply with regulatory terms and conditions. Furthermore, the group actively participates in and contributes to the regulatory processes in the various territories. In addition, some businesses have been developed together with local partners, who are familiar with local market conditions.

- **Epedemics**

  Sars (severe acute respiratory syndrome) is starting to affect our businesses in South-East Asia. A number of counter-measures, which included, amongst others, establishing a remote back-up office to avoid a

closedown in the case of the current building being quarantined, were taken.

In China, business development has been disrupted as business is now conducted by e-mail, fax and telephone. Physical meetings are difficult to arrange. In some territories, the threat of Sars has significantly reduced the number of tourists visiting that country and as a result, hotel occupancy is extremely low, resulting in a significant number of hotels cancelling their subscriptions to pay-television offerings. Whilst measures we are taking are not foolproof, they will go some way to reduce this risk.

- **Satellite failure**
  Many of the group's pay-television services are delivered to subscribers via satellite transmission. Satellites are subject to the risk of damage or destruction, which may disrupt the transmission of our services. To reduce this risk, different solutions have been applied depending on the satellite and satellite suppliers. These range from pre-emptible and non-premptible back-up capacity to built-in redundancy. In the final analysis, it is a business decision weighing up the risk against the cost.
- **Competition and technical innovations**
  The group operates in competitive markets that are subject to rapid technological change that may wrong-foot some or all competitors in a market. To mitigate this risk, the group works at product innovation and analysing emerging trends, and invests significant resources in developing new products and services.
- **Currency fluctuations**
  The group's reporting currency is the South African rand, which has a history of volatility against the US dollar and the euro. The group has substantial input costs denominated in foreign currency. To mitigate this risk, the group has a policy to hedge major outstanding foreign currency denominated contracts by its South African entities. Currency fluctuations will also result in unrealised translation gains or losses arising when reporting the group's financial results, which will distort financial results.

Internal controls

Internal control systems were introduced to provide management and the board with comfort regarding the financial position of the company, safeguarding of assets (including information) and compliance with regulatory requirements. The internal and external auditors monitor the functioning of the internal control systems and make recommendations to management and the audit and risk management committee.

All internal control systems do, however, have inherent shortcomings, including the possibility of human error and the evasion or flouting of control measures. Even the best internal control system may provide only partial assurance.

The group evaluated its internal control systems as at 31 March 2003 with specific regard to financial reporting and safeguarding of assets against unauthorised purchases, use or sales. During the period under review the internal control system found no material shortcomings which led to a material loss which should be reflected in the financial statements or the external auditors' report.

Worker participation

Processes are in place to promote healthy employer/employee relationships by communicating appropriate information through consultation and by identifying and resolving conflict. Several staff forums exist within the group and electronic or print means of communication are used to keep staff informed. All permanent staff members qualify for participation in a share scheme.

Affirmative action

In the group's South African operations affirmative action is an ongoing focus area under the umbrella of the employment equity programme. Targets in respect of staff composition are set annually for the various business units and are integrated into their business plans and budgets. This is a serious focus area.

Code of ethics

Naspers is committed to maintaining its integrity in dealings with all. The company's code of conduct emphasises honesty and respect. The code of conduct applies to all employees and forms part of their service contracts.

Staff development takes place through formal training and offering employees opportunities in the workplace.

Corporate governance and subsidiaries

Several of Naspers's subsidiaries are governed by independent boards of directors, all of which have established their own governance practices and sub-committees that comply with the JSE, SEC and Nasdaq requirements. ■

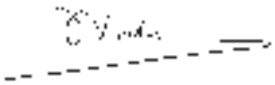
STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The annual financial statements of the group and the company are the responsibility of the directors of Naspers Limited. In discharging this responsibility, they rely on the management of the group to prepare the annual financial statements presented on pages 46 to 140 in accordance with South African Statements of Generally Accepted Accounting Practice and to prepare a reconciliation of consolidated net income and consolidated shareholders' equity to their equivalents under accounting principles generally accepted in the United States of America. As such the statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

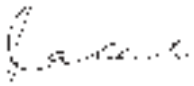
The directors accept responsibility for the integrity and fair presentation of the annual financial statements and are satisfied that the systems and internal financial controls implemented by management are effective. The directors believe that the group has adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The financial statements support the viability of the company and the group.

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the financial statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 45.

The financial statements were approved by the board of directors on 20 June 2003 and are signed on its behalf by:



T Vosloo
Chairman



J F Malherbe
Vice-chairman

CERTIFICATE BY COMPANY SECRETARY

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

G M Coetzee
Company secretary

20 June 2003

AUDITORS

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF NASPERS LIMITED

We have audited the consolidated balance sheets of Naspers Limited and its subsidiaries as at 31 March 2003 and 2002, and the related consolidated income statements, cash flow statements and statements of changes in shareholders' equity for each of the three years in the period ended 31 March 2003, set out on pages 46 to 133. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audits.

Scope

We conducted our audits in accordance with auditing standards generally accepted in South Africa and in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

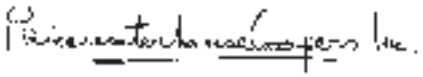
We believe that our audits provide a reasonable basis for our opinion.

Audit opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Naspers Limited and its subsidiaries at 31 March 2003 and 2002 and the results of their operations, cash flows and changes in shareholders' equity for each of the three years in the period ended 31 March 2003 in conformity with South African statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act, 1973.

US GAAP reconciliation

Statements of Generally Accepted Accounting Practice in South Africa vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of consolidated net income for each of the three years in the period ended 31 March 2003 and the determination of consolidated shareholders' equity at 31 March 2003 and 2002 to the extent summarised in Note 40 to the consolidated financial statements.



PricewaterhouseCoopers Inc.
Registered Accountants & Auditors
Chartered Accountants (SA)

Cape Town, South Africa

20 June 2003

DIRECTORS' REPORT TO SHAREHOLDERS

for the year ended 31 March 2003

Operating results

During the past year, the group focused on improving margins in its established businesses and driving new ventures to profitability. Relatively few new opportunities were developed.

Over the past year:

- MIH Limited (MIHL) sold its interest in OpenTV. This transaction was accounted for as a discontinuing operation and a profit of R751 million was recorded. This profit includes the release of foreign currency translation reserves of R673 million.
- the group completed a reorganisation in terms of which the minority interests in MIH Holdings Limited (MIHH) and MIHL were exchanged for Naspers N ordinary shares. The process concluded with the secondary listing of Naspers on the Nasdaq National Market. Goodwill of R1,8 billion and other intangible assets, including brand names and patents, of R0,5 billion were created on the balance sheet.

Conditions in most markets in which the group operates remain tough. In this environment, our focus on improving margins in our mature businesses, and driving new ventures to profitability, resulted in operating profit before amortisation and impairment growing to R527 million in the current year.

The income statement reflects an amortisation charge of R342 million. R276 million relates to the amortisation of goodwill and R66 million to the amortisation of other intangible assets.

The impairment of programming rights of R155 million relates to pre-payments to certain Greek football teams to broadcast their matches in the future. Given the confused state of Greek football, this may not be recoverable and, as reported at the interim stage, the board believes it prudent to provide for.

Finance costs at R223 million were lower than last year, partially due to lower levels of borrowing in the group. The stronger rand, over which the group has no influence, resulted in favourable translation gains that reduced finance costs by R214 million (2002: R25 million).

Whilst a firmer rand will be of benefit to South African units, which have foreign currency input costs, the group follows a policy of covering forward its expenses denominated in foreign currency, which will dampen the beneficial impact. The stronger currency also resulted in our foreign earnings translating into fewer rands.

Exceptional items total R61 million. This comprises mainly a profit of R121 million on the sale and revaluation of Liberty Media Corporation shares and a charge of R67 million for the group's share in SuperSport's impairment of its MIHL shares.

The tax charge of R159 million includes a once-off net credit of R118 million relating to the creation of a deferred tax asset in a group company.

Cash generated from continuing operations amounted to R1,4 billion.

On 31 March 2003, the group had net consolidated cash resources of R2,1 billion and interest-bearing liabilities of R1,0 billion, excluding capitalised satellite and other transmission equipment leases.

Headline earnings per N ordinary share from continuing operations amounted to 1 cent, compared to a loss of 162 cents last year.

A segmental analysis reflecting the revenues and results per individual business segment appears on page 99 of the annual report.

Nature of business

Naspers Limited was incorporated in 1915 under the laws of the Republic of South Africa. The principal activities of Naspers and its operating subsidiaries (collectively, the group) are the operation of pay-television and internet subscriber platforms and the provision of related technologies, the publishing, distribution and printing of magazines, newspapers and books, and the provision of private education services. These activities are conducted through subsidiaries, joint ventures and associated companies primarily in South Africa, sub-Saharan Africa, Greece, Cyprus, Thailand, China and the Netherlands. The group disposed of its interest in OpenTV during the year, with operations in the United States of America.

Share capital

The authorised share capital at 31 March 2003 was:

1 250 000 A ordinary shares of R20 each; and

500 000 000 N ordinary shares of 2 cents each.

A total of 140 526 915 N ordinary shares were issued during the year, relating to the following transactions:

38 263 345 N ordinary shares were issued to acquire the minority interests of MIH Holdings Limited;

98 803 261 N ordinary shares were issued to acquire the minority interests of MIH Limited; and

3 460 309 N ordinary shares were issued to the Naspers Share Incentive Trust.

The issued share capital at 31 March 2003 was:

712 131 A ordinary shares of R20 each	R14 242 620
296 816 639 N ordinary shares of 2 cents each	R5 936 333

Property, plant and equipment

At 31 March 2003 the group's investment in property, plant and equipment amounted to R3 592 million, compared with R4 502 million last year. Details are reflected in Note 4 of the annual financial statements.

Capital commitments at 31 March 2003 amounted to R110 million (2002: R89 million).

Dividends

The board recommends that a dividend of 30 cents per N ordinary share be declared (2002: 25 cents) and 6 cents per A ordinary share (2002: 5 cents).

Group

Naspers Limited is not a subsidiary of any other company. The name, country of incorporation and effective financial percentage interest of the holding company in each of the Naspers group's principal subsidiaries are disclosed on page 68 of this report. All subsidiaries and material associated companies and joint ventures share the same financial year-end as the holding company, except for United Broadcasting Corporation Public Company Limited, which has a 31 December year-end. The holding company's interest in the aggregate amount of income after tax earned by subsidiaries totalled R220,5 million (2002: R88,6 million) and its interest in the aggregate losses after tax amounted to R138,6 million (2002: R1 979,8 million).

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

Directors, secretary and auditors

Professor M J de Vries passed away on 5 July 2002. Professor H S S Willemse was appointed to the board of directors on 30 August 2002, representing the Welkom Debenture Scheme. The directors' and the secretary's names and business and postal address are presented on pages 144 and 145 of the annual report. Directors' shareholdings in the issued share capital of the company are disclosed in Note 13 to the annual financial statements.

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

Borrowings

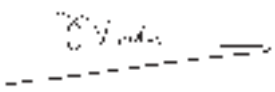
The company has unlimited borrowing powers in terms of its articles of association.

Subsequent events

Subsequent to 31 March 2003, Media24 Limited acquired, in terms of a put option agreement with the NR Retief Trust, an additional interest of 10,53% in its subsidiary, Paarl Media Holdings (Proprietary) Limited, for a purchase consideration of R95 million in cash. This will increase Media24's effective financial interest in Paarl Media to 84,21%. This acquisition is not expected to have a material impact on the group's financial results.

NetMed NV announced subsequent to 31 March 2003, that subject to the fulfilment of certain conditions precedent, it had reached an agreement with Teletypos SA, in terms of which Teletypos will exchange its interest in MultiChoice Hellas SA for approximately euro 6,6 million in cash and a 12,5% equity interest in NetMed NV.

Signed on behalf of the board



T Vosloo
Chairman

J P Bekker
Managing director

20 June 2003

BALANCE

CONSOLIDATED BALANCE SHEETS

at 31 March 2003 and 2002

	Notes	31 March 2003 R'000	31 March 2002 R'000
Assets			
Non-current assets			
Property, plant and equipment	4	**3 592 251**	4 502 207
Goodwill and other intangible assets	5	**2 224 935**	3 614 008
Investments and loans	6	**733 460**	644 006
Marketable debt and equity securities	7	**—**	779 770
Programme and film rights	8	**227 295**	508 747
Deferred taxation	9	**126 114**	58 821
Total non-current assets		**6 904 055**	10 107 559
Current assets			
Inventory	10	**412 580**	483 922
Programme and film rights	8	**403 973**	436 202
Accounts receivable	11	**1 151 823**	1 534 884
Other receivables	12	**324 667**	605 054
Amounts owing by related parties	13	**38 070**	36 624
Marketable debt and equity securities	7	**152 559**	442 841
Cash and cash deposits		**2 792 117**	2 998 503
Total current assets		**5 275 789**	6 538 030
Total assets		**12 179 844**	16 645 589
Equity and liabilities			
Shareholders' equity			
Share capital and premium	14	**4 520 883**	1 857 104
Non-distributable reserves		**118 744**	946 548
Distributable reserves	15	**(1 128 533)**	(1 417 236)
Total shareholders' equity		**3 511 094**	1 386 416
Minority interest		**300 842**	4 364 117
Commitments and contingencies	20	**—**	—
Non-current liabilities			
Post-retirement medical liability	16	**146 256**	125 843
Long-term liabilities			
Capitalised finance leases	17	**2 277 153**	3 031 373
Interest-bearing loans	17	**412 372**	1 528 095
Programme and film rights	17	**157 508**	302 287
Non-interest-bearing loans	17	**33 214**	62 383
Deferred taxation	9	**70 671**	67 365
Total non-current liabilities		**3 097 174**	5 117 346
Current liabilities			
Current portion of long-term liabilities	17	**1 246 645**	849 825
Provisions	18	**60 062**	170 944
Accounts payable		**944 296**	1 011 184
Accrued expenses and other current liabilities	19	**1 923 762**	2 346 839
Amounts owing to related parties	13	**259 171**	156 686
Taxation		**222 664**	125 681
Bank overdrafts and short-term loans		**614 134**	1 116 551
Total current liabilities		**5 270 734**	5 777 710
Total equity and liabilities		**12 179 844**	16 645 589
Net asset value per N ordinary share (cents)		**1 360**	936

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

CONSOLIDATED INCOME STATEMENTS

for the years ended 31 March 2003, 2002 and 2001

	Notes	31 March 2003 R'000	2002 R'000	2001 R'000
Revenue	21	**11 186 719**	9 836 609	8 265 650
Cost of providing services and sale of goods		**(6 443 877)**	(5 786 549)	(4 894 055)
Selling, general and administration expenses		**(3 551 248)**	(3 340 884)	(3 191 732)
Earnings before interest, taxation depreciation, amortisation and impairment		**1 191 594**	709 176	179 863
Depreciation of property, plant and equipment		**(664 116)**	(636 158)	(464 021)
Operating profit/(loss) before amortisation and impairment		**527 478**	73 018	(284 158)
Amortisation of goodwill and other intangible assets		**(341 893)**	(373 434)	(43 829)
Impairment of programme rights		**(155 316)**	—	—
Operating profit/(loss)	22	**30 269**	(300 416)	(327 987)
Net finance costs	23	**(222 954)**	(411 745)	(301 487)
Income from investments	24	**20**	3 831	797
Share of equity-accounted results	25	**168 496**	157 265	(59 743)
Exceptional items	26	**61 300**	5 062	815 335
Profit/(loss) before taxation		**37 131**	(546 003)	126 915
Taxation	27	**(159 645)**	(147 814)	(158 344)
Loss after taxation		**(122 514)**	(693 817)	(31 429)
Minority interest		**(161 793)**	328 128	183 531
Net (loss)/income from continuing operations		**(284 307)**	(365 689)	152 102
(Loss)/profit from discontinuing operations	28	**(140 810)**	(605 313)	847 826
Profit/(loss) arising on discontinuance of operations	28	**750 878**	(952 248)	—
Net income/(loss) attributable to shareholders		**325 761**	(1 923 250)	999 928
Earnings/(loss) per N ordinary share (cents)				
– basic	29	**185**	(1 320)	715
– fully diluted	29	**185**	(1 320)	679
Headline loss per N ordinary share (cents)	29	**(19)**	(313)	(346)
Dividend per A ordinary share (cents)		**5**	—	—
Dividend per N ordinary share (cents)		**25**	24	24
Proposed dividend per A ordinary share (cents)		**6**	—	—
Proposed dividend per N ordinary share (cents)		**30**	—	—

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

CASH FLOW

CONSOLIDATED CASH FLOW STATEMENTS

for the years ended 31 March 2003, 2002 and 2001

	Notes	31 March 2003 R'000	2002 R'000	2001 R'000
Cash flows from operating activities				
Cash from/(utilised in) activities	30	**1 943 045**	703 904	(89 355)
Investment income received		**20**	3 831	796
Dividends received from equity-accounted companies		**49 148**	40 609	33 417
Cash generated from/(utilised in) operating activities		**1 992 213**	748 344	(55 142)
Finance cost paid		**(516 954)**	(488 106)	(218 139)
Taxation paid		**(69 314)**	(32 315)	(58 757)
Dividends paid		**(37 058)**	(35 514)	(33 576)
Dividends paid to minority shareholders		**(25 948)**	(2 660)	—
Cash utilised in discontinuing operations		**(277 049)**	(573 991)	(432 457)
Net cash from/(utilised in) operating activities		**1 065 890**	(384 242)	(798 071)
Cash flows from investment activities				
Property, plant and equipment acquired		**(492 135)**	(551 557)	(668 294)
Proceeds from disposal of property, plant and equipment		**63 583**	85 817	57 905
Additional investment in existing subsidiaries		**(50 198)**	(122 241)	(21 908)
Acquisition of subsidiaries	31	**—**	(416 434)	101 430
Disposal of subsidiaries	32	**(566 409)**	(20 122)	35 882
Net investment in associated and other companies		**132 243**	(90 669)	(511 543)
Investment in intangible assets		**(63 845)**	(15 028)	(56 436)
Short-term marketable debt and equity instruments sold		**1 210 497**	42 279	401 008
Net cash from/(used in) investment activities		**233 736**	(1 087 955)	(661 956)
Cash flows from financing activities				
Net (repayments)/advances of long-term loans and liabilities		**(520 088)**	754 024	14 045
Repayments of capitalised lease liabilities		**(191 258)**	(227 519)	(104 654)
Increase in short-term loans		**60 098**	13 351	51 299
Issue of shares: capital and premium		**—**	84 512	—
Contributions by minority shareholders		**14 956**	194 496	1 434 887
Net cash (used in)/from financing activities		**(636 292)**	818 864	1 395 577
Net increase/(decrease) in cash and cash equivalents		**663 334**	(653 333)	(64 450)
Forex translation adjustments on cash and cash equivalents		**(367 303)**	541 725	403 742
Cash and cash equivalents at beginning of the year		**1 881 952**	1 993 560	1 654 268
Cash and cash equivalents at end of the year	33	**2 177 983**	1 881 952	1 993 560

The principal non-cash transactions are the issue of shares as consideration for business acquisitions (Note 3) and the acquisition of property, plant and equipment using finance leases (Note 4).

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 31 March 2003, 2002 and 2001

	Share capital and premium			Non-distributable reserves		
	Class A R'000	Class N R'000	Distributable reserves R'000	Other R'000	Foreign currency translation reserves R'000	Total R'000
Balance 1 April 2000	**14 243**	**1 611 768**	**(495 566)**	**1 523**	**48 598**	**1 180 566**
Foreign currency translation	—	—	—	—	341 287	341 287
Treasury shares movement	—	926	—	—	—	926
Adjustments to prior year goodwill	—	—	54 895	—	—	54 895
Capital contribution by minorities	—	—	8 639	—	—	8 639
Net attributable income	—	—	999 928	—	—	999 928
Dividends	—	—	(33 576)	—	—	(33 576)
Balance 31 March 2001	**14 243**	**1 612 694**	**534 320**	**1 523**	**389 885**	**2 552 665**
Foreign currency translation	—	—	—	—	556 663	556 663
Share capital and premium issued	—	227 583	—	—	—	227 583
Treasury shares movement	—	2 584	—	—	—	2 584
Adjustments to prior year goodwill	—	—	8 345	—	—	8 345
Transfer between reserves	—	—	1 523	(1 523)	—	—
Net attributable loss	—	—	(1 923 250)	—	—	(1 923 250)
Dividends	—	—	(38 174)	—	—	(38 174)
Balance 31 March 2002	**14 243**	**1 842 861**	**(1 417 236)**	**—**	**946 548**	**1 386 416**
Foreign currency translation	—	—	—	—	(827 804)	(827 804)
Share capital and premium issued	—	3 394 606	—	—	—	3 394 606
Treasury shares movement	—	(730 827)	—	—	—	(730 827)
Net attributable income	—	—	325 761	—	—	325 761
Dividends	—	—	(37 058)	—	—	(37 058)
Balance 31 March 2003	**14 243**	**4 506 640**	**(1 128 533)**	**—**	**118 744**	**3 511 094**

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

1. Nature of operations

Naspers Limited was incorporated in 1915 under the laws of the Republic of South Africa. The principal activities of Naspers and its operating subsidiaries (collectively, the group) are the operation of pay-television and internet subscriber platforms and the provision of related technologies, the publishing, distribution and printing of magazines, newspapers and books, and the provision of private education services. These activities are conducted through subsidiaries, joint ventures and associated companies primarily in South Africa, sub-Saharan Africa, Greece, Cyprus, Thailand, China and the Netherlands. The group disposed of its interest in OpenTV during the year, with operations in the United States of America.

2. Principal accounting policies

The consolidated annual financial statements of the Naspers group are presented in accordance with, and comply with, South African Statements of Generally Accepted Accounting Practice (SA GAAP). The consolidated financial statements are prepared according to the historic cost convention as modified by the revaluation of certain trading assets and liabilities to fair value.

The group has adopted the South African rand as its reporting currency. However, the group measures separately the transactions of each of its material operations using the particular currency of the primary economic environment in which the operation conducts its business (its functional currency).

The preparation of the consolidated annual financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases, actuarial techniques. Actual results ultimately may differ from those estimates.

The accounting policies used in the preparation of the consolidated annual financial statements are consistent in all material aspects with those applied during the year ended 31 March 2002. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

(a) Basis of consolidation

Subsidiaries

The consolidated annual financial statements include the results of Naspers Limited and all its material subsidiaries. Subsidiaries are those companies in which the group, directly or indirectly, has an interest of more than half of the voting rights, or otherwise has power to exercise control over their operations. The existence and effect of potential voting rights that are presently exercisable or presently convertible without restriction are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the group and are no longer consolidated from the date that effective control ceases. Similarly, the results of a subsidiary divested during an accounting period are included in the consolidated financial statements only to the date of disposal.

All intergroup transactions and balances are eliminated as part of the consolidation process. The interests of minority shareholders in the consolidated equity and in the consolidated results of the group are shown separately in the consolidated balance sheet and consolidated income statement, respectively. Where the losses attributable to the minority shareholders in a consolidated subsidiary exceed their interest in that subsidiary, the excess, and any further losses attributable to them, are recognised by the group only to the extent that the minority shareholders have a binding obligation and are able to fund the losses. If the subsidiary subsequently turns profitable, the group recognises all such profits until the minority shareholders' share of losses previously absorbed by the group has been recovered.

Acquisitions of subsidiaries are accounted for using the purchase method. The excess of the purchase price over the fair value of assets acquired less the liabilities assumed is allocated to acquired identifiable tangible assets, identifiable intangible assets and goodwill, and amortised over the period that the group expects to derive benefits from these assets.

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

2. Principal accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

Associated companies

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

Equity accounting involves recognising in the income statement the group's share of the associate's post-acquisition results before taxation, exceptional items and dividends. The group's share in the associate's taxation and exceptional items is included in the taxation and exceptional items of the group, respectively. The group's share of post-acquisition movements in reserves is accounted for in reserves. The group's interest in the associate is carried in the balance sheet at cost, adjusted for changes in the group's share in the post-acquisition net assets, and inclusive of goodwill and other intangible assets recognised on successive acquisitions. Where the group's share of losses exceeds the carrying amount of its investment, the carrying amount is reduced to nil and no further losses are recognised, unless the group has incurred obligations to the associate or the group has guaranteed or committed to satisfy obligations of the associate. Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates.

Joint ventures

Companies in respect of which the group exercises joint control are accounted for under the equity method, with the group's interest in post-acquisition results recognised in the income statement. The group's interest in joint ventures is carried in the balance sheet at cost, adjusted for changes in the group's share of the post-acquisition net assets of the entity, and inclusive of goodwill and other intangible assets recognised on successive acquisitions.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary, associate or joint venture undertaking at the date of acquisition. Goodwill on acquisitions occurring on or after 1 April 2000 is reported in the balance sheet as an intangible asset and is amortised using the straight-line method over its estimated useful life. Goodwill on acquisitions that occurred prior to 1 April 2000 was charged in full to retained earnings. In accordance with the transitional provisions of AC131, goodwill that arose prior to 1 April 2000 has not been capitalised and amortised retrospectively. Goodwill previously charged to retained earnings is not included in the gain or loss on sale calculation when the entity to which the goodwill arose is subsequently disposed of.

Goodwill is amortised using the straight-line method over its estimated useful life. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies. Goodwill is amortised over periods ranging from three to 20 years. The goodwill arising on certain acquisitions has been determined by management to have an indefinite life. However based on current guidance under SA GAAP, the goodwill on these transactions has been amortised over the maximum period of 20 years. The carrying value of goodwill is reviewed at each balance sheet date and written down for impairment where the carrying amount exceeds the recoverable amount.

Investments

Non-current investments are stated at cost, less amounts written off as permanent diminution in the value of such investments. Where an investment is acquired in a non-monetary exchange, its cost is determined by reference to its fair value at the effective date of acquisition. Where such fair value is not readily determinable, the cost is based on the fair value of the asset given up. The directors' valuation of unlisted investments is calculated on either a yield basis or net asset basis, depending on the nature of the assets.

Long-term private equity investments are stated at cost, as the group does not have the ability to exercise significant influence over their operations. The carrying value of these investments is reviewed periodically when events or circumstances warrant such a review. When the carrying value is considered permanently impaired, a loss is recognised in the income statement based on the amount by which the carrying value exceeds the fair value of the asset.

Marketable debt and equity securities are stated at market value, calculated by reference to a stock exchange quoted selling price at the close of business on the balance sheet date. Changes in the carrying amount of marketable debt and equity securities are reflected in the income statement.

2. Principal accounting policies *(continued)*

(b) Property, plant and equipment

Property, plant and equipment are stated at cost, being the cost to prepare the assets for their intended use, less accumulated depreciation. Property, plant and equipment, with the exception of land, are depreciated in equal annual amounts over each asset's estimated useful economic life. Land is not depreciated as it is deemed to have an indefinite life.

Depreciation periods vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

Fixed property	Factory buildings	25 years
	Other buildings	50 years
Printing presses		20 years
Production equipment		15 years
Office equipment		8 years
Computer equipment	Manufacturing	5 years
	Office	3 years
Furniture		10 years
Vehicles		5 years
Set-top boxes (decoders)		2 years
Transponders and transmitters		10 – 12 years

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic life. Property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced and the reduction is charged as an expense against income.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset.

(c) Leased assets

Leases of property, plant and equipment are classified as finance leases where, substantially all risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee. Assets classified as finance leases are capitalised at the estimated present value of the underlying minimum lease payments, with the related lease obligation recognised at the same value. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement. The amounts of interest expense and capital repayment on finance lease payments are allocated, using the effective interest rate method.

Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the third-party lessor are classified as operating leases. Operating lease rentals are charged against operating profit on a straight-line basis over the period of the lease.

(d) Other intangible assets

Patents, brand names, trademarks, title rights and other similar intangible assets acquired on or after 1 April 2000 are capitalised at cost and amortised using the straight-line method over their useful lives, not exceeding 20 years. Some intangible assets have been determined by management to have an indefinite life. However, based on current guidance under SA GAAP, these assets have been amortised over the maximum period of 20 years. Patents, brand names, trademarks, title rights and other similar intangible assets acquired before 1 April 2000 were written off against distributable reserves as they were acquired. Other intangible assets acquired before 1 April 2000 have not been retroactively capitalised and amortised, as allowed by the transitional provisions of AC129. Other intangible assets previously charged to retained earnings are not included in the gain or loss calculation when the entity to which the other intangible assets arose is subsequently disposed. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. The following amortisation periods are used:

Patents	5 years
Title rights	8 years
Brand names and trademarks	20 years
Intellectual property rights	3 – 5 years

2. Principal accounting policies *(continued)*

(d) Other intangible assets *(continued)*

No value is attributed to internally developed trademarks or similar rights and assets. Costs incurred on these items, whether purchased or created by the group, are charged to the income statement in the period in which they are incurred.

(e) Programme and film rights

Purchased programme and film rights are stated at acquisition costs less accumulated amortisation. Licences are recorded as assets and liabilities for rights acquired, and obligations incurred under licence agreements when the licence period begins and the cost of each programme is known or reasonably determinable. Sports rights are written off upon initially showing the event whereas general entertainment and films are amortised on a straight-line basis over the duration of the licence or based on broadcasts where the number of showings is restricted. Amortisation of programme and film rights is included in cost of providing services and sale of goods. The costs of in-house programmes are expensed as incurred.

(f) Impairment of assets

The group periodically evaluates the carrying value of assets to be held and used, including goodwill and other intangible assets, when events and circumstances indicate that the carrying value may not be recoverable. Indicators, which could trigger an impairment review include, but are not limited to, significant underperformance relative to expectations based on historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the group's overall business, significant negative industry or economic trends, a significant and sustained decline in an investment's share price or market capitalisation relative to its net book value.

An impairment loss is recognised in the income statement when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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

(g) Development activities

Research and development costs

Research and development costs are charged against operating profit as the expenditure is incurred.

Software development costs

Generally, costs associated with developing computer software programmes for the group's own use are recognised as an expense as incurred. However, expenditure that enhances or extends the benefits of acquired computer software programmes beyond their original specifications or estimated useful lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives.

Software development cost for products of the technology segment are capitalised, beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers.

Web site development costs

Web site development costs are capitalised as intangible assets if the necessary recognition criteria for capitalisation can be met, otherwise it is charged against operating profit as the expenditure is incurred.

2. Principal accounting policies *(continued)*

(h) Inventory

Inventory is stated at the lower of cost or net realisable value. The cost of inventory is determined by means of the first-in-first-out basis (FIFO). The cost of finished products and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes finance costs. Net realisable value is the estimate of the selling price, less the costs of completion and selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

(i) Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments with maturities of three months or less at the date of purchase. Certain cash balances are restricted from immediate use according to terms with banks or other financial institutions. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

(k) Provisions

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

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

(l) Taxation

Taxation rates

The normal South African company tax rate used was 30%.

Secondary tax on companies (STC) was calculated at 12,5%.

International tax rates vary from jurisdiction to jurisdiction.

Deferred taxation

Deferred taxation is provided in full, using the balance sheet liability method, for all timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation.

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

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

Secondary tax on companies (STC)

Dividends declared are subject to STC, but are reduced by dividends received during the dividend cycle in determining the STC liability. Where the dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The excess dividends received are carried forward to the next dividend cycle and are disclosed as STC credits in the taxation note. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate. The STC expense is included in the taxation charge in the income statement in the period that the dividend is paid.

2. Principal accounting policies *(continued)*

(m) Foreign currencies

Income statements of foreign subsidiaries regarded as foreign entities are translated to South African rand at average exchange rates for the year and the balance sheets are translated at the year-end exchange rates ruling on 31 March. Exchange differences arising from the translation of such entities are recognised as a non-distributable reserve. On disposal of such entities, the translation differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Foreign currency transactions in the group companies are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the income statement. Monetary assets and liabilities are translated at year-end exchange rates.

(n) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, marketable debt and equity securities, investments, receivables, payables, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The group uses derivative instruments to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. These instruments, which mainly comprise foreign exchange contracts and interest rate swap agreements, are not recognised in the financial statements on inception. Foreign exchange contracts protect the group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Interest rate swap agreements protect the group from movements in interest rates.

(o) Revenue recognition

Product sales

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

Subscription fees

Subscription fees are earned over the period of providing services.

Advertising revenues

Advertising revenues are recognised upon showing or publication over the period of the advertising contract.

Technology contracts and licensing

For contracts with multiple obligations (eg maintenance and other services), and for which vendor-specific objective evidence of fair value for the undelivered elements exists, revenue from product licences are recognised when delivery has occurred, collection of the receivables is probable, the fee is fixed or determinable and objective evidence exists to allocate the total fee to all delivered and undelivered elements of the arrangement. Generally, the group has vendor-specific objective evidence of the fair value of the maintenance element of software arrangements based on the renewal rates for maintenance in future years as specified in the contracts. In such cases, the maintenance revenue is deferred at the outset of the arrangement and is recognised rateably over the period during which the maintenance is to be provided. That period generally commences on the date that the software is delivered. Vendor-specific objective evidence of fair value for the service element is determined based on the price charged when those services are sold separately. The group recognises revenue allocated to maintenance and support fees, for ongoing customer support and product updates rateably over the period of the relevant contracts. Payments for maintenance and support fees are generally made in advance and are non-refundable. For revenue allocated to consulting services and for consulting services sold separately, the group recognises revenue as the related services are performed.

For product licences sold with integration services, the group recognises revenue based on the completed contract method. Revenue from software development contracts of less than six months' duration is recognised based on the completed contract method and for longer-term contracts generally on the percentage of completion method. Under the percentage of completion method the extent of progress towards completion is measured based on actual costs incurred to total estimated costs. Provisions for estimated losses on uncompleted contracts are made in the period in which estimated losses are determined.

2. Principal accounting policies *(continued)*

(o) Revenue recognition *(continued)*

Technology contracts and licensing (continued)

Revenues from professional services agreements are recognised on the percentage of completion method based on the hours incurred relative to total estimated hours for fixed-bid contracts or based on the hours incurred multiplied by the hourly rate for time and material engagements. These services include strategic interactive television consulting; middleware porting and integration services for set-top box manufacturers and chip-set vendors; network customisation and field validation test services; customisation of core applications or integration testing of third-party applications; client-specific solution centres; customisation and implementation services for deploying HTML engine and browsers to set-top boxes and internet devices; and content transformation and training. Revenue is generally recognised based on the percentage of completion method, provided there is insignificant amounts of risk associated with customer acceptance. Revenue earned from professional services that possess significant customer acceptance risk is recognised based on the completed contract method. The types of arrangements that involve significant customer acceptance risk include services that involve significant production, modification or customisation of software. Since SA GAAP does not contain specific guidance for recognising revenue on technically-based professional services, under these arrangements, the arrangements are accounted for in conformity with specific accounting guidance in the United States including ARB No 45, using the relevant guidance in SOP 81-1, as guided by SOP 97-2. In cases where services do not involve such significant production, modification or customisation of software, then service revenue is recognised separately from the software licence revenue and is recognised as the services are being performed, as required by SOP 97-2.

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

Instant-messaging revenue

Instant-messaging revenue represents the group's share of the revenues from activities related to instant-messaging services (IMS) which comprise value-added services and other related products to mobile phone and computer users generated under a number of cooperative arrangements with several mobile phone operators. IMS revenue is recognised primarily based on monthly statements received from those operators. The revenue is recognised net of the mobile phone operators' share of revenue and estimated uncollectible amounts, comprising operators' transmission and billing problems related to technical difficulties, because the group considers those operators to be the primary obligators in the information transmission and delivery process which is a critical and integral part of the group's wireless value-added services.

Tuition fees

Tuition fees are non-refundable and are recognised on a straight-line basis over the term of the applicable course.

Interest income

Interest is accrued on a time-proportion basis, recognising the effective yield on the underlying assets.

Dividend income

Dividends are recognised when the right to receive payment is established.

2. Principal accounting policies *(continued)*

(p) Employee benefits

Retirement benefits

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

The group's contributions to retirement funds are recognised as an expense when the employees render the related service.

Medical aid benefits

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

Post-retirement medical aid benefit

Some group companies provide post-retirement health-care benefits to their retirees. The entitlement to post-retirement health-care benefits is based on the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Independent qualified actuaries carry out valuations of these obligations. All actuarial gains and losses are recognised immediately in the income statement. The actuarial valuation method used to value the obligations is the projected unit credit method. Future benefits valued are projected using specific actuarial assumptions and the liability to in-service members is accrued over expected working lifetime. These obligations are unfunded.

(q) Equity compensation benefits

No compensation cost is recognised for options or shares granted to employees from share incentive plans.

(r) Segment reporting

The primary segmental reporting has been prepared based on the group's method of internal reporting, which disaggregates its business by service or product and includes all businesses over which the group exercises control. The secondary segmental reporting has been prepared on a geographical basis.

(s) Discontinuing operations

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

(t) Advertising expenses

Advertising expenses are expensed in the financial period in which they are incurred.

(u) Treasury shares

Where subsidiaries of Naspers hold shares in the company's equity share capital, the consideration paid including any attributable incremental external costs is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive plans within the group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

2. Principal accounting policies *(continued)*

(v) Exceptional items

The group's policy is to show separately, as exceptional items, certain items that are of such nature or incidence that their separate disclosure is relevant to explain the group's performance and to make comparisons of operating margins more meaningful.

(w) Recently issued accounting standards

The South African Institute of Chartered Accountants (SAICA) published AC133, "Financial Instruments – Recognition and Measurement", which is effective for the year ending 31 March 2004. AC133 establishes standards for recognising, measuring and disclosing information about an enterprise's financial assets and financial liabilities, including accounting for hedging transactions. Changes in the fair value of derivative instruments will either be recognised in earnings as offsets to the change in fair value of the related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as a component of shareholders' equity until the hedged transactions occur and are recognised in earnings. The group is in the process of evaluating the impact of AC133 on opening reserves as at 1 April 2003. The estimated impact is expected to be a charge of between R400 million and R450 million.

3. Significant acquisitions and divestitures

Financial year ended 31 March 2003

In August 2002, MIH Limited (MIHL) sold all of its shares in OpenTV Inc. to Liberty Media Corporation and LDIG OTV, Inc. for approximately R489,7 million ($46,2 million in cash), before acquisition costs, and 15,38 million shares of Liberty Media Corporation common stock. In addition, upon the closing of the OpenTV transaction, MIHL obtained an option for long-term access in its operating territories to the Liberty Broadband Interactive Television interactive television technologies in consideration for the payment of R180,2 million ($17 million) and MultiChoice Africa, a subsidiary of MIHL, paid R47,7 million ($4,5 million) to OpenTV under operating agreements for the deployment of OpenTV's advanced interactive television technologies and bundled content. OpenTV's results have been included in Naspers' financial statements as discontinuing operations. A profit on sale of OpenTV of R751 million has been realised and is disclosed as a profit on discontinuance of operations.

In December 2002 a merger agreement was concluded in terms of which MIHL merged with MIH (BVI) Limited, an existing wholly owned subsidiary of MIH Holdings Limited. MIHL's outstanding shares were cancelled and delisted from the Nasdaq National Market. Naspers issued 98 803 261 N ordinary shares to the minority shareholders of MIH Limited at an exchange ratio of 3,5 Naspers N ordinary shares for each MIHL A ordinary share. The group further concluded a scheme of arrangement in terms of section 311 of the South African Companies Act, 1973, to acquire all the remaining shares it did not already own in MIH Holdings Limited. The transaction was conducted at an exchange ratio of 2,25 MIH Holdings shares for each Naspers N ordinary share. A total of 38 263 345 Naspers N ordinary shares was issued. MIH Holdings was delisted from the JSE Securities Exchange South Africa. These reorganisation transactions were conducted to significantly simplify the corporate structure and operation of the group. The total purchase consideration of R3 376,2 million (including expenses of R52 million) was allocated based upon an appraisal, as follows: net assets (R1 080,6 million), intangible net assets other than goodwill (R439,2 million to subsidiaries and R54,4 million to associated companies and joint ventures) and goodwill (R1 329,3 million to subsidiaries and R472,7 million to associated companies and joint ventures). The intangible assets and goodwill are to be amortised over their estimated useful lives. The goodwill is mainly attributable to synergies between the various media businesses and the dominant market position of certain business units within the group.

Subsequent to 31 March 2003, Media24 Limited acquired, in terms of a put option agreement with the N R Retief Trust, an additional interest of 10,53% in its subsidiary, Paarl Media Holdings (Proprietary) Limited, for a purchase consideration of R95 million in cash. This will increase Media24's effective financial interest in Paarl Media to 84,21%.

3. Significant acquisitions and divestitures *(continued)*

Financial year ended 31 March 2002

In April 2001 the group concluded an agreement in terms of which Paarl Print (Proprietary) Limited was acquired for approximately R63 million. This business, which specialises in printing high quality flatsheet magazines, pamphlets and labels, was merged with Media24 Limited's NBD division, the group's book printing division, and now forms part of the group's printing entity, Paarl Media Holdings (Proprietary) Limited.

In May 2001 the group acquired a 46,5% stake in Tencent (BVI) Limited, which is the operator of QQ Limited, an instant-messaging platform in China, for a purchase consideration (including costs directly attributable to the acquisition) of R266,0 million, settled in cash. Subsequent to this acquisition, the group made additional cash funding of R8,0 million, in proportion to its shareholding. The purchase consideration was allocated to net tangible assets acquired of R32,8 million and goodwill of R241,2 million, which will be amortised over its estimated useful life of three years.

During May 2001 the group acquired an additional 47,92% interest in Educor Limited, the group's private education subsidiary. This took the group's interest to 93,5% after the transaction. The acquisition was made as part of a section 311 scheme of arrangement in terms of the South African Companies Act, 1973. The purchase consideration amounted to R86,6 million and was settled in a combination of Naspers N ordinary shares and cash. Educor was subsequently delisted from the JSE Securities Exchange South Africa.

In June 2001 OpenTV Corporation (OpenTV), acquired a 100% interest in Static 2358 Limited (Static), a privately-held leading interactive TV (iTV) media and entertainment company. Under the acquisition agreement, OpenTV acquired all of Static's privately-held shares in a combined share and cash transaction. Static shareholders and optionholders received an aggregate of 2 719 048 Class A ordinary shares with a value of R307,2 million at the acquisition date, and approximately R102,1 million in cash. Pursuant to certain earn-out provisions contained in the Static acquisition agreement, the principal shareholders of Static earned an additional consideration of 626 872 Class A ordinary shares which were issued in early 2002. Additional goodwill of R29,8 million was recorded based on the fair value of the shares at the date of issuance. The total purchase consideration (including expenses of R12,1 million) was allocated based upon an appraisal, as follows: net liabilities (R44,2 million), intangible net assets other than goodwill (R132,8 million) and goodwill (R357,4 million). The other intangible assets are to be amortised over their estimated useful lives of three years and goodwill will be amortised over its useful life of five years. The issue of shares by OpenTV to acquire Static gave rise to a dilution loss of R131,2 million.

During July 2001 the group disposed of its 100% interest in A-1 Net Holdings Limited (A-1 Net) and its wholly owned subsidiary, M-Web Online Company Limited, for a consideration of R8,2 million, resulting in a loss on disposal of R47,7 million.

During July 2001 the group reduced its 40% interest to 15% in its joint venture, SOE International SA (SOE), which also owns AEK PAE and Basic Hellas SA. A net profit on disposal of R30,4 million was recorded. The group continues to have a 15% non-funding investment in AEK PAE. This interest has been accounted for using the equity method up until the date of disposal and as an investment at cost thereafter as the group no longer exercises any significant influence over its operations.

In July 2001 the group concluded a scheme of arrangement in terms of section 311 of the South African Companies Act, 1973, to acquire an additional 18,59% interest in M-Web Holdings Limited, the group's on-line service provider in South Africa. The transaction was conducted at an exchange ratio of 15 M-Web shares for each Naspers N ordinary share. A total of 4 690 450 Naspers N ordinary shares was issued. M-Web was subsequently delisted from the JSE Securities Exchange South Africa.

In October 2001 the group's subsidiary NetMed NV issued 622 Class E ordinary shares to Antenna TV SA for a total consideration of R115,9 million (representing a 5% interest in NetMed NV). Antenna has the option to acquire an additional 10% interest within two years at fair value. This transaction resulted in a dilution gain of R100,4 million.

During December 2001 the group disposed of its 100% interest in Eefoo.com (BVI) Limited, which owns a 52,5% equity interest in Shanghai Eefoo Network Technology Development Company Limited. This investment was disposed of for a cash consideration of R3,0 million resulting in a loss on disposal of R29,4 million.

During January 2002, MIH Limited disposed of its 45% interest in MultiChoice Middle East Inc., resulting in a net profit on disposal of R22,7 million.

During March 2002 the group disposed of its 10% interest in 21 Vianet Inc. for a consideration of R11,4 million, resulting in a loss on disposal of R42,8 million.

MultiChoice Egypt was liquidated with effect from 31 March 2002. The remaining assets of MultiChoice Egypt were sold to Cable Network Egypt (CNE) in consideration for shares issued to MultiChoice Africa by CNE. This increased the group's ownership of CNE from 10,5% to 16,5%.

3. Significant acquisitions and divestitures *(continued)*

Financial year ended 31 March 2001

In March 2000, OpenTV signed a definitive agreement with Spyglass Inc. to acquire all of Spyglass's outstanding common stock in a stock-for-stock transaction. The merger was consummated in July 2000. Spyglass shareholders received 0,7236 of one OpenTV Class A ordinary share in exchange for each share of Spyglass common stock, resulting in an aggregate of approximately 12,7 million Class A ordinary shares being issued in the transaction. OpenTV also reserved approximately 2,5 million additional Class A ordinary shares for issuance upon the exercise of stock options and warrants of Spyglass that were assumed by OpenTV in the merger. As at 31 December 2002, 1 110 640 Class A ordinary shares remained reserved for issuance under the assumed options plans. The decrease was due to stock option exercises and cancellations arising from termination of employment. The goodwill arising on this transaction amounted to R5,5 billion, which will be amortised over its estimated useful life of five years. The issue of shares by OpenTV to acquire Spyglass gave rise to a dilution gain of R2,8 billion.

During September 2000, MIHL acquired an additional 365 460 shares in OpenTV for cash consideration of R140,8 million, giving rise to goodwill on acquisition of R108,8 million.

In November 2000, OpenTV Inc. acquired CableSoft Corporation in a stock-for-stock transaction in exchange for 1 429 564 OpenTV Class A ordinary shares. The value of these shares at the acquisition date was R276,1 million. In addition, certain CableSoft options were acquired in connection with the transaction, increasing the purchase consideration to R304,8 million. The purchase price, including expenses, has been allocated to intellectual property rights (R33,3 million) and goodwill (R269,3 million), based upon an appraisal of the fair market value of the assets acquired. The intangible assets are amortised over five years.

In November 2000, OpenTV Inc. established a co-owned venture with General Instrument Corporation (GIC), named Spyglass Integration Inc., for the purpose of providing integration, testing and development services to digital cable and satellite operators. OpenTV contributed 370 858 Class A ordinary shares for a 90% interest in the venture, which shares were then transferred to GIC in exchange for a three-year licence of certain GIC patents on a royalty-free, worldwide, non-exclusive basis. This amount is included in intellectual property rights and is amortised over three years.

By virtue of the merger with Spyglass, OpenTV acquired Spyglass's entire interest in Spyglass DSIC Inc., known as 'Acadia', a co-owned venture between Spyglass and GIC. In accordance with the terms of the venture's operating agreement, the completion of the Spyglass merger enabled GIC to exercise an option to purchase Spyglass's interest in Acadia. GIC exercised this option, and during November 2000 a definitive stock purchase agreement was entered into with GIC providing for the sale of Spyglass's interest in the venture to GIC for a purchase price of R35,9 million. The sale was completed during January 2001.

In February 2000, OpenTV entered into an agreement with EchoStar Communications Corporation, EchoStar Satellite Corporation and EchoStar Technologies Corporation (collectively referred to as EchoStar) to develop a low-cost, hard-drive set-top box. OpenTV purchased 50% of the shares in OpenStar from ECC in exchange for 2 252 252 OpenTV Class A ordinary shares and the contribution of certain OpenTV intellectual property to OpenStar. Those shares were released from escrow in December 2000, when EchoStar had met certain milestones relating to the deployment of OpenTV enabled set-top boxes. The value recorded for those shares was the market price of Class A ordinary shares on the date the shares were released from escrow being R287,5 million, and was allocated to technology rights.

MIHL successfully completed a follow-on offering on the Nasdaq National Market and Euronext in April 2000 of 4,5 million shares raising gross proceeds of $180,4 million (R1,2 billion). The issue of new shares to minority shareholders gave raise to a dilution gain of R655,2 million.

During the fiscal year 2001, MIHL increased its holding in M-Web Holdings by 6,5% to 22,3% for a cash consideration of R49,2 million. The excess of MIHL's equity investment over the fair value of the net assets acquired, amounting to R38,0 million, was allocated to goodwill, and is amortised over its estimated useful life of five years.

3. Significant acquisitions and divestitures *(continued)*

Financial year ended 31 March 2001 *(continued)*

In April 2000, MIHL acquired a 100% interest in A-1 Net Holdings Limited and its wholly owned subsidiary, M-Web Online Company Limited, for a cash consideration of R10,2 million and the issue of 11 226 528 M-Web China (BVI) Limited A ordinary shares. The purchase consideration of R85,3 million was allocated to intangible assets and goodwill and amortised over its estimated useful life of three years.

In May 2000, MIHL acquired a 10% interest in 21 Vianet Inc. for a cash consideration of R48,0 million. This investment has been accounted for at cost, as the group does not have significant influence over 21 Vianet Inc..

MultiChoice Cyprus Limited (MCC) was listed on the Cyprus Stock Exchange in July 2000. A total of 29 096 582 shares (38,38%) of the outstanding shares were offered to the public, resulting in a dilution of MIHL's effective interest in MCC from 51% to 35,21%. The proceeds from the offering were R28,9 million. A profit on dilution of the Naspers group's interest of R29,0 million was recorded.

In November 2000, MIHL diluted its interest in NetMed NV (the holding company of the Mediterranean television subscription platform business) from 100% to 88,81% through the issuance of NetMed NV shares to Global Finance Investors II LP for R193,3 million in cash. This transaction gave rise to a dilution gain of R189,1 million.

In December 2000, Noochee Solutions Inc. contributed all its assets and certain of its liabilities to Mindport IBS Limited, a newly formed company, and MIHL contributed all the Integrated Business Systems BV shares owned by MIHL and R113,5 million cash to Mindport IBS Limited. As a result of these transactions, MIHL owned 70% and the former Noochee shareholders owned 30% of Mindport IBS Limited. The transaction was accounted for as a purchase under the business combination rules, with Noochee being the acquired entity. The fair values of the net assets acquired amounted to R113,5 million.

In February 2001, MIHL acquired an additional 4% interest in NetMed Hellas SA (a channel company in the Mediterranean region) for R60 million, increasing its interest to 100%. The purchase consideration was satisfied through the issuance of 459 770 of MIHL's Class A ordinary shares. The purchase consideration has been allocated to goodwill.

4. Property, plant and equipment

	31 March 2003 R'000	31 March 2002 R'000
Land and buildings – owned	**484 501**	520 673
Cost price	**548 268**	600 634
Accumulated depreciation	**63 767**	79 961
Land and buildings – leased	**111 618**	110 204
Cost price	**124 339**	120 121
Accumulated depreciation	**12 721**	9 917
Manufacturing equipment – owned	**401 826**	337 927
Cost price	**759 830**	649 492
Accumulated depreciation	**358 004**	311 565
Manufacturing equipment – leased	**80 574**	108 612
Cost price	**144 887**	173 589
Accumulated depreciation	**64 313**	64 977
Transmission equipment and set-top boxes – owned	**36 496**	58 193
Cost price	**148 401**	178 244
Accumulated depreciation	**111 905**	120 051
Transmission equipment and set-top boxes – leased	**1 919 325**	2 474 448
Cost price	**2 878 669**	3 321 819
Accumulated depreciation	**959 344**	847 371
Vehicles, computer and office equipment – owned	**442 887**	799 137
Cost price	**1 463 313**	1 929 567
Accumulated depreciation	**1 020 426**	1 130 430
Vehicles, computers and office equipment – leased	**99 617**	60 358
Cost price	**145 884**	121 190
Accumulated depreciation	**46 267**	60 832
Sub-total	**3 576 844**	4 469 552
Work-in-progress	**15 407**	32 655
Net book value	**3 592 251**	4 502 207
Total cost price	**6 228 998**	7 127 311
Total accumulated depreciation	**2 636 747**	2 625 104
Net book value	**3 592 251**	4 502 207

4. Property, plant and equipment *(continued)*

	Land and buildings R'000	Manufac-turing equipment R'000	Transmission equipment and set-top boxes R'000	Vehicles, computers and office equipment R'000	Total 2003 R'000	Total 2002 R'000
Cost price						
Balance 1 April	720 755	823 081	3 500 063	2 050 757	**7 094 656**	4 990 809
Currency translation differences	(23 777)	—	(658 293)	(184 413)	**(866 483)**	1 115 205
Reallocations	(89)	369	(3)	(277)	**—**	—
Asset impairment	(1 558)	—	—	(657)	**(2 215)**	6 577
Acquisition of subsidiaries	—	—	—	769	**769**	82 681
Disposal of subsidiaries	(82 370)	—	—	(340 917)	**(423 287)**	(27 359)
Acquisitions	77 257	120 449	79 317	335 535	**612 558**	1 198 258
Successive acquisition	—	—	122 313	—	**122 313**	—
Disposals	(17 611)	(39 182)	(16 327)	(251 600)	**(324 720)**	(271 515)
Balance 31 March	672 607	904 717	3 027 070	1 609 197	**6 213 591**	7 094 656
Accumulated depreciation						
Balance 1 April	89 878	376 542	967 422	1 191 262	**2 625 104**	1 663 588
Currency translation differences	(9 120)	—	(174 876)	(100 086)	**(284 082)**	332 072
Reallocations	7	(390)	(3)	386	**—**	—
Asset impairment	—	—	—	—	**—**	(3 743)
Acquisition of subsidiaries	—	—	—	396	**396**	19 583
Disposal of subsidiaries	(24 894)	—	—	(145 121)	**(170 015)**	(529)
Disposals	(10 126)	(18 240)	(10 098)	(205 275)	**(243 739)**	(128 671)
Depreciation	30 743	64 405	288 804	325 131	**709 083**	742 804
Balance 31 March	76 488	422 317	1 071 249	1 066 693	**2 636 747**	2 625 104
Work-in-progress					**15 407**	32 655
Net book value	596 119	482 400	1 955 821	542 504	**3 592 251**	4 502 207

	2003 R'000	2002 R'000
Classification of depreciation in income statements		
Depreciation – continuing operations	**664 116**	636 158
Depreciation – discontinuing operations	**44 967**	106 646
	709 083	742 804

The group has pledged property, plant and equipment with a carrying value of R218,5 million at 31 March 2003 (2002: R275,6 million) as security against certain term loans and overdrafts with banks.

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

5. Intangible assets

	Goodwill R'000	Intellectual property rights R'000	Brand names and title rights R'000	Total 2003 R'000	Total 2002 R'000
Cost price					
Balance 1 April	4 512 810	780 259	12 295	**5 305 364**	7 744 714
Currency translation differences	(490 745)	(90 444)	(12 204)	**(593 393)**	3 361 497
Reallocations	13 188	(13 188)	—	**—**	—
Asset impairment	—	(7 489)	(6 275)	**(13 764)**	(7 130 626)
Acquisition of subsidiaries	1 587	—	—	**1 587**	135 785
Disposal of subsidiaries	(3 200 000)	(450 145)	—	**(3 650 145)**	(62 434)
Acquisitions	34 248	60 668	1 213	**96 129**	1 272 611
Disposals	—	(25)	—	**(25)**	(16 183)
Successive acquisition	1 329 286	106 012	333 191	**1 768 489**	—
Balance 31 March	**2 200 374**	**385 648**	**328 220**	**2 914 242**	**5 305 364**
Accumulated amortisation					
Balance 1 April	1 494 341	187 680	9 335	**1 691 356**	998 378
Currency translation differences	(115 233)	(51 272)	(51)	**(166 556)**	875 101
Reallocations	5 503	(5 503)	—	**—**	—
Asset impairment	11 954	17 903	(5 675)	**24 182**	(2 280 191)
Acquisition of subsidiaries	—	—	—	**—**	3 047
Disposal of subsidiaries	(1 645 519)	(149 615)	—	**(1 795 134)**	—
Disposals	—	(7 996)	—	**(7 996)**	(4 472)
Amortisation	859 059	79 170	5 226	**943 455**	2 099 493
Balance 31 March	**610 105**	**70 367**	**8 835**	**689 307**	**1 691 356**
Net book value	**1 590 269**	**315 281**	**319 385**	**2 224 935**	**3 614 008**

	2003 R'000	2002 R'000
Classification of amortisation in income statements		
Amortisation – per income statement	**341 893**	373 434
Amortisation for the year	**303 947**	373 434
Impairments and write-offs	**37 946**	—
Amortisation and impairments – included in loss from discontinuing operations	**639 508**	6 576 494
	981 401	6 949 928

	31 March	
	2003	2002
	R'000	R'000
6. Investments and loans		
Investment in associated companies		
Listed	**266 364**	322 248
Unlisted	**38 244**	37 036
	304 608	359 284
Investment in joint ventures		
Listed	**351 971**	6 444
Unlisted	**26 702**	32 286
	378 673	38 730
Other investments		
Unlisted – private equity and other investments	**50 179**	245 992
	50 179	245 992
Total investments and loans	**733 460**	644 006
Market value of total listed investments	**1 254 037**	1 572 799
Directors' valuation of total unlisted investments and loans, as approved by the directors of the respective group companies	**115 125**	315 314

Income and losses of subsidiaries

With regard to the interest of the holding company, the aggregate net profits after taxation of subsidiaries amounted to R220,5 million (2002: R88,6 million) and the aggregate net losses after taxation of subsidiaries to R138,6 million (2002: R1 979,8 million).

6. Investments and loans *(continued)*

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

Name of subsidiary	Functional currency	D or I	Effective percentage interest*		Nature of business	Country of incorporation
			2003 %	2002 %		
Media24 Limited	ZAR	D	**100,00**	100,00	Print media	South Africa
Paarl Media Holdings (Proprietary) Limited	ZAR	I	**73,68**	73,68	Print media	South Africa
Nasboek Limited	ZAR	D	**100,00**	100,00	Book publishing and retail	South Africa
Educor Holdings Limited	ZAR	D	**93,50**	93,50	Private education	South Africa
MIH Investments (Proprietary) Limited	ZAR	D	**100,00**	100,00	Investment holding	South Africa
MIH Holdings Limited	ZAR	I	**100,00**	70,95	Investment holding	South Africa
MultiChoice Africa (Proprietary) Limited	ZAR	I	**100,00**	42,15	Subscription television	South Africa
M-Web Holdings Limited	ZAR	I	**100,00**	76,30	Internet service and content provider	South Africa
MIH (BVI) Limited	USD	I	**100,00**	42,15	Investment holding	British Virgin Islands
Myriad Holdings Africa BV	NLG	I	**100,00**	42,15	Investment holding	The Netherlands
NetMed NV	EUR	I	**84,70**	35,70	Investment holding	The Netherlands
NetMed Hellas SA	EUR	I	**84,70**	35,70	Subscription television	Greece
MultiChoice Hellas SA	EUR	I	**44,90**	18,91	Subscription television	Greece
Mindport Holdings Limited	USD	I	**100,00**	42,15	Technology development	British Virgin Islands
Mindport IBS Limited	USD	I	**70,00**	29,50	Technology development	British Virgin Islands
Tencent (BVI) Limited	CNY	I	**46,50**	19,60	Instant messaging	British Virgin Islands
Irdeto Access BV	USD	I	**100,00**	42,15	Technology development	The Netherlands
OpenTV Corp.	USD	I	**—**	16,18	Interactive television	USA
M-Web (Thailand) Limited	THB	I	**100,00**	41,62	Internet content provider	Thailand
Internet Knowledge Service Centre Company Limited	THB	I	**62,50**	26,34	Internet service and content provider	Thailand
MultiChoice Cyprus Limited	CYP	I	**29,90**	12,61	Subscription television	Cyprus

I – Indirect effective interest

D – Direct interest

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

	31 March	
	2003	2002
	R'000	R'000
6. Investments and loans *(continued)*		
Investment in associated companies		
Shares at cost less amounts written off	**103 446**	208 147
Loans to associated companies	**11 485**	12 029
Goodwill on initial acquisition	**18 602**	18 602
Successive acquisition	**134 717**	—
Goodwill recognised	**116 478**	—
Other intangibles recognised	**26 056**	—
Deferred taxation recognised	**(7 817)**	—
	268 250	238 778
Share of post-acquisition reserves	**43 105**	123 244
Amortisation of goodwill and other intangible assets	**(6 845)**	(2 738)
Current year amortisation	**(4 107)**	(1 825)
Accumulated amortisation at beginning of year	**(2 738)**	(913)
Deferred taxation realised in current year	**98**	—
	304 608	359 284
Significant associated companies		
The following are the combined summarised balance sheets of Electronic Media Network Limited (M-Net) and SuperSport International Holdings Limited (SuperSport) as per their audited financial statements:		
Non-current assets	**200 034**	600 142
Current assets	**1 728 932**	1 488 781
Total assets	**1 928 966**	2 088 923
Non-current liabilities	**460 989**	262 902
Current liabilities	**1 139 059**	1 150 019
Total liabilities	**1 600 048**	1 412 921
Total shareholders' equity	**328 918**	676 002
Total equity and liabilities	**1 928 966**	2 088 923
The following are the combined summarised income statements of M-Net/SuperSport:		
Revenue	**2 337 677**	2 126 257
Operating profit	**281 323**	233 636
Net profit	**80 517**	160 799

	31 March	
	2003	2002
	R'000	R'000
6. Investments and loans *(continued)*		
Investment in joint ventures		
Shares at cost less amounts written off	**316 532**	491 333
Loans to joint ventures	**20 071**	24 367
Successive acquisition	**384 511**	—
Goodwill recognised	**356 189**	—
Other intangibles recognised	**28 322**	—
	721 114	515 700
Share of post-acquisition reserves	**(309 900)**	(476 970)
Amortisation of goodwill and other intangible assets	**(4 608)**	—
Current year amortisation	**(4 608)**	—
Accumulated amortisation at beginning of year	**—**	—
Foreign currency translation adjustments on recognised assets	**(27 933)**	—
	378 673	38 730

The group only recognises its share of net aggregate losses in joint venture companies to the extent that there is specific commitment to fund future activities, when such share exceeds the carrying amount of the investment.

Financial information for the group's proportionate share of significant joint venture's profits, assets and liabilities:

Net loss	**48 393**	28 773
Current assets	**727 436**	115 667
Non-current assets	**788 940**	176 061
Current liabilities	**773 707**	138 840
Non-current liabilities	**468 433**	91 413

The group has pledged its shares in United Broadcasting Corporation Public Company Limited (UBC) as security to a financial institution. The carrying value of the group's investment in UBC at 31 March 2003 was R352,0 million (2002: Rnil).

6. Investments and loans *(continued)*

The following information relates to the group's significant investments in associated companies and joint ventures:

Type of investment	31 March 2003 Effective interest* %	31 March 2002 Effective interest* %	Nature of business	Country of incorporation
Associated companies				
MNH Holdings (1998) (Proprietary) Limited	**50,0**	50,0	Investment holding	South Africa
Electronic Media Network Limited	**54,1**	41,3	Pay-TV content provider	South Africa
SuperSport International Holdings Limited	**54,1**	41,3	Pay-TV content provider	South Africa
The Natal Witness Printing and Publishing Company (Proprietary) Limited	**50,0**	50,0	Newspaper publishing	South Africa
Joint ventures				
United Broadcasting Corporation Public Company Limited	**31,1**	13,1	Pay-TV platforms	Thailand
MultiChoice Supplies (Proprietary) Limited	**50,0**	21,1	Decoder rentals	South Africa
MultiChoice Transkei (Proprietary) Limited	**50,0**	50,0	Subscription television	South Africa
MultiChoice Namibia (Proprietary) Limited	**49,0**	49,0	Subscription television	South Africa
KSC Commercial Internet Company Limited	**21,1**	17,1	Internet content provider	British Virgin Islands
Myriad International Programming Services BV	**50,0**	21,1	Programme and content acquisition	The Netherlands

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

7. Marketable debt and equity securities

	31 March 2003 R'000	31 March 2002 R'000
Short-term marketable debt and equity securities		
Marketable debt securities		
Commercial paper	—	79 221
Corporate notes and bonds	—	149 752
US government securities	—	65 603
Auction rate securities	—	90 862
Other debt securities	—	57 403
Total marketable debt securities	—	442 841
Marketable equity securities		
Liberty Media Corporation shares	**152 559**	—
Total short-term marketable debt and equity securities	**152 559**	442 841
Long-term marketable debt securities		
Corporate notes	—	179 499
US government securities	—	600 271
Total long-term marketable debt securities (due after one year)	—	779 770
Total marketable debt and equity securities	**152 559**	1 222 611

Marketable debt and equity securities are stated at fair value.

At 31 March 2003 the Liberty Media Corporation shares have been pledged as security against a term loan facility with a bank.

	31 March	
	2003	2002
	R'000	R'000
8. Programme and film rights		
Cost		
Programme and sports rights	**1 076 461**	1 276 111
Film rights	**142 775**	129 323
	1 219 236	1 405 434
Accumulated amortisation		
Programme and sports rights	**550 586**	430 428
Film rights	**37 382**	30 057
	587 968	460 485
Net book value		
Programme and sports rights	**525 875**	845 683
Film rights	**105 393**	99 266
	631 268	944 949
Classified on the balance sheets as follows:		
Current assets	**403 973**	436 202
Non-current assets	**227 295**	508 747
	631 268	944 949
9. Deferred taxation		
Balance 1 April	**(8 544)**	39 748
Acquisition of subsidiaries	**—**	(5 618)
Accounted for in income statement	**122 651**	(14 878)
Foreign currency translation	**104**	(492)
Fair value adjustment	**—**	(27 304)
Successive acquisition	**(58 768)**	—
Balance 31 March	**55 443**	(8 544)

9. Deferred taxation *(continued)*

The deferred tax assets and liabilities and movement thereon are attributable to the following items:

	1 April 2002 R'000	Charged to income R'000	Disposal of subsidiary R'000	Acquisition of subsidiary R'000	Foreign currency translation R'000	31 March 2003 R'000
Deferred taxation assets						
Property, plant and equipment	229 081	(134 524)	—	51	(15 430)	**79 178**
Intangible assets	41 884	(4 137)	—	—	—	**37 747**
Receivables and current assets	111 217	17 910	(12 425)	7 944	(27 766)	**96 880**
Provisions and current liabilities	71 818	36 965	—	(7 992)	—	**100 791**
Programme and film rights	—	44 478	—	—	—	**44 478**
Income received in advance	208 595	2 892	(69 110)	2	(55 640)	**86 739**
Tax loss carry-forwards	1 818 641	112 344	(334 387)	—	(333 538)	**1 263 060**
	2 481 236	**75 928**	**(415 922)**	**5**	**(432 374)**	**1 708 873**
Valuation allowance	(2 191 157)	44 293	306 048	—	364 078	**(1 476 738)**
	290 079	**120 221**	**(109 874)**	**5**	**(68 296)**	**232 135**
Deferred taxation liabilities						
Property, plant and equipment	80 689	(1 751)	—	—	(204)	**78 734**
Receivables and other current assets	8 952	247	—	(7)	—	**9 192**
Intangible assets	175 807	1 369	(109 874)	52 254	(68 196)	**51 360**
Provisions and other liabilities	—	(2 295)	—	6 526	—	**4 231**
Capitalised finance lease assets	33 175	—	—	—	—	**33 175**
	298 623	**(2 430)**	**(109 874)**	**58 773**	**(68 400)**	**176 692**
Net deferred taxation	**(8 544)**	**122 651**	**—**	**(58 768)**	**104**	**55 443**

The group has raised a valuation allowance against the net deferred taxation assets, as in management's estimate it is probable that certain deferred taxation assets will not be realised, due to the timing on the available taxation loss carry-forwards that arose on these losses. Further valuation allowances have been raised when it is uncertain if future taxable profits will be available to utilise unused tax losses and timing differences.

	Africa R'000	Greece R'000	Netherlands R'000	USA R'000	Asia R'000	Total R'000
Valuation allowance	536 912	566 584	40 935	179 848	152 459	**1 476 738**

9. Deferred taxation *(continued)*

The group has tax loss carry-forwards of approximately R3 937 million (2002: R5 263 million). A summary of the tax loss carry-forwards at 31 March 2003 by tax jurisdiction, and the expiry dates is set out below:

	Africa R'000	Greece R'000	Netherlands R'000	USA R'000	Asia R'000	Total R'000
Expires in year one	—	53 556	—	—	262 070	**315 626**
Expires in year two	—	178 666	—	—	103 220	**281 886**
Expires in year three	—	254 694	—	—	84 498	**339 192**
Expires in year four	217 746	337 065	—	—	24 793	**579 604**
Expires in year five	—	239 971	—	—	8 034	**248 005**
Expire after five years	1 463 451	—	161 011	547 764	3	**2 172 229**
	1 681 197	**1 063 952**	**161 011**	**547 764**	**482 618**	**3 936 542**

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

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

	31 March	
	2003 R'000	2002 R'000
Deferred tax assets	**126 114**	58 821
Deferred tax liabilities	**(70 671)**	(67 365)
Net deferred tax assets/(liabilities)	**55 443**	(8 544)

10. Inventory

Raw materials	**123 037**	134 355
Finished products, trading inventory and consumables	**191 353**	152 336
Work-in-progress	**25 411**	22 543
Decoders, internet and associated components	**210 903**	285 970
Gross inventory	**550 704**	595 204
Less: Provision for slow-moving and obsolete inventories	**(138 124)**	(111 282)
Net inventory	**412 580**	483 922

11. Accounts receivable

Trade accounts receivable	**1 525 783**	2 010 907
Less: Provision for doubtful accounts	**(373 960)**	(476 023)
	1 151 823	1 534 884

Included in accounts receivable are R656,6 million and R823,8 million at 31 March 2003 and 2002 respectively, prebilled to customers and credit balances, which have been recorded as deferred income (see Note 19).

The group has pledged accounts receivable with a carrying value of R296,7 million at 31 March 2003 (2002: R352,5 million) as security against certain term loans and overdrafts with banks.

12. Other receivables

	31 March 2003 R'000	31 March 2002 R'000
Pre-payments and accrued income	**151 324**	250 403
Receivable from minority shareholder	**—**	36 567
Staff debtors	**8 206**	18 964
VAT and related taxes receivable	**18 061**	40 152
Other receivables	**147 076**	258 968
	324 667	605 054

13. Related-party transactions and balances

The group entered into transactions and has balances with a number of related parties, including equity investees, directors, shareholders and entities under common control. The transactions are at arm's length. The significant transactions and balances with related parties are summarised below:

	Notes	31 March 2003 R'000	31 March 2002 R'000	31 March 2001 R'000
Sale of goods and services to related parties				
Electronic Media Network Limited	(a)	**28 696**	38 682	40 191
SuperSport International Holdings Limited	(a)	**11 022**	6 225	6 178
United Broadcasting Corporation Public Company Limited	(a)	**1 096**	44 427	—
Alchemy Publishing (Proprietary) Limited	(b)	**8 213**	4 843	4 225
Antenna TV	(c)	**4 420**	—	—
KSC Comnet (Proprietary) Limited	(d)	**7 438**	—	—
Lumière Television Limited	(e)	**25 433**	—	—
Jane Raphaely & Associates (Proprietary) Limited	(b)	**17 177**	23 768	15 327
MultiChoice Supplies (Proprietary) Limited	(f)	**3 600**	—	—
New Media Publishers (Proprietary) Limited	(b)	**55 987**	48 218	35 232
Rodale & Touchline Publishers (Proprietary) Limited	(b)	**28 037**	26 851	6 958
Shape (Proprietary) Limited	(b)	**9 670**	6 752	1 293
Uppercase Media (Proprietary) Limited	(b)	**6 241**	8 438	7 622
		207 030	208 204	117 026
Other income received from related parties				
United Broadcasting Corporation Public Company Limited	(g)	**—**	—	6 367
Other related parties	(h)	**—**	25 765	10 402
		—	25 765	16 769

Notes:

(a) Sale of goods and services to M-Net, SuperSport and UBC.
(b) Media24 Limited receives revenue from a number of its related parties mainly for the printing and distribution of magazines and newspapers.
(c) Transponder rental paid by Antenna TV to NetMed NV.
(d) Management fee of R1,4 million and asset usage fees of R6,0 million paid to M-Web (Thailand) Limited.
(e) Royalty recovery fee paid to NetMed NV.
(f) Management fee paid to MultiChoice Africa (Proprietary) Limited.
(g) Management fee charged by the group to United Broadcasting Corporation Public Company Limited.
(h) Licensing and consulting fees charged to associates.

	Notes	31 March 2003 R'000	2002 R'000	2001 R'000
13. Related-party transactions and balances *(continued)*				
Purchase of goods and services				
Electronic Media Network Limited/ SuperSport International Holdings Limited	(a)	**1 971 840**	1 484 125	1 199 112
KSC Comnet (Proprietary) Limited	(b)	**1 727**	—	—
Lumière Productions AE	(c)	**51 151**	—	—
Lumière Kosmos Communication SA	(d)	**2 343**	—	—
Antenna TV	(e)	**13 904**	—	—
Teletypos AE	(e)	**14 257**	—	—
		2 055 222	1 484 125	1 199 112

Notes:

(a) Channel and programming rights purchased by MultiChoice Africa (Proprietary) Limited.

(b) Network fees and lease-line charges paid by M-Web (Thailand) Limited.

(c) Programming production costs paid by NetMed NV.

(d) Subtitling costs paid by NetMed NV.

(e) Programming and advertising costs paid by NetMed NV.

Capital transactions with minority shareholders

MIH Holdings Limited

In December 2002, Naspers Limited concluded a scheme of arrangement in terms of section 311 of the South African Companies Act, 1973, to acquire all the remaining shares it did not already own in MIH Holdings Limited. The transaction was conducted at an exchange ratio of 2,25 MIH Holdings shares for each Naspers N ordinary share. A total of 38 263 345 Naspers N ordinary shares was issued to minority shareholders of MIH Holdings Limited.

MIH Limited

In December 2002 a merger agreement was concluded in terms of which MIH Limited (MIHL) merged with MIH (BVI) Limited, an existing wholly owned subsidiary of MIH Holdings Limited. MIHL's outstanding shares were cancelled and delisted from the Nasdaq National Market. Naspers issued 98 803 261 N ordinary shares to the minority shareholders of MIHL at an exchange ratio of 3,5 Naspers N ordinary shares for each MIHL A ordinary share.

MultiChoice Nigeria Limited (MCN)

The group has a loan of R22,8 million (US$2,9 million) with the MCN minority shareholders, which bears interest at 1% above LIBOR and is secured by a pledge of 10% of the shareholding of MCN. Interest received during the year amounted to R0,8 million ($0,1 million). On 22 April 2002 the group acquired an additional 10% interest from the minority shareholders for R27,2 million ($2,4 million). The minority shareholders have the right to repurchase this interest on any date at the greater of R18,9 million ($2,4 million) or the value of MCN at R3 358 ($425) per subscriber.

MultiChoice Egypt Limited (MCE)

MCE transferred its business to Cable Network Egypt (CNE) and subscribed for an additional 8% in CNE and 12,5% in Nile Communications Network (NCN) at par value. The group's shareholding in both CNE and NCN increased to 16,5%. The group also received a liquidation dividend of R9,5 million ($1,2 million).

Antenna TV

In prior years, NetMed NV entered into agreements with Antenna for the purchase of a 5% interest (plus a 10% option) in NetMed NV and for the right to distribute three Antenna channels. In October 2001, Antenna concluded the transaction for the acquisition of 5% of the shares in NetMed NV for a consideration of approximately R94,7 million ($12 million). Two channels were aired in the current year with the third being in the planning stage. At 31 March 2003, the option for 10% of NetMed NV has not been exercised.

13. Related-party transactions and balances *(continued)*

Other transactions with related parties

Electronic Media Network Limited (M-Net)

M-Net reduced its capital by paying a total of R37,5 million to its shareholders in March 2003. The group participated in this transaction to the extent of its shareholding in M-Net.

Electronic Media Network Limited and SuperSport International Holdings Limited ceded forward exchange contracts (FEC's) totalling US$49,9 million on 31 March 2003 at no consideration to the group. The FEC's ceded are at an average rate of R12,16 and mature between 28 November 2003 and 31 March 2005.

SuperSport International Holdings Limited (SuperSport)

SuperSport reduced its capital in March 2003 by paying R37,5 million to its shareholders and distributing a further 11 386 277 Naspers N ordinary shares with an aggregate value of R252,8 million on 7 March 2003. The group participated in this transaction to the extent of its shareholding in SuperSport.

Balances with related parties

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

	31 March	
	2003	2002
	R'000	R'000
Receivables		
Electronic Media Network Limited	**195**	1 609
SuperSport International Holdings Limited	**459**	141
United Broadcasting Corporation Public Company Limited	**8 678**	9 804
Alchemy Publishing (Proprietary) Limited	**2 078**	2 061
Capital Media (Proprietary) Limited	**2 659**	250
Jane Raphaely & Associates (Proprietary) Limited	**4 179**	5 174
New Media Publishers (Proprietary) Limited	**10 394**	9 707
Rodale & Touchline Publishers (Proprietary) Limited	**5 549**	5 277
Shape (Proprietary) Limited	**3 051**	1 907
Oracle Airtime Sales (Proprietary) Limited	**—**	510
Other related parties	**828**	184
	38 070	36 624
Payables		
Electronic Media Network Limited	**255 169**	152 912
SuperSport International Holdings Limited	**4 002**	3 774
	259 171	156 686

		31 March	
	2003 R'000	2002 R'000	2001 R'000

13. Related-party transactions and balances *(continued)*

Directors' emoluments

Executive directors

Remuneration for other services paid by subsidiary companies	**3 577**	3 048	7 061

Non-executive directors

Fees for services as directors	**1 506**	930	847
Fees for services as directors of subsidiary companies	**1 573**	900	558
Fees for managerial services, paid by subsidiary companies	**—**	575	675
	6 656	5 453	9 141

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

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

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

Executive directors	**Salary R'000**	**Bonuses and performance-related fees R'000**	**Pension contributions R'000**	**Total R'000**
2003				
J P Bekker[1]	—	—	—	—
S J Z Pacak	1 413	2 004	160	3 577
	1 413	**2 004**	**160**	**3 577**
2002				
J P Bekker[1]	—	—	—	—
S J Z Pacak	1 258	374	140	1 772
J D T Stofberg	1 133	—	143	1 276
	2 391	**374**	**283**	**3 048**

Note 1: *Refer to Note 1 on page 79.*

13. Related-party transactions and balances *(continued)*

Directors' emoluments *(continued)*

Non-executive directors	Director fees R'000	Committee[1] and trustee[2] fees R'000	Total 2003 R'000	Director fees R'000	Committe[1] and trustee[2] fees R'000	Total 2002 R'000
T Vosloo[3, 4, 5]	1 126	—	**1 126**	935	—	935
J F Malherbe[3, 4]	337	95	**432**	210	42	252
M J de Vries[3, 4]	56	65	**121**	180	78	258
J J M van Zyl[3, 4]	225	155	**380**	180	74	254
E Botha[4]	150	—	**150**	120	—	120
L M Taunyane[4]	150	—	**150**	120	—	120
L N Jonker	75	30	**105**	60	12	72
N P van Heerden	75	45	**120**	60	24	84
B J van der Ross	75	19	**94**	60	4	64
G J Gerwel[3, 6]	300	48	**348**	240	6	246
H S S Willemse	50	3	**53**	—	—	—
	2 619	460	**3 079**	2 165	240	2 405

Notes on non-executive directors' remuneration

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

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

Note 3: Directors' fees include fees for services as directors of Media24 Limited.

Note 4: Directors' fees include fees for services as directors of Nasboek Limited.

Note 5: Directors' fees include fees for services as directors of MIH Holdings Limited and MIH B.V..

Note 6: Directors' fees include fees for services as directors of Educor Holdings Limited.

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

The executive directors of Naspers are allowed to participate in the Naspers Share Incentive Trust. Details in respect of their participation in scheme shares are as follows:

Name	Purchase date	Number of N shares	Purchase price	Release period
J P Bekker[1]	07/12/1998	1 118 140	R29,07	07/12/2003
	01/10/2002	2 452 411	R22,39 – R24,50	01/10/2005 – 01/10/2007
	17/12/2002	2 236 280	R29,09 – R31,54	17/12/2005 – 17/12/2007
S J Z Pacak	07/12/1998	66 668	R21,22	07/12/2003
	02/01/2003	500 000	R23,50	02/01/2006 – 02/01/2008

(1) The managing director of Naspers has allocations, as indicated above, in the share incentive scheme, in terms of which Naspers N ordinary shares can be acquired at certain prices, with vesting of three tranches taking place over a period of five years. The purchase prices relating to the allocations were set at the middle market price of the shares on the purchase date, but increased by anticipated inflation over the course of the vesting periods of three, four and five years respectively for each of the tranches. Inflation expectations were calculated by the Bureau for Economic Research of the University of Stellenbosch. The managing director does not earn any remuneration from the group, in particular no salary, bonus, car scheme, medical or pension contributions of any nature whatever are payable. The managing director's contract is for a five-year period starting on 1 October 2002. No compensation will apply on termination.

13. Related-party transactions and balances *(continued)*

Directors' interest in MIH Holdings share incentive scheme

Historically S J Z Pacak has been a participant under the MIH Holdings share incentive scheme. In December 2002 Naspers Limited acquired all the MIH Holdings ordinary shares held by the MIH Holdings Share Trust in exchange for Naspers N ordinary shares. Participants exchanged their rights to MIH Holdings shares for Naspers N ordinary shares. A total of 141 197 Naspers N ordinary shares have been allocated to S J Z Pacak with vesting periods until 15 February 2007.

Directors' interest in SuperSport share incentive scheme

Historically S J Z Pacak has been a participant under the SuperSport share incentive scheme. In March 2003 SuperSport completed a capital reduction in terms of which Naspers N ordinary shares were distributed to its shareholders, including the SuperSport Share Trust. In terms of his participation in the SuperSport share incentive scheme, 2 119 Naspers N ordinary shares have been allocated to S J Z Pacak with vesting periods until 26 August 2004.

Directors' interests in Naspers shares

The directors of Naspers had the following interests in Naspers A and N ordinary shares at 31 March 2003:

	Naspers A ordinary shares			
	Beneficial		Non-beneficial	
Name	Direct	Indirect	Direct	Indirect
J F Malherbe	105	—	—	—
J J M van Zyl	745	—	—	—

No other directors of Naspers have an interest in Naspers A ordinary shares at 31 March 2003.

	Naspers N ordinary shares			
	Beneficial		Non-beneficial	
Name	Direct	Indirect	Direct	Indirect
T Vosloo	86 199	344 178	—	—
J F Malherbe	—	163 557	—	—
J P Bekker	314 754	—	—	2 414 617
S J Z Pacak	3 117	—	—	200 882
J J M van Zyl	50 361	99 958	—	—
E Botha	15 280	—	—	—
L M Taunyane	1 000	—	—	—
L N Jonker	—	1 000	—	95 000
N P van Heerden	—	1 000	—	—
B J van der Ross	—	—	—	—
G J Gerwel	—	—	—	—
H S S Willemse	—	—	—	—

Key management remuneration and participation in share incentive plans

The total of executive directors' and key management emoluments amounted to R45,4 million (2002: R37,6 million). The aggregate number of share options granted to the executive directors and key management during the 2003 financial year and the number of shares allocated to the executive directors and key management at 31 March 2003 respectively are:

for shares listed on a recognised stock exchange as follows: 5 414 481 Naspers Limited N ordinary shares were allocated during the 2003 financial year and an aggregate of 11 102 078 N ordinary shares were allocated as at 31 March 2003; no Electronic Media Network Limited and SuperSport International Holdings Limited ordinary shares were allocated during 2003 and an aggregate of 3 200 420 ordinary shares were allocated as at 31 March 2003.

For privately-owned shares as follows: no Media24 Limited ordinary shares were allocated during 2003 and an aggregate of 288 390 ordinary shares were allocated as at 31 March 2003; no Educor Holdings Limited ordinary shares were allocated during 2003 and an aggregate of 1 506 055 ordinary shares were allocated as at 31 March 2003; no Mindport Holdings Limited ordinary shares were allocated during 2003 and an aggregate of 455 000 ordinary shares were allocated as at 31 March 2003; no Irdeto Access BV ordinary shares were allocated during 2003 and an aggregate of 143 347 ordinary shares were allocated as at 31 March 2003; no Mindport Integrated Business Systems BV ordinary shares were allocated during 2003 and an aggregate of 60 000 ordinary shares were allocated as at 31 March 2003; 20 000 MIH QQ (BVI) Limited shares were allocated during 2003 and as at 31 March 2003.

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

14. Share capital and premium

	31 March 2003 R'000	31 March 2002 R'000
Authorised		
1 250 000 A ordinary shares of R20 each	**25 000**	25 000
500 000 000 N ordinary shares of 2 cents each	**10 000**	10 000
	35 000	35 000
Issued		
712 131 A ordinary shares of R20 each	**14 243**	14 243
296 816 639 N ordinary shares of 2 cents each (2002: 156 289 724)	**5 936**	3 125
	20 179	17 368
Share premium	**5 412 628**	2 020 833
	5 432 807	2 038 201
Less: 38 665 270 N ordinary shares held as treasury shares (2002: 8 205 773 N ordinary shares)	**(911 924)**	(181 097)
	4 520 883	1 857 104

	2003 Number of N shares	2002 Number of N shares
Movement in issued N ordinary share capital		
Number of N ordinary shares in issue at 1 April	**156 289 724**	148 262 278
Shares issued to acquire MIH Holdings Limited shares from minority shareholders	**38 263 345**	—
Shares issued to acquire MIH Limited shares from minority shareholders	**98 803 261**	—
Shares issued to Naspers Share Incentive Trust	**3 460 309**	—
Shares issued to acquire Educor Limited shares from minority shareholders	**—**	3 336 996
Shares issued to acquire M-Web Holdings Limited shares from minority shareholders	**—**	4 690 450
Number of N ordinary shares in issue at 31 March	**296 816 639**	156 289 724
Movement in N ordinary shares held as treasury shares		
Number of N ordinary shares held as treasury shares at 1 April	**8 205 773**	8 335 003
N ordinary shares acquired by MIH group share incentive plans	**21 250 486**	—
N ordinary shares received by subsidiaries resulting from SuperSport capital reduction	**5 808 918**	—
N ordinary shares issued to the Naspers Share Incentive Trust	**3 460 309**	—
N ordinary shares bought by share incentive plans from participants	**23 305**	—
N ordinary shares acquired by participants in share incentive plans	**(83 521)**	(129 230)
Number of N ordinary shares held as treasury shares at 31 March	**38 665 270**	8 205 773
Net number of N ordinary shares in issue as at 31 March	**258 151 369**	148 083 951

14. Share capital and premium *(continued)*

Voting and dividend rights

The A ordinary shareholders are entitled to 1 000 votes per share and shall be entitled to nominal dividends as determined from time to time by the board of directors, but always limited to one fifth of the dividend to which N ordinary shareholders are entitled. The A ordinary shareholders do not have a right to receive a dividend when dividends are declared to N ordinary shareholders, although a dividend to A ordinary shareholders could be proposed by the board. In respect of all other rights, the A ordinary shares rank pari passu with the N ordinary shares of the company. The directors of the company have unrestricted authority until after the upcoming annual general meeting to allot and issue the unissued 537 869 A ordinary shares and 203 183 361 N ordinary shares in the company, subject to the provisions of section 221 of the Companies Act, 1973.

Share incentive plans holding Naspers N ordinary shares

Directors may from time to time instruct the trustees of the Naspers Share Incentive Trust to offer employees options and/or contracts relating to such number of N ordinary shares in the company which in total, together with the shares already in the existing scheme, shall not exceed 11% of the company's issued shares. With the acquisition of the minority interests in MIH Holdings Limited and MIH Limited, the MIH Holdings share incentive plan and the MIH (BVI) plan received Naspers N ordinary shares. Aggregate information on Naspers N ordinary shares held by the Naspers, MIH Holdings and MIH (BVI) plans are as follows:

	31 March	
	2003	2002
Total number of shares at the disposal of the plans at 1 April	**8 205 773**	8 335 003
Shares issued to the Naspers Share Incentive Trust during the year	**3 460 309**	—
Shares received by the MIH Holdings and MIH (BVI) plans	**21 250 486**	—
Shares bought from participants during the year	**23 305**	—
Shares acquired by participants	**(83 521)**	(129 230)
Total shares at the disposal of the plans at 31 March	**32 856 352**	8 205 773
Number of shares allocated by the plans at 1 April	**6 376 147**	6 406 470
Shares previously allocated by MIH Holdings and MIH (BVI) plans	**17 398 165**	—
Number of shares allocated during the year	**10 763 739**	413 050
Shares acquired by participants	**(83 521)**	(129 230)
Number of shares cancelled/reacquired by plans	**(3 954 369)**	(314 143)
Number of shares allocated by the plans at 31 March	**30 500 161**	6 376 147
Shares available for allocation at 31 March	**2 356 191**	1 829 626

Shares allocated to participants of the incentive schemes vest in equal numbers after respectively three, four and five years after the date of allocation. The plans are obliged to deliver the shares to the participants at any time after vesting up to a maximum of ten years after the allocation date, when participants request and pay for the shares.

15. Distributable reserves

Distributable reserves comprise:		
Company and subsidiaries	**(873 427)**	(1 060 772)
Associated companies	**34 174**	120 506
Joint ventures	**(289 280)**	(476 970)
	(1 128 533)	(1 417 236)

Any future dividends declared from the distributable reserves of the company or its subsidiaries, which are not wholly owned subsidiaries of the company and are incorporated in South Africa, may be subject to secondary taxation on companies at a rate of 12,5% of the dividends declared.

16. Post-retirement medical liability

The group operates a number of post-retirement medical benefit schemes. The obligation of the group to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. However, a number of pensioners and current employees remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employees remaining in service until retirement age and completing a minimum service period.

The group provides for post-retirement medical aid benefits on the accrual basis determined each year by an independent actuary. The directors believe that adequate provision has been made for future liabilities.

MultiChoice Africa (Proprietary) Limited (MCA) provides post-retirement benefits by way of medical aid contributions. At 31 March 2003 and 2002 the liability for benefits was R6,5 million and R9 million, respectively. During the year ended 31 March 1998 an agreement was reached with employees of MCA to terminate the post-retirement medical aid benefit plan in exchange for an increase of MCA's annual contributions to the retirement benefit fund. The provision is gradually released to operating results to match the additional contributions to the retirement benefit plan.

	31 March	
	2003	2002
	R'000	R'000
Present value of obligations	**146 256**	125 843
The principal actuarial assumptions used for accounting purposes were:		
Health-care cost inflation	**9,5%**	11%
Discount rate	**11%**	13%
Continuation at retirement	**100%**	100%
Average retirement age	**60**	60

17. Long-term liabilities

Capitalised finance leases	**2 277 153**	3 031 373
Total liabilities	**2 572 290**	3 316 876
Less: current portion	**295 137**	285 503
Interest-bearing loans	**412 372**	1 528 095
Total liabilities	**1 038 932**	1 748 302
Less: current portion	**626 560**	220 207
Programme and film rights	**157 508**	302 287
Total liabilities	**474 303**	645 717
Less: current portion	**316 795**	343 430
Non-interest-bearing loans	**33 214**	62 383
Total liabilities	**41 367**	63 068
Less: current portion	**8 153**	685
Net long-term liabilities	**2 880 247**	4 924 138

17. Long-term liabilities *(continued)*

Details of long-term liabilities	Currency	Year of final repayment	Year-end interest rate	2003 R'000	2002 R'000
Capitalised finance leases					
Transponders and transmitters	Euro	2010 – 2012	6,5% – 8,1%	**1 008 148**	1 037 771
	US$	2011 – 2013	5,1% – 7,31%	**1 367 271**	2 050 398
Set-top boxes	Euro	2005	7,00%	**51 907**	58 243
Property, plant and equipment	Various	Various	Various	**144 964**	170 464
				2 572 290	3 316 876
Interest-bearing loans					
Secured					
Term loan for Phuthuma Futhi	Rand	—	—	**—**	151 401
Term loans	Rand	2009 – 2012	12,9% – 15,0%	**641 286**	607 927
Term loans	US$	2004	3,30%	**197 388**	721 220
Preference share investments	Rand	2006		**(331 758)**	(130 657)
Right to subscription shares	Rand	2006		**(148 361)**	(285 838)
Unsecured					
Welkom debenture scheme[1]	Rand	2003	23,19%	**317 162**	271 159
Term loans	Rand	2004 – 2009	15% – 16%	**695 841**	694 953
Preference share investments	Rand	2004 – 2009		**(397 785)**	(359 400)
Right to subscription shares	Rand	2004 – 2009		**(83 428)**	(71 840)
Onerous lease liability	Rand	2005 – 2012	12% – 14%	**69 031**	64 040
Minority shareholders' loan	Rand	Not fixed	Various	**79 556**	85 337
				1 038 932	1 748 302
Programme and film rights					
Programme and film rights	Euro	2003 – 2005	Various	**474 303**	645 717
				474 303	645 717
Non-interest-bearing loans					
Minority shareholders' loans	Rand	Various	—	**4 935**	17 416
Other non-interest-bearing loans	Various	Various	—	**36 432**	45 652
				41 367	63 068
Total long-term liabilities				**4 126 892**	5 773 963

[1] *In terms of the Welkom Trust share scheme, prospective shareholders subscribed to 4 003 740 convertible debentures at R42 each for a gross amount of R168,2 million. Scheme participants were required to pay a 10% deposit on subscription for the debentures, with the balance of the principal amount being lent to the group by various financial institutions. The group currently makes semi-annual interest payments based on the coupon rate of 9,25% to the financial institutions. The interest rate differential between the coupon rate of 9,25% of the debentures and the bank funding rate of 23,19%, is accrued for. The possible future payment by the group of the accrued interest rate differential and the possible repayment of the amount advanced by financial institutions are dependent on whether the group's share price is on or above R56,99 on 9 September 2003. If the target price is achieved, the group will issue 5 605 236 N ordinary shares to the scheme participants on conversion of the debentures, otherwise the group can be called upon to repay the loan amount and the accrued interest rate differential. Given the poor state of the equity markets at present, the board believes it is in the interest of both the participants and the group to extend this scheme for a further three years. Shareholders will be asked to consider and vote on such a proposal later in the year.*

17. Long-term liabilities *(continued)*

	31 March 2003 R'000	31 March 2002 R'000
Long-term liabilities are repayable as follows		
Payable within year one	**1 246 645**	849 825
Payable within year two	**477 720**	876 088
Payable within year three	**298 658**	1 133 576
Payable within year four	**416 358**	318 051
Payable within year five	**319 399**	534 456
Payable after year five	**1 368 112**	2 061 967
	4 126 892	5 773 963
Finance lease liabilities – minimum instalments		
Payable within year one	**474 483**	575 190
Payable within year two	**422 454**	546 217
Payable within year three	**396 339**	476 813
Payable within year four	**410 976**	477 995
Payable within year five	**382 042**	493 630
Payable after year five	**1 142 870**	2 163 558
	3 229 164	4 733 403
Future finance costs on leases	**656 874**	1 416 527
Current value of lease liabilities	**2 572 290**	3 316 876
Present value of finance lease liabilities		
Payable within year one	**295 137**	285 503
Payable within year two	**271 114**	323 615
Payable within year three	**260 598**	325 646
Payable within year four	**295 095**	299 169
Payable within year five	**288 538**	341 655
Payable after year five	**1 161 808**	1 741 288
	2 572 290	3 316 876

18. Provisions and valuation accounts

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

	1 April 2002 R'000	Trans-lation adjust-ments R'000	Disposal of subsi-diaries R'000	Additional provisions raised R'000	Unutilised provisions reversed to income R'000	Charged to other accounts R'000	Pro-visions utilised R'000	31 March 2003 R'000
Warranties	18 456	(5 991)	—	—	(12 465)	—	—	**—**
Reorganisation	13 804	(326)	—	—	(920)	(1 602)	(10 216)	**740**
Onerous contracts	2 038	—	—	834	(2 037)	—	—	**835**
Discontinued operations	135 146	(25 267)	—	—	(36 928)	—	(21 386)	**51 565**
Pending litigation	1 500	—	—	6 360	(288)	600	(1 250)	**6 922**
	170 944	(31 584)	—	7 194	(52 638)	(1 002)	(32 852)	**60 062**
Doubtful accounts – Note 11	476 023	(39 537)	—	66 345	(19 974)	(83 868)	(25 029)	**373 960**
Slow-moving and obsolete inventories – Note 10	111 282	(11 084)	—	42 526	(1 528)	—	(3 072)	**138 124**
Post-retirement medical liability – Note 16	125 843	—	—	20 319	(2 716)	3 401	(591)	**146 256**
	884 092	(82 205)	—	136 384	(76 856)	(81 469)	(61 544)	**718 402**

Further details describing the provisions at 31 March 2003 are included below:

The warranty provision relates to the replacement of defective smartcards and conditional access modules supplied to customers. The provision was released to the income statement as the group changed the terms and conditions relating to all new agreements with customers.

The reorganisation provision at 1 April 2002 has been used for the payment of restructuring costs following the restructuring of the group's book printing businesses and some internet activities.

The provision for onerous contracts relates to obligations that the group has in terms of lease agreements, but the premises have been vacated.

The provision for discontinued operations relates to amounts payable for settlement, legal and retrenchment costs arising from the discontinuance of the Mindport Broadband business and to teach-out costs to be paid relating to the closure of Lyceum College.

The group is currently involved in various litigation matters. The litigation provision has been made based on legal counsel and management's estimates of costs and claims relating to these actions (refer Note 20).

18. Provisions and valuation accounts *(continued)*

	1 April 2001 R'000	Translation adjustments R'000	Arising on acquisition R'000	Additional provisions raised R'000	Unutilised provisions reversed to income R'000	Charged to other accounts R'000	Provisions utilised R'000	31 March 2002 R'000
Warranties	46 312	6 133	—	—	—	—	(33 989)	18 456
Intellectual property	9 954	4 178	—	—	—	—	(14 132)	—
Digital decoder upgrade	12 743	5 558	—	—	—	—	(18 301)	—
Losses in joint ventures	7 024	402	—	—	—	—	(7 426)	—
Reorganisation	37 324	2 435	—	18 639	(28 108)	—	(16 486)	13 804
Onerous contracts	5 222	—	—	—	—	—	(3 184)	2 038
Discontinued operations	—	—	—	144 246	—	—	(9 100)	135 146
Pending litigation	—	—	—	1 500	—	—	—	1 500
	118 579	18 706	—	164 385	(28 108)	—	(102 618)	170 944
Doubtful accounts – Note 11	329 290	54 986	1 251	52 906	(8 455)	74 034	(27 989)	476 023
Slow-moving and obsolete inventories – Note 10	90 527	21 829	688	4 458	(2 142)	1 681	(5 759)	111 282
Post-retirement medical liability – Note 16	121 508	—	—	4 335	—	—	—	125 843
	659 904	95 521	1 939	226 084	(38 705)	75 715	(136 366)	884 092

	1 April 2000 R'000	Translation adjustments R'000	Arising on acquisition R'000	Additional provisions raised R'000	Unutilised provisions reversed to income R'000	Charged to other accounts R'000	Provisions utilised R'000	31 March 2001 R'000
Warranties	55 245	6 423	—	10 000	—	—	(25 356)	46 312
Intellectual property	4 064	1 324	—	4 566	—	—	—	9 954
Digital decoder upgrade	11 674	1 069	—	—	—	—	—	12 743
Losses in joint ventures	43 605	3 993	—	55 886	—	(96 460)	—	7 024
Write-down of assets	19 989	—	—	—	(19 989)	—	—	—
Reorganisation	23 606	671	—	13 047	—	—	—	37 324
Onerous contracts	—	—	—	5 222	—	—	—	5 222
	158 183	13 480	—	88 721	(19 989)	(96 460)	(25 356)	118 579
Doubtful accounts	215 185	—	—	93 676	(7)	25 000	(4 564)	329 290
Slow-moving and obsolete inventories	80 156	526	—	16 919	(2 181)	—	(4 893)	90 527
Post-retirement medical liability	134 817	—	—	—	—	—	(13 309)	121 508
	588 341	14 006	—	199 316	(22 177)	(71 460)	(48 122)	659 904

	31 March	
	2003	2002
	R'000	R'000

19. Accrued expenses and other current liabilities

Deferred income	**656 562**	823 817
Accrued expenses	**794 199**	1 046 698
Amounts owing in respect of investments acquired	**750**	8 485
Taxes and social securities	**154 576**	106 751
Advance payments received	**27 593**	49 172
Royalties payable	**69 063**	95 757
Other current liabilities	**221 019**	216 159
	1 923 762	2 346 839

20. Commitments and contingencies

The group is subject to contingencies, which occur in the normal course of business including legal proceedings and claims that cover a wide range of matters. These contingencies include contract and employment claims, product liability and warranty. None of these claims are expected to result in a material gain or loss to the group.

(a) Capital expenditure

Commitments in respect of contracts placed for capital expenditure at 31 March 2003 amount to R110,3 million (2002: R88,8 million).

(b) Programme and film rights

At 31 March 2003 the group had entered into contracts for the purchase of programme and film rights. The group's commitments in respect of these contracts amounted to R782,4 million (2002: R881,1 million).

(c) Network supply agreements

At 31 March 2003 the group had entered into contracts for the supply of network capacity. The group's commitments in respect of these agreements amounted to R110,3 million (2002: R201,7 million).

(d) Set-top boxes

At 31 March 2003 the group had entered into contracts for the purchase of set-top boxes (decoders). The group's commitments in respect of these contracts amounted to R1,2 million (2002: R29,8 million).

(e) Other commitments

At 31 March 2003 the group had entered into contracts for purchasing buildings to the amount of R7,1 million (2002: Rnil) and for the purchase of software licences for R3,8 million (2002: Rnil).

At 31 March 2003 the group had entered into contracts for the receipt of various services. These service contracts are for the receipt of advertising, security, cleaning and computer support services and extend over periods of five years. The group's commitments in respect of these agreements amounted to R64,4 million (2002: Rnil).

(f) Operating lease commitments

The group has the following operating lease liabilities at 31 March 2003 and 2002:

	31 March	
	2003	2002
	R'000	R'000
Minimum operating lease payments		
Payable within one year	**154 132**	243 618
Payable between one and five years	**399 245**	710 876
Payable after five years	**73 279**	396 318
	626 656	1 350 812

20. Commitments and contingencies *(continued)*

(g) Litigation claims

Fidelity Management S.A.

On 26 July 2002, MIH Limited (through its subsidiary Myriad International Holdings BV) and Fidelity Management S.A. (Fidelity) entered into a share subscription agreement and a share sale agreement under which Fidelity would have acquired a 22% interest in NetMed NV, the group's pay-television subsidiary in Greece, for a cash purchase price of US$5 million plus a cash payment equal to an amount calculated with reference to the value of the subscriber base to be acquired by NetMed. The completion of this transaction was subject to the approval of the Greek Competition Committee. The required approval from the Greek Competition Committee was not received within the applicable period and accordingly the group believes that the subscription and sale agreements have ceased to have effect.

This matter has been referred for arbitration to the London Court of International Arbitration. Fidelity has issued summons against Naspers Limited, MIH Holdings Limited and an employee of MIH in South Africa, claiming US$62 million on the grounds that the parties had unlawfully caused NetMed to terminate its agreements with Fidelity, thereby causing Fidelity financial loss. Management believes, based on the facts and the pleadings to date, that the claim has no foundation.

Thomas Weisel Partners LLC (Weisel)

On 12 March 2003 Liberty Media Corporation advised the group that it is seeking indemnification for a claim that OpenTV Inc. received in terms of an arbitration demand from Weisel, claiming that OpenTV Inc. was required to pay Weisel a fee of about US$1,9 million in connection with OpenTV's acquisition of Wink Communications Inc.. On the facts available, management does not believe that the group would be liable for any claim.

Defamation claim

Touchline Media (Proprietary) Limited, a subsidiary of Media24 Limited, is a defendant in a defamation claim for damages for an amount of R8 million. The claim results from articles and statements published in a magazine. Management believes, based on the facts and the pleadings to date, that the claim has no foundation.

Breach of contract

On 23 October 2002, MIH Limited (MIHL) and a subsidiary company, OTV Holdings Limited (OTV), filed a lawsuit against America Online Inc. (AOL) and TWI-OTV Holdings Inc. (TWI). The lawsuit arises out of MIHL's sale to Liberty Media of MIHL's controlling interest in OpenTV. AOL and TWI are minority shareholders in OpenTV. Under an Investors Rights Agreement, MIHL was required to provide AOL and TWI with the opportunity to sell some of their OpenTV shares to Liberty Media as part of a tag-along sale, subject to certain conditions and limitations. In the lawsuit, MIHL (whose place has now been taken by its successor-in-title, MIH (BVI) Limited) seeks a declaratory judgement from the court declaring that MIHL complied with the requirements of the Investors Rights Agreement. AOL and TWI have counterclaimed against the group, alleging that MIHL breached its obligations under the Investors Rights Agreement by failing to provide them with adequate opportunity to sell their shares. AOL and TWI contend they have suffered damages in the amount of at least US$12,5 million. Management believes, based on the facts and the pleadings to date, that the claim has no foundation.

(h) Guarantees

At 31 March 2003 the group had provided guarantees of R90,1 million (2002: R104,3 million) mainly in respect of office rental, services and other contracts.

(i) Assets pledged as security

The group pledged property, plant and equipment, investments, cash and cash equivalents and accounts receivable with a net carrying value of R722,8 million at 31 March 2003 (2002: R884,9 million) to a number of banks as security for certain term loans and bank overdrafts.

The group has pledged its shares in the following companies as security for certain bank facilities: Myriad International Holdings BV, MIH Sarl, Irdeto Access BV, Mindport BV, Myriad Holdings Africa BV, NetMed NV, Liberty Media Corporation Inc. and United Broadcasting Corporation Public Company Limited.

The group plans to fund above commitments and liabilities out of existing loan facilities and internally generated funds.

	31 March		
	2003	2002	2001
	R'000	R'000	R'000

21. Net revenues

Net revenues – continuing operations			
Subscription	**6 168 050**	5 116 205	4 018 565
Hardware sales	**472 036**	521 040	551 604
Technology	**375 648**	430 190	384 373
Circulation	**595 230**	558 214	542 860
Advertising	**1 128 414**	986 727	909 827
Printing and distribution	**718 322**	619 418	509 363
Book publishing and sales	**624 358**	613 443	520 275
Tuition fees	**473 304**	454 372	398 543
e-Commerce revenue	**168 398**	146 752	34 730
Other	**462 959**	390 248	395 510
	11 186 719	9 836 609	8 265 650
Net revenues – discontinuing operations			
OpenTV	**234 519**	839 826	553 065
Mindport Broadband	**—**	85 225	122 550
Lyceum College	**21 874**	24 803	72 636
	256 393	949 854	748 251
Net revenues – total	**11 443 112**	10 786 463	9 013 901

Other revenues include revenues from decoder maintenance, backhaul charges and financing service fees.

22. Operating profit

Operating profit from continuing operations includes the following items:

Auditors' remuneration			
Audit fees	**18 709**	14 197	11 723
Audit related fees	**8 042**	3 285	2 525
Tax fees	**5 678**	1 903	1 846
All other fees	**3 871**	1 307	3 144
	36 300	20 692	19 238
Operating leases			
Buildings	**125 856**	125 342	110 154
Satellite and transponders	**52 676**	46 682	44 010
Other equipment	**19 822**	15 730	25 902
	198 354	187 754	180 066
(Loss)/profit on sale of property, plant and equipment	**(12 227)**	1 163	3 105
Retirement benefit costs	**162 898**	151 702	103 286
Secretarial, management and technical fees paid other than to employees	**103 933**	92 449	43 549

		31 March	
	2003	2002	2001
	R'000	R'000	R'000

22. Operating profit *(continued)*

Employee costs

As at 31 March 2003, the group had 10 106 (2002: 10 706; 2001: 11 449) permanent employees.

Total employment costs of permanent and temporary employees, including executive directors, were:

Salaries, wages and bonuses	**1 737 372**	1 656 985	1 453 892
Retirement benefit costs	**162 898**	151 702	103 286
Medical aid fund contributions	**41 841**	45 538	39 931
Post-retirement benefits	**15 564**	(501)	(389)
Training costs	**23 516**	18 377	18 210
	1 981 191	1 872 101	1 614 930
Advertising expenses	**293 643**	267 575	305 078
Research and development costs	**7 188**	3 761	6 199

23. Net finance costs

Interest paid

Loans and overdrafts	**404 117**	301 539	240 889
Welkom debenture scheme	**61 136**	52 779	44 654
Finance leases	**237 732**	257 723	177 834
	702 985	612 041	463 377
Preference dividends	**(142 867)**	(85 975)	(75 071)
	560 118	526 066	388 306
Net (profit)/loss from foreign exchange transactions	**(213 870)**	(24 640)	82 533

Interest received

Loans and bank accounts	**119 568**	88 048	165 882
Associated companies	**3 726**	1 633	3 470
	123 294	89 681	169 352
Net finance costs	**222 954**	411 745	301 487

24. Income from investments

Dividends – unlisted investments	**20**	3 831	797
Total dividend income	**20**	3 831	797

25. Share of equity-accounted results

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Attributable share of associated companies' and joint ventures' results before taxation, exceptional items and dividends			
Profits	**194 650**	183 079	147 285
Losses	**(17 440)**	(23 989)	(161 495)
Share in operating results before amortisation	**177 210**	159 090	(14 210)
Amortisation	**(8 714)**	(1 825)	(45 533)
Total per income statement	**168 496**	157 265	(59 743)
Exceptional items	**(67 409)**	—	—
Taxation	**(62 613)**	(59 093)	(48 419)
Net after taxation	**38 474**	98 172	(108 162)
Dividends received	**(49 147)**	(40 609)	(33 417)
Net movement during the year	**(10 673)**	57 563	(141 579)

26. Exceptional items

	Gross amount R'000	Taxation R'000	Minority interest R'000	Attributable 2003 R'000
Gains:				
Profit on sale of land and buildings	4 393	—	—	**4 393**
Profit on sale of investments	6 682	—	—	**6 682**
Dilution profits	1 418	—	—	**1 418**
Reversal of warranty provision	6 500	—	—	**6 500**
Profit on sale of Liberty Media Corporation shares	120 887	—	(51 311)	**69 576**
	139 880	—	(51 311)	**88 569**
Losses:				
Impairment of assets	3 321	—	—	**3 321**
Loss on sale of investments	5 136	—	(917)	**4 219**
Dilution losses	2 714	—	—	**2 714**
	11 171	—	(917)	**10 254**
Share of equity accounted companies' exceptional profits	(67 409)	—	—	**(67 409)**
Net exceptional items	61 300	—	(50 394)	**10 906**

26. Exceptional items *(continued)*

	Gross amount R'000	Taxation R'000	Minority interest R'000	Attributable 2002 R'000
Gains:				
Profit on dilution of interest in subsidiaries	84 926	—	(53 445)	31 481
Disposal of investments and business units	106 068	—	(30 587)	75 481
Reversal of warranty provisions	4 189	—	—	4 189
Reversal of prior year impairment charge	4 500	—	—	4 500
	199 683	—	(84 032)	115 651
Losses:				
Disposal of other investments and business units	130 789	(1 858)	(69 087)	59 844
Asset impairments	28 420	(760)	(594)	27 066
Shares repurchased by associated companies	31 816	—	(6 556)	25 260
Restructuring costs	2 096	(629)	(628)	839
Provision of claims	1 500	(450)	—	1 050
	194 621	(3 697)	(76 865)	114 059
Net exceptional items	5 062	3 697	(7 167)	1 592

	Gross amount R'000	Taxation R'000	Minority interest R'000	Attributable 2001 R'000
Gains:				
Disposal of investments	13 688	—	(1 519)	12 169
Profit on dilution of interest in subsidiaries	882 251	—	(306 469)	575 782
	895 939	—	(307 988)	587 951
Losses:				
Disposal of other investments and business units	8 637	—	(4 477)	4 160
Restructuring costs	20 425	(812)	(8 876)	10 737
Warranties in respect of debtors and business disposals	25 000	—	—	25 000
Asset impairments	26 542	(1 389)	(9 653)	15 500
	80 604	(2 201)	(23 006)	55 397
Net exceptional items	815 335	2 201	(284 982)	532 554

27. Taxation

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Normal taxation	**216 755**	70 784	115 019
South Africa			
Current year	**85 825**	29 238	74 703
Prior year	**15 470**	(2 338)	(712)
Foreign taxation			
Current year	**68 983**	43 884	41 028
Previous year	**46 477**	—	—
Secondary taxation on companies	**2 928**	3 059	380
Income taxation for the year	**219 683**	73 843	115 399
Deferred taxation	**(122 651)**	14 878	(5 474)
Current year	**109 678**	5 148	(4 847)
Previous year	**(226 114)**	7 332	(57)
Foreign	**(6 215)**	2 398	(570)
Total taxation for the group	**97 032**	88 721	109 925
Share of equity accounted companies' taxation	**62 613**	59 093	48 419
Total taxation per income statement	**159 645**	147 814	158 344
Reconciliation of taxation			
Taxation at statutory rates	**12 592**	(127 133)	87 121
Adjusted for:			
Non-deductable expenses	**357 126**	99 446	273 591
Non-taxable income	**(267 684)**	(162 572)	(577 114)
Unprovided timing differences	**178 215**	243 334	183 344
Assessed losses utilised	**(4 368)**	2 341	109 399
Prior year adjustments	**(214 974)**	(3 937)	(1 299)
Other taxes	**17 306**	21 424	64 660
Goodwill adjustment	**81 432**	94 325	18 642
Changes in taxation rates	**—**	(19 414)	—
Taxation provided in income statement	**159 645**	147 814	158 344

28. Discontinuing operations

Lyceum College

Effective the end of September 2001, the group decided to terminate the operations of Lyceum College, a distance-learning operation. The decision was taken to embark on a teach-out programme for students enrolled under current course programmes. Current students will therefore be allowed to complete their current courses, but no new enrolments will be allowed. The group has provided in full for future teach-out and other related closure costs. The results of this operation were previously included in the group's private education segment.

		31 March	
The following is selected financial data relating to Lyceum College:	**2003 R'000**	2002 R'000	2001 R'000
Revenue	**21 874**	24 803	72 636
Operating loss	**—**	3 459	17 495
Net loss	**—**	2 880	4 849
Closure and teach-out costs included in loss arising on discontinuance	**—**	74 418	—
Total assets	**21 618**	61 357	45 788
Total liabilities	**44 676**	64 356	66 690
Net cash flow for the year	**(5 514)**	3 841	3 336

Mindport Broadband

On 21 November 2001, the group publicly announced that the stand-alone Mindport businesses for the broadband initiatives and the integrated business software products would be discontinued as part of a formal plan established by management. The results of this operation were previously included in the group's technology segment.

		31 March	
The following is selected financial data relating to Mindport Broadband:	**2003 R'000**	2002 R'000	2001 R'000
Revenue	**—**	85 225	122 550
Operating loss	**—**	409 513	251 120
Net loss	**—**	155 720	97 218
Impairment of goodwill and assets included in loss arising on discontinuance	**—**	275 536	—
Minorities' contribution included in loss arising on discontinuance	**—**	159 167	—
Total assets	**—**	384 881	378 858
Total liabilities	**—**	1 117 110	759 613
Net cash flow for the year	**—**	4 448	3 818

28. Discontinuing operations *(continued)*

OpenTV Corp. (OpenTV)

On 8 May 2002, the group publicly announced that it had entered into an agreement in terms of which it would sell its entire interest in OpenTV to Liberty Media Corporation for a gross amount of approximately US$185 million payable in cash and Liberty Media Corporation shares. This transaction was concluded in August 2002. The results of this operation were previously included in the technology segment of the group.

The (loss)/profit from discontinuing operations includes the following items relating to OpenTV:

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Revenue	**234 519**	839 826	553 065
Operating expenses	**(432 138)**	(1 226 106)	(793 502)
Loss before interest, taxation, depreciation and amortisation	**(197 619)**	(386 280)	(240 437)
Depreciation and amortisation	**(690 552)**	(1 881 219)	(926 387)
Operating loss	**(888 171)**	(2 267 499)	(1 166 824)
Finance costs	**22 196**	76 611	98 564
Exceptional items	**(70 182)**	(163 180)	2 497 405
(Loss)/profit before taxation	**(936 157)**	(2 354 068)	1 429 145
Taxation	**(7 046)**	(12 997)	56 700
Minorities	**802 393**	1 920 352	(535 952)
(Loss)/profit from discontinuing operations	**(140 810)**	(446 713)	949 893
The profit/(loss) arising on discontinuance of OpenTV includes the following items:			
Profit on sale of OpenTV	**1 122 963**	—	—
Impairment of goodwill	**—**	(4 613 942)	—
Minorities	**(372 085)**	3 852 481	—
	750 878	(761 461)	—
The carrying values included in the group's balance sheets as at 31 March 2002 and 2001, relating to OpenTV are as follows:			
Total assets	**—**	5 548 973	8 437 220
Total liabilities	**—**	(475 863)	(248 740)
The net cash flows attributable to the operating, investing and financing activities were as follows:			
Cash flow from operating activities	**(271 535)**	(273 730)	(210 165)
Cash flow from investing activities	**(403 978)**	(382 822)	247 195
Cash flow from financing activities	**—**	94 761	116 902
Total cash flow	**(675 513)**	(561 791)	153 932

29. Earnings per share

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Earnings			
Net income/(loss) attributable to shareholders	**325 761**	(1 923 250)	999 928
Headline adjustments			
Profits	**82 436**	111 151	1 750 299
Reversal of warranty provision	**6 500**	4 189	—
Profit on sale of marketable securities	**58 316**	—	—
Disposal of investments	**6 682**	75 481	12 169
Profit on sale of assets	**9 520**	—	—
Profit on dilution of interest in subsidiaries	**1 418**	31 481	1 738 130
Losses	**114 214**	202 142	78 940
Disposal of other investments and businesses	**3 973**	113 272	4 160
Asset impairments	**37 335**	53 280	74 780
Impairment of programme rights	**70 040**	—	—
Shares repurchased by associated companies	**—**	25 260	—
Loss on dilution of interest in associates	**2 601**	—	—
Loss on sale of assets	**265**	—	—
OpenTV restructuring costs accrual	**—**	10 330	—
Amortisation of goodwill after minorities	**292 672**	423 336	187 731
(Profit)/loss arising on discontinuance of operations	**(750 878)**	952 248	—
Share of equity accounted companies' headline adjustments	**67 409**	—	—
Headline loss	**(33 258)**	(456 675)	(483 700)
Headline loss from discontinuing operations	**35 098**	220 523	96 627
Headline earnings/(loss) from continuing operations	**1 840**	(236 152)	(387 073)
Attributable profit/(loss)	**325 761**	(1 923 250)	999 928
Interest on Welkom debenture scheme	**61 136**	52 779	44 654
Fully-diluted profit/(loss)	**386 897**	(1 870 471)	1 044 582
Weighted average number of N ordinary shares in issue during the year	**176 555 904**	145 691 868	139 896 409
Dilution effect of shares held by equity compensation plans	**—**	—	2 866 642
Shares to be issued on conversion of Welkom debentures	**5 605 236**	5 605 236	5 605 236
Fully-diluted weighted number of N ordinary shares in issue	**182 161 140**	151 297 104	148 368 287
Earnings/(loss) per N ordinary share (cents)			
Basic	**185**	(1 320)	715
Fully diluted	**185**	(1 320)	679
Headline loss per N ordinary share (cents)	**(19)**	(313)	(346)
Headline earnings/(loss) per N ordinary share from continuing operations (cents)	**1**	(162)	(277)

		31 March	
	2003	2002	2001
	R'000	R'000	R'000
30. Cash generated from operating activities			
Earnings before depreciation and amortisation	**1 191 594**	709 176	179 863
Adjustment for:			
Loss/(profit) on sale of property, plant and equipment	**16 620**	(3 633)	(2 479)
Other non-cash movements	**51 473**	29 403	(26 480)
	1 259 687	734 946	150 904
Changes to working capital	**683 358**	(31 042)	(240 259)
Inventory	**23 622**	43 318	(118 950)
Receivables	**261 351**	44 107	(185 862)
Payables and provisions	**415 130**	39 136	127 217
Programme and film rights	**(16 745)**	(157 603)	(62 664)
	1 943 045	703 904	(89 355)
31. Acquisition of subsidiaries			
Fair value of assets and liabilities acquired:			
Property, plant and equipment	—	63 278	73 207
Investments	—	4 800	335 522
Intangible assets	—	132 738	163 433
Net current liabilities	—	(17 355)	(8 888)
Deferred taxation	—	(5 618)	(69 826)
Long-term liabilities	—	(15 921)	(14 515)
	—	161 922	478 933
Minority shareholders' interest	—	611 810	(2 037)
Goodwill	—	41 718	5 873 904
Purchase consideration	—	815 450	6 350 800
Amount settled via share issues	—	(354 122)	(6 809 981)
Settlement of amounts owing in respect of prior year purchases	—	—	360 862
Cash paid/(received) in respect of subsidiaries acquired	—	461 328	(98 319)
Cash in subsidiaries acquired	—	(44 894)	(3 111)
Net cash outflow/(inflow) from acquisition of subsidiaries	—	416 434	(101 430)

	31 March		
	2003	2002	2001
	R'000	R'000	R'000

32. Disposal of subsidiaries

Book value of tangible assets:			
Property, plant and equipment	**254 304**	26 830	6 587
Intangible assets	**1 885 766**	62 434	29 295
Investments and loans	**806 733**	109 932	—
Long-term liabilities	**(8 622)**	(59 441)	—
Net current assets/(liabilities)	**827 941**	(51 048)	—
	3 766 122	88 707	35 882
Minorities	**(2 289 676)**	(734)	—
Profit/(loss) on sale	**258 906**	(76 223)	—
Selling price	**1 735 352**	11 750	35 882
Cash in subsidiaries disposed of	**(826 694)**	(31 872)	—
Shares received as settlement	**(1 475 067)**	—	—
Net cash (outflow)/inflow on disposal	**(566 409)**	(20 122)	35 882

33. Cash and cash equivalents

Cash and deposits	**2 792 117**	2 998 503	2 774 574
Bank overdrafts	**(614 134)**	(1 116 551)	(781 014)
	2 177 983	1 881 952	1 993 560

Certain cash balances are restricted from immediate use according to agreements with banks and other financial institutions. A total amount of R142,9 million was restricted at 31 March 2003 (2002: R122,5 million).

34. Business and geographical segments

Primary reporting format – business segments

The group has determined that its primary reporting format for segments is based on its method of internal reporting that disaggregates its businesses by service or product. The group's reportable business segments are subscriber platforms, print media, technology, book publishing, private education and corporate services. The group's business is conducted in the following main business segments:

Subscriber platforms

- *Television platforms* – through the group's subsidiaries, associated companies and joint ventures based in Africa, the Middle East, the Mediterranean and Thailand, which generate revenue mainly from local customers.
- *Internet* – through the group's subsidiaries and joint ventures based in Africa, Thailand and China which generate revenue mainly from local customers.

Print media – through the group's subsidiaries and associated companies in Southern Africa, which publish, print and distribute various newspapers and magazines for the local market.

Technology – through the group's subsidiaries based in the Netherlands, which generate income from customers based around the world.

Book publishing – through the group's subsidiaries in Southern Africa, which generate income mainly from local customers.

Private education – through the group's subsidiaries and associated companies in South Africa, which generate income mainly from local customers.

Corporate services – represent the group's holding company head office infrastructure.

The accounting policies applied by the reportable segments are consistent with the accounting policies applied in the consolidated financial statements, as described in Note 2.

34. Business and geographical segments *(continued)*

March 2003	Subscriber platforms: Pay television R'000	Subscriber platforms: Internet R'000	Print media R'000	Tech-nology R'000	Book publish-ing R'000	Private education R'000	Corpo-rate services R'000	Elimi-nations R'000	Consoli-dated total R'000
Revenue									
External	6 327 683	894 266	2 387 318	391 089	631 080	552 889	2 394	—	11 186 719
Intersegmental	—	9 971	44 386	66 752	11 548	—	47 844	(180 501)	—
Total revenue	6 327 683	904 237	2 431 704	457 841	642 628	552 889	50 238	(180 501)	11 186 719
EBITDA	825 038	(118 766)	402 949	65 075	(6 864)	41 314	(17 150)	—	1 191 596
Depreciation	(381 910)	(125 532)	(107 229)	(15 664)	(12 829)	(18 968)	(1 986)	—	(664 118)
Operating profit/(loss) before amortisation	443 128	(244 298)	295 720	49 411	(19 693)	22 346	(19 136)	—	527 478
Amortisation	(58 078)	(207 928)	(6 745)	(35 503)	(3 959)	(29 680)	—	—	(341 893)
Impairment of programme rights	(155 316)	—	—	—	—	—	—	—	(155 316)
Operating profit/(loss)	229 734	(452 226)	288 975	13 908	(23 652)	(7 334)	(19 136)	—	30 269
Finance costs									(222 954)
Income from investments									20
Share of equity accounted results	174 369	(16 093)	10 220	—	—	—	—	—	168 496
Exceptional items									61 300
Taxation									(159 645)
Minority interest									(161 793)
Net loss from continuing operations									(284 307)
Segment assets	6 015 857	744 225	1 696 859	2 434 621	407 089	562 831	7 916 022	(7 597 660)	12 179 844
Investment in associates	266 364	16	38 228	—	—	—	—	—	304 608
Investment in joint ventures	374 720	—	3 952	—	—	—	—	—	378 672
Segment liabilities	8 432 652	2 231 289	1 150 331	969 371	221 634	623 311	2 336 980	(7 597 660)	8 367 908
Capital expenditure	172 373	82 661	174 897	68 856	9 695	34 623	4 834	—	547 939
Amortisation of programme and film rights*	519 481	—	—	—	—	—	—	—	519 481
March 2002									
Revenue									
External	5 590 707	547 055	2 102 305	475 137	609 859	510 587	959	—	9 836 609
Intersegmental	—	30 416	56 515	141 661	919	—	43 617	(273 128)	—
Total revenue	5 590 707	577 471	2 158 820	616 798	610 778	510 587	44 576	(273 128)	9 836 609
EBITDA	514 719	(333 184)	374 698	98 220	31 571	35 589	(12 437)	—	709 176
Depreciation	(353 728)	(131 524)	(101 528)	(16 906)	(10 043)	(22 105)	(324)	—	(636 158)
Operating profit/(loss) before amortisation	160 991	(464 708)	273 170	81 314	21 528	13 484	(12 761)	—	73 018
Amortisation	(22 496)	(287 926)	(5 139)	(32 816)	(1 061)	(23 996)	—	—	(373 434)
Operating profit/(loss)	138 495	(752 634)	268 031	48 498	20 467	(10 512)	(12 761)	—	(300 416)
Finance costs									(411 745)
Income from investments									3 831
Share of equity accounted results	117 879	12 487	26 899	—	—	—	—	—	157 265
Exceptional items									5 062
Taxation									(147 814)
Minority interest									328 128
Net loss from continuing operations									(365 689)
Segment assets	6 499 653	1 216 332	1 627 123	6 229 928	376 471	607 215	6 250 191	(6 161 324)	16 645 589
Investment in associates	322 248	44	36 992	—	—	—	—	—	359 284
Investment in joint ventures	23 355	12 639	2 736	—	—	—	—	—	38 730
Segment liabilities	9 244 597	1 658 803	1 163 703	2 037 030	197 681	618 901	2 135 665	(6 161 324)	10 895 056
Capital expenditure	60 237	125 277	87 495	206 423	13 264	30 749	1 387	—	524 832
Amortisation of programme and film rights*	400 584	—	—	—	—	—	—	—	400 584

**Included in EBITDA.*

34. Business and geographical segments *(continued)*

March 2001	Subscriber platforms: Pay television R'000	Subscriber platforms: Internet R'000	Print media R'000	Tech-nology R'000	Book publish-ing R'000	Private education R'000	Corpo-rate services R'000	Elimi-nations R'000	Consoli-dated total R'000
Revenue									
External	4 557 748	410 968	1 921 851	383 084	544 657	447 231	111	—	8 265 650
Intersegmental	7 162	7 863	45 390	65 827	142	—	5 707	(132 091)	—
Total revenue	4 564 910	418 831	1 967 241	448 911	544 799	447 231	5 818	(132 091)	8 265 650
EBITDA	341 751	(640 633)	336 764	103 837	21 816	27 466	(11 138)	—	179 863
Depreciation	(252 636)	(91 084)	(91 643)	(4 076)	(5 997)	(18 575)	(10)	—	(464 021)
Operating profit/(loss) before amortisation	89 115	(731 717)	245 121	99 761	15 819	8 891	(11 148)	—	(284 158)
Amortisation	(831)	(38 520)	(1 075)	(1 066)	(844)	(1 493)	—	—	(43 829)
Operating profit/(loss)	88 284	(770 237)	244 046	98 695	14 975	7 398	(11 148)	—	(327 987)
Finance costs									(301 487)
Income from investments									797
Share of equity results	(74 815)	2 903	12 169	—	—	—	—	—	(59 743)
Exceptional items									815 335
Taxation									(158 344)
Minority interest									183 531
Net profit from continuing operations									152 102
Segment assets	4 249 550	935 023	1 512 632	9 098 490	419 334	607 835	4 589 972	(3 928 800)	17 484 036
Investment in associates	291 042	504	20 307	—	—	645	—	—	312 498
Investment in joint ventures	60 938	8 443	2 776	—	—	—	13 422	—	85 579
Segment liabilities	6 494 655	1 163 514	1 226 170	1 071 321	229 032	575 611	557 308	(3 928 800)	7 388 811
Capital expenditure	88 795	284 227	91 707	126 768	14 570	36 718	80	—	642 865
Amortisation of programme and film rights*	263 446	—	—	—	—	—	—	—	263 446

**Included in EBITDA.*

Secondary reporting format – geographical segments

The group operates in five main geographical areas:

Africa – the group derives revenues from television platform services, print media activities, internet services, technology products and services, book publishing and private education from this region. Additionally, the group provides internet services and generates revenue from interactive television and technology products and services, provided by subsidiaries based in the Netherlands. The activities in the Republic of South Africa are the most significant in this segment and therefore have been presented separately.

Mediterranean – the group generates revenue from television platform services with operations in Greece and Cyprus. Additionally, the group provides internet services and generates revenue from interactive television and technology products and services, provided by subsidiaries based in the United States of America and the Netherlands.

Asia – the group's activities comprise its interest in the television platform operations of UBC, based in Thailand, and internet activities based in Thailand and China. Furthermore, the group generates revenue from interactive television and technology products and services, provided by subsidiaries based in the Netherlands.

United States of America – the group's activities comprise a portion of services and goods rendered by the technology operations, based in the United States of America. Segment assets at 31 March 2002 and 2001 include the assets of OpenTV, which has been disposed of in the current financial year.

Other – includes the group's subsidiaries, providing interactive television and technology products, located mainly in the Netherlands. It also includes the assets of MIH (BVI) Limited, based in the British Virgin Islands, which mainly comprises cash and investments in group companies.

34. Business and geographical segments *(continued)*

	Africa							
	South Africa R'000	Rest of Africa R'000	USA R'000	Mediterranean R'000	Asia R'000	Other R'000	Eliminations R'000	Consolidated total R'000
March 2003								
External revenue	**7 175 539**	**1 909 136**	**30 088**	**1 398 053**	**493 575**	**180 328**	**—**	**11 186 719**
Segment assets	**6 674 684**	**2 413 919**	**282 340**	**1 891 580**	**653 805**	**7 861 176**	**(7 597 660)**[a]	**12 179 844**
Capital expenditure	**309 273**	**61 335**	**854**	**61 735**	**94 867**	**19 875**	**—**	**547 939**
March 2002								
External revenue	6 758 560	1 233 491	56 005	1 283 146	272 181	233 226	—	9 836 609
Segment assets	5 292 057	2 234 609	5 783 523	2 188 701	883 945	6 424 078	(6 161 324)[a]	16 645 589
Capital expenditure	203 717	33 056	160 059	15 394	67 828	44 778		524 832
March 2001								
External revenue	6 015 200	758 515	47 912	1 097 637	167 784	178 601	—	8 265 649
Segment assets	4 252 659	1 606 809	8 766 722	1 583 870	1 027 226	4 175 550	(3 928 800)[a]	17 484 036
Capital expenditure	276 095	23 455	87 478	40 048	159 378	56 411	—	642 865

Note:

(a) Represents adjustments to the assets and liabilities of the segments relating to intersegment loans and investments that eliminate on consolidation.

35. Financial risk management

The group's financial instruments consist primarily of cash deposits with banks, money-market instruments, short-term investments, accounts receivable and payable, and loans to and from associates and others. The carrying value of these financial instruments approximates fair value.

In the normal course of operations, the group is inter alia exposed to credit, foreign currency, interest rate and liquidity risks. In order to manage these risks, the group may enter into transactions that make use of financial instruments. These instruments include foreign exchange contracts and interest rate swaps. The group does not speculate or engage in the trading of financial instruments. Since the group utilises derivative instruments for risk management, market risk relating to these derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or other transactions being hedged.

Credit risk

Receivables consist primarily of invoiced amounts from normal trading activities and the group has a large diversified customer base across many geographical areas. Strict credit control is exercised through monitoring customers' payment history and when necessary, provision is made for both specific and general doubtful accounts. As at 31 March 2003, the directors were unaware of any significant unprovided or uninsured concentration of credit risk.

The group is exposed to certain concentrations of credit risk relating to its cash and current investments. It places its cash and current investments only with major banking groups and high-quality institutions that have high credit ratings. The group's policy is designed to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. The counterparties that are used by the group are evaluated on a continuous basis. No losses have been experienced on such accounts. At 31 March 2003 cash and current investments were held with numerous financial institutions.

Liquidity risk

In terms of the articles of association of the company, no limitation is place on its borrowing capacity. The group had the following undrawn banking facilities as at 31 March 2003 and 2002:

	31 March	
	2003 R'000	2002 R'000
On call	**752 300**	836 947
Expiring within one year	**30 000**	172 207
Expiring beyond one year	**46 062**	—
	828 362	1 009 154

The facilities expiring within one year are subject to renewal at various dates during the next year.

35. Financial risk management *(continued)*

Interest rate and equity market risk

As part of the process of managing the group's fixed and floating borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Where appropriate, the group uses derivative instruments, such as interest rate swap agreements, purely for hedging purposes. The interest rate profile of the loans as at 31 March 2003 was as follows:

	Interest-free R'000	Floating R'000	Fixed 0–12 months R'000	Fixed more than 12 months R'000	Total R'000
Long-term liabilities	41 367	398 101	1 204 010	2 483 414	4 126 892
% of loans	1%	10%	29%	60%	100%

Foreign currency management

The group's functional currencies are generally the local currencies of the countries in which it operates. All transactions in currencies other than the given functional currency are recorded at the rate of exchange of the transaction. Any resulting exchange differences are included in current results. The cumulative translation effects of translating the financial statements using functional currencies other than the South African rand to the reporting currency, are included in the foreign currency translation adjustment in shareholders' equity and are only included in net earnings upon sale or liquidation of the underlying investments.

	31 March 2003		31 March 2002	
	Foreign currency amount '000	R'000	Foreign currency amount '000	R'000
Foreign currency exchange commitments				
The group had the following forward foreign currency exchange contract liabilities:				
USA dollar	**124 334**	**1 487 239**	80 058	689 354
Sterling	**1 554**	**21 860**	3 307	48 509
Euro	**7 529**	**76 780**	6 385	64 545
Hong Kong dollar	**533**	**603**	784	1 103
Australian dollar	**—**	**—**	352	2 268
Singapore dollar	**496**	**2 244**	—	—
Swiss francs	**—**	**—**	959	4 702
Uncovered foreign liabilities				
The group had the following uncovered foreign liabilities:				
USA dollar	**41 987**	**331 849**	158 364	1 798 186
Sterling	**188**	**2 393**	179	2 890
Dutch guilder	**—**	**—**	35	183
Swiss franc	**53**	**315**	26	175
Euro	**3 251**	**27 800**	19	191
Cyprus pound	**—**	**—**	48	836

35. Financial risk management *(continued)*

Foreign exchange rates

The exchange rates used by the group to translate foreign entities' income statements and balance sheets are as follows:

	31 March 2003		31 March 2002	
Currency (1 ZAR =)	Average rate	Closing rate	Average rate	Closing rate
USA dollar	**0,1051**	**0,1267**	0,1040	0,0880
Cyprus pound	**0,0609**	**0,0689**	0,0683	0,0578
Euro	**0,1052**	**0,1162**	0,1218	0,1012
Nigerian naira	**13,1443**	**16,1610**	11,7595	10,2221
Thai baht	**4,4822**	**5,4271**	4,6288	3,8345
Chinese yuan renminbi	**0,8696**	**1,0484**	0,8603	0,7288

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

36. Fair value of financial instruments

The estimated fair values were calculated as at 31 March 2003 and 2002 by using market information and other relevant valuation techniques, and do not necessarily represent the values that the group will realise in the normal course of business. The carrying amount of cash and cash equivalents approximates fair value as a consequence of the short maturities of these instruments. Marketable securities are stated at fair value. The fair value of long-term private equity investments is based on the directors' valuation. The value of forward exchange contracts is based on quoted market prices. A comparison of the carrying value and fair value of financial instruments is as follows:

	31 March 2003		31 March 2002	
	Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Assets				
Cash and cash equivalents	**2 177 983**	**2 177 983**	1 881 952	1 881 952
Receivables	**1 514 560**	**1 514 560**	1 925 662	1 925 662
Marketable debt and equity securities	**152 559**	**152 559**	1 222 611	1 222 611
Investments and loans	**733 460**	**1 472 619**	644 006	1 572 799
Liabilities				
Payables and provisions	**3 409 955**	**3 409 955**	3 685 653	3 685 653
Short-term loans	**1 246 645**	**1 266 086**	849 825	849 825
Long-term liabilities	**3 026 503**	**3 106 953**	4 924 138	4 924 138
Off-balance-sheet instruments				
Forward exchange contracts	**—**	**(298 094)**	—	251 859

37. Retirement benefits

The group provides retirement benefits for its employees by way of various separate defined contribution pension and provident funds. All permanent employees have access to these funds. Contributions to these funds are paid on a fixed scale.

An amount of R163,2 million (2002: R151,7 million) was recognised as an expense in relation to the group's retirement funds.

38. Subsequent events

Subsequent to 31 March 2003, Media24 Limited acquired, in terms of a put option agreement with the NR Retief Trust, an additional interest of 10,53% in its subsidiary, Paarl Media Holdings (Proprietary) Limited, for a purchase consideration of R95 million in cash. This will increase Media24's effective financial interest in Paarl Media to 84,21%. This acquisition is not expected to have a material impact on the group's financial results.

NetMed NV announced subsequent to 31 March 2003, that subject to the fulfilment of certain conditions precedent, it had reached an agreement with Teletypos SA, in terms of which Teletypos will exchange its interest in MultiChoice Hellas SA for approximately euro 6,6 million in cash and a 12,5% equity interest in NetMed NV.

39. Equity compensation benefits

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

Naspers Limited

On 14 August 1987, the group established the Naspers Share Incentive Trust (the Naspers plan) under which it may award options for no more than 11% of the total number of N ordinary shares in issue. Share options may be granted with an exercise price of not less than 100% of the market value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment.

Activity in terms of the Naspers plan is as follows:

	31 March 2003		31 March 2002		31 March 2001	
	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)
Outstanding at 1 April	**6 376 147**	**25,56**	6 406 470	26,87	6 381 920	26,18
Granted	**5 459 741**	**26,12**	413 050	25,31	198 500	49,85
Exercised	**(28 786)**	**21,22**	(129 230)	21,22	(46 283)	26,24
Forfeited	**(374 199)**	**37,06**	(314 143)	25,73	(127 667)	27,98
Outstanding at 31 March	**11 432 903**	**26,15**	6 376 147	25,56	6 406 470	26,87

39. Equity compensation benefits *(continued)*

Naspers Limited *(continued)*

The following table summarises information about the share allocations outstanding at 31 March 2003.

	Shares outstanding			Shares currently exercisable	
Range of exercise price (ZAR)	Number outstanding at 31 March 2003	Weighted average remaining contractual life (years)	Weighted average exercise price (ZAR)	Exercisable at 31 March 2003	Weighted average exercise price (ZAR)
10,00 – 15,00	**5 500**	8,61	14,41	**—**	—
15,01 – 20,00	**171 000**	9,48	18,44	**—**	—
20,01 – 25,00	**4 826 320**	8,04	22,59	**1 246 627**	21,26
25,01 – 30,00	**4 536 629**	6,59	27,54	**2 240 263**	26,64
30,01 – 35,00	**1 752 804**	9,21	31,07	**68 761**	31,04
35,01 – 40,00	**6 000**	4,75	39,79	**6 000**	39,79
40,01 – 45,00	**32 350**	5,17	43,65	**21 474**	43,65
45,01 – 50,00	**23 500**	6,67	45,13	**7 830**	45,13
50,01 – 60,15	**78 800**	6,96	57,95	**15 161**	56,36
	11 432 903			**3 606 116**	

Media24 Limited (Media24)

On 31 August 2000 the group established the Media24 Share Trust (the Media24 plan) in terms of which it may award options for no more than 15% of the total number of ordinary shares in issue. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment.

Activity in terms of the Media24 plan is as follows:

	31 March 2003		31 March 2002		31 March 2001	
	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)
Outstanding at 1 April	**7 126 267**	**6,75**	6 238 288	6,92	—	—
Granted	**448 830**	**6,62**	1 374 560	6,04	6 249 068	6,92
Forfeited	**(698 411)**	**6,78**	(486 581)	6,92	(10 780)	6,92
Outstanding at 31 March	**6 876 686**	**6,74**	7 126 267	6,75	6 238 288	6,92

39. Equity compensation benefits *(continued)*

Media24 Limited (Media24) *(continued)*

The following table summarises information about the share allocations outstanding at 31 March 2003.

	Shares outstanding	
Exercise price (ZAR)	Number outstanding at 31 March 2003	Weighted average remaining contractual life (years)
6,04	**1 376 830**	8,68
6,90	**297 939**	9,70
6,92	**5 201 917**	7,67
	6 876 686	

As at 31 March 2003, no share allocations were exercisable.

Educor Holdings Limited

On 12 June 2001, the group established the Educor Share Incentive Scheme (the Educor plan) in terms of which it may award options for no more than 20% of the total number of ordinary shares in issue. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment.

Activity in terms of the Educor plan is as follows:

	31 March 2003		31 March 2002	
	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)
Outstanding at 1 April	**11 649 605**	**0,90**	—	—
Granted	**100 000**	**0,90**	14 535 605	0,90
Forfeited	**(1 102 700)**	**0,90**	(2 886 000)	0,90
Outstanding at 31 March	**10 646 905**	**0,90**	11 649 605	0,90

The following table summarises information about the share allocations outstanding at 31 March 2003:

	Shares outstanding	
Range of exercise price (ZAR)	Number outstanding at 31 March 2003	Weighted average remaining contractual life (years)
0,90	**10 646 905**	8,29

As at 31 March 2003, no share allocations were exercisable.

39. Equity compensation benefits *(continued)*

Paarl Media Holdings Limited (Paarl Media)

On 29 May 2001, the group established the Paarl Media Holdings Share Trust (the Paarl Media plan) in terms of which it may award options for no more than 5% of the total number of ordinary shares in issue. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment.

Activity in terms of the Paarl Media plan is as follows:

	31 March 2003		31 March 2002	
	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)
Outstanding at 1 April	**2 429 000**	**4,80**	—	—
Granted	**1 218 000**	**5,93**	2 429 000	4,80
Forfeited	**(28 000)**	**5,93**	—	—
Outstanding at 31 March	**3 619 000**	**5,16**	2 429 000	4,80

The following table summarises information about the share allocations outstanding at 31 March 2003:

	Shares outstanding	
Range of exercise price (ZAR)	Number outstanding at 31 March 2003	Weighted average remaining contractual life (years)
4,80	**2 429 000**	8,50
5,93	**1 190 000**	9,25
	3 619 000	

As at 31 March 2003, no share allocations were exercisable.

M-Web Holdings Limited

On 19 February 1998, the group established the M-Web Share Trust (the M-Web plan) under which it may award options for no more than 10% of the total number of ordinary shares in issue. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment. At 31 March 2003 no shares were allocated under the M-Web plan, as it will be terminated in the future.

Activity in terms of the M-Web plan is as follows:

	31 March 2003		31 March 2002		31 March 2001	
	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)
Outstanding at 1 April	**676 349**	**3,99**	26 508 682	3,99	26 568 311	4,13
Granted	**—**	**—**	—	—	3 522 684	3,21
Exercised	**—**	**—**	—	—	(843 089)	3,54
Cancelled	**(291 276)**	**4,03**	—	—	—	—
Forfeited	**(385 073)**	**3,83**	(25 832 333)	3,99	(2 739 224)	4,51
Outstanding at 31 March	**—**	**—**	676 349	3,99	26 508 682	4,13

39. Equity compensation benefits *(continued)*

MIH Holdings Limited (MIHH)

In terms of the plan, share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment.

In terms of a section 311 scheme of arrangement, Naspers Limited offered 1 Naspers N ordinary share to all the minority shareholders of MIHH, including the MIH Holdings plan, for every 2,25 MIH Holdings shares that it held. All the MIH Holdings shares were exchanged for Naspers N ordinary shares on 20 December 2002.

Activity in terms of the MIH Holdings plan is as follows:

	31 March 2003		31 March 2002		31 March 2001	
	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)	Shares	Weighted average exercise price (ZAR)
Outstanding at 1 April	**11 088 429**	**15,25**	10 138 677	17,03	10 931 936	16,18
Granted	**101 400**	**5,67**	2 163 542	7,73	935 582	43,20
Exercised	**(6 801)**	**6,30**	(327 627)	13,74	(759 088)	14,11
Forfeited	**(955 605)**	**19,24**	(886 163)	17,90	(661 813)	35,11
Cancelled	**(2 100)**	**6,25**	—	—	(307 940)	56,34
Outstanding at 20 December 2002	**10 225 323**	**12,28**	11 088 429	15,25	10 138 677	17,03
Exchanged for Naspers N ordinary shares	**(10 225 323)**	**(12,28)**				
Naspers N ordinary shares received	**4 544 588**	**30,26**				
Granted	**1 178 618**	**23,10**				
Exercised	**(17 862)**	**22,22**				
Forfeited	**(115 223)**	**33,05**				
Cancelled	**(275 150)**	**89,37**				
Outstanding at 31 March 2003	**5 314 971**	**23,44**				

The following table summarises information about the Naspers N ordinary share allocations outstanding at 31 March 2003:

	Shares outstanding			Shares currently exercisable	
Range of exercise price (ZAR)	Number outstanding at 31 March 2003	Weighted average remaining contractual life (years)	Weighted average exercise price (ZAR)	Exercisable at 31 March 2003	Weighted average exercise price (ZAR)
6,91 – 20,00	**1 019 571**	6,83	13,10	**261 166**	10,52
20,01 – 40,00	**4 269 481**	6,27	25,63	**2 697 737**	25,80
40,01 – 60,00	**14 264**	6,13	45,04	**5 462**	45,78
60,01 – 130,50	**11 655**	6,64	101,18	**925**	88,31
	5 314 971			**2 965 290**	

39. Equity compensation benefits *(continued)*

MIH (BVI) Limited

On 25 March 1999 the group established the MIHL Share Trust (the MIHL Trust plan) in terms of which it may award options for no more than 10% of the total number of ordinary shares. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment.

As part of the merger between MIHL and MIH (BVI) Limited, Naspers offered 3,5 Naspers N ordinary shares for each MIHL share held by minority shareholders, including the MIH Limited plan. The MIH Limited plan was converted into the MIH (BVI) Limited plan at which time all its MIH Limited shares were exchanged for Naspers N ordinary shares and Naspers ADSs.

Activity in terms of the MIH (BVI) Limited plan is as follows:

	31 March 2003		31 March 2002		31 March 2001	
	Shares	Weighted average exercise price ($)	Shares	Weighted average exercise price ($)	Shares	Weighted average exercise price ($)
Outstanding at 1 April	**4 124 160**	**13,30**	2 784 938	17,26	1 826 249	17,41
Granted	**—**	**—**	1 697 811	7,18	1 081 059	20,03
Exercised	**(10 097)**	**6,54**	—	—	—	—
Forfeited	**(441 611)**	**14,39**	(129 733)	26,94	(53 680)	16,80
Cancelled	**—**	**—**	(228 856)	29,32	(68 690)	63,25
Outstanding at 20 December 2002	**3 672 452**	**11,43**	4 124 160	13,30	2 784 938	17,26
Exchanged for Naspers N ordinary shares and ADSs	**(3 672 452)**	**(11,43)**				
Equivalent number of Naspers N ordinary shares received	**12 853 577**	**3,28**				
Granted	**4 125 380**	**2,75**				
Exercised	**(29 760)**	**2,11**				
Forfeited	**(263 810)**	**3,06**				
Cancelled	**(2 933 100)**	**5,62**				
Outstanding at 31 March 2003	**13 752 287**	**2,63**				

The following table summarises information about the Naspers N ordinary share allocations outstanding at 31 March 2003:

	Shares outstanding			Shares currently exercisable	
Range of exercise price ($)	Number outstanding at 31 March 2003	Weighted average remaining contractual life (years)	Weighted average exercise price ($)	Number exercisable at 31 March 2003	Weighted average exercise price ($)
1,10 – 2,50	**4 976 937**	8,81	1,65	**—**	—
2,51 – 5,00	**8 192 700**	8,23	3,00	**1 776 820**	3,02
5,01 – 7,50	**545 000**	6,10	5,31	**181 660**	5,32
7,51 – 9,96	**37 650**	7,07	9,71	**2 030**	8,89
	13 752 287			**1 960 510**	

39. Equity compensation benefits *(continued)*

Mindport Holdings Limited

On 14 October 1999 Mindport Holdings Limited established the Mindport Holdings Limited Share Trust (the MHL plan), the Mindport Integrated Business Systems Share Trust (the MIBS plan) and the Irdeto Access Share Trust (the IA plan). In terms of the schemes, options of no more than 10% of the total number of ordinary shares of Mindport Holdings Limited, Mindport Integrated Business Systems BV and Irdeto Access BV may be awarded. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One third of the shares generally vest at the anniversary of each of the third, fourth and fifth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment.

	31 March 2003		31 March 2002		31 March 2001	
	Shares	Weighted average exercise price ($)	Shares	Weighted average exercise price ($)	Shares	Weighted average exercise price ($)
Activity in terms of the MHL plan is as follows:						
Outstanding at 1 April	**1 017 609**	**9,22**	1 110 009	9,22	1 153 441	9,22
Granted	**—**	**—**	—	—	—	—
Exercised	**—**	**—**	(71 760)	9,22	(38 372)	9,22
Forfeited	**(111 910)**	**9,22**	(20 640)	9,22	(5 060)	9,22
Cancelled	**(115 505)**	**9,22**	—	—	—	—
Outstanding at 31 March	**790 194**	**9,22**	1 017 609	9,22	1 110 009	9,22
Activity in terms of the MIBS plan is as follows:						
Outstanding at 1 April	**183 207**	**9,04**	215 167	9,04	154 895	8,83
Granted	**—**	**—**	—	—	134 348	9,48
Forfeited	**(79 420)**	**9,23**	(31 960)	9,04	(74 076)	9,40
Outstanding at 31 March	**103 787**	**8,90**	183 207	9,04	215 167	9,04
Activity in terms of the IA plan is as follows:						
Outstanding at 1 April	**595 359**	**11,50**	553 560	11,17	254 703	8,30
Granted	**337 918**	**9,13**	136 044	12,35	299 747	13,60
Exercised	**—**	**—**	(71 694)	10,15	—	—
Forfeited	**(67 137)**	**12,71**	(22 551)	12,79	(890)	8,30
Outstanding at 31 March	**866 140**	**10,48**	595 359	11,50	553 560	11,17

The following table summarises information about the share allocations outstanding at 31 March 2003:

Range of exercise price ($)			Number outstanding at 31 March 2003			Remaining contractual life (years)		
MHL	MIBS	IA	MHL	MIBS	IA	MHL	MIBS	IA
9,22	8,83	7,90	**790 194**	**93 065**	**249 237**	6,54	6,54	9,71
—	9,50	8,30	**—**	**10 722**	**237 815**	—	7,37	6,54
—	—	12,00	**—**	**—**	**53 709**	—	—	7,38
—	—	12,70	**—**	**—**	**83 237**	—	—	8,88
—	—	14,00	**—**	**—**	**186 323**	—	—	7,75
—	—	14,80	**—**	**—**	**55 819**	—	—	8,58
			790 194	**103 787**	**866 140**			

39. Equity compensation benefits *(continued)*

Mindport Holdings Limited *(continued)*

At 31 March 2003 the following shares were exercisable:

Exercise price ($)			Shares exercisable at 31 March 2003		
MHL	**MIBS**	**IA**	**MHL**	**MIBS**	**IA**
9,22	8,83	8,30	**413 391**	**31 917**	**79 235**

M-Web China (BVI) Limited and M-Web Thailand (BVI) Limited

On 14 May 2000 M-Web China (BVI) Limited established the M-Web China (BVI) Limited Share Trust and M-Web Thailand (BVI) Limited established the M-Web Thailand (BVI) Limited Share Trust. In terms of the schemes, options of no more than 15% of the total number of ordinary shares of M-Web China (BVI) Limited and M-Web Thailand (BVI) Limited, respectively may be awarded. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One quarter of the options generally vest at the anniversary of each of the first, second, third and fourth years after the grant date of the share options and expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment. At 31 March 2003 no shares were allocated in terms of these schemes, as they will be terminated in future.

Activity in terms of the M-Web China (BVI) Limited Share Trust is as follows:

	31 March 2003		31 March 2002		31 March 2001	
	Shares	**Weighted average exercise price ($)**	**Shares**	**Weighted average exercise price ($)**	**Shares**	**Weighted average exercise price ($)**
Outstanding at 1 April	**2 018 311**	**1,00**	2 705 293	1,00	—	—
Granted	**—**	**—**	—	—	2 910 271	1,00
Forfeited	**(563 958)**	**1,00**	(686 982)	1,00	(204 978)	1,00
Cancelled	**(1 454 353)**	**1,00**	—	—	—	—
Outstanding at 31 March	**—**	**—**	2 018 311	1,00	2 705 293	1,00

Activity in terms of the M-Web Thailand (BVI) Limited Share Trust is as follows:

	31 March 2003		31 March 2002		31 March 2001	
	Shares	**Weighted average exercise price ($)**	**Shares**	**Weighted average exercise price ($)**	**Shares**	**Weighted average exercise price ($)**
Outstanding at 1 April	**1 960 541**	**1,00**	2 130 535	1,00	—	—
Granted	**—**	**—**	—	—	2 230 531	1,00
Forfeited	**(440 987)**	**1,00**	(169 994)	1,00	(99 996)	1,00
Cancelled	**(1 519 554)**	**1,00**	—	—	—	—
Outstanding at 31 March	**—**	**—**	1 960 541	1,00	2 130 535	1,00

MIH QQ (BVI) Limited

On 23 February 2003 MIH QQ (BVI) Limited established the MIH QQ (BVI) Limited Share Trust (the QQ plan), in terms of which it can award options, but for no more than 10% of the total number of ordinary shares. Share options may be granted with an exercise price of not less than 100% of the fair value of the shares at the time of the grant. One quarter of the shares generally vest at the anniversary of each of the first, second, third and fourth years after the grant date. The share options expire after ten years. Unvested shares are subject to cancellation upon expiration or termination of employment. A total of 32 000 shares were granted to employees at $34 per share. At 31 March 2003 no share allocations were exercisable.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles

The group's consolidated annual financial statements are prepared in accordance with statements of Generally Accepted Accounting Practice in South Africa (SA GAAP), which differ in certain material respects from accounting principles generally accepted in the United States of America (US GAAP). Such differences include methods for measuring and presenting the amounts shown in the consolidated annual financial statements, as well as additional disclosures required by US GAAP. The principle differences between SA GAAP and US GAAP are presented below together with explanations of certain adjustments that affect consolidated net (loss)/income for each of the three years ended 31 March 2003, 2002 and 2001 and total shareholders' equity as at the years ended 31 March 2003 and 2002. During fiscal year 2003, the group's interest in OpenTV, which included Spyglass and Static, was sold. The shareholders' equity impact of all adjustments related to OpenTV have been removed from the 31 March 2003 reconciliation of US GAAP shareholders' equity and also from the reconciliation of US GAAP net loss for the year ended 31 March 2003. All the US GAAP effects related to the operations and sale of OpenTV have been included in 'Discontinuing operations'. A consolidated income statement prepared in accordance with US GAAP and presenting OpenTV as a discontinuing operation has been presented on page 126.

		31 March		
		2003	2002	2001
		R'000	R'000	R'000
Net income/(loss) under SA GAAP		**325 761**	(1 923 250)	999 928
US GAAP adjustments:				
(a)	Business combinations	**—**	(2 316 770)	(1 066 888)
	(i) *Date of acquisition*	**—**	—	137 755
	(ii) *Value of purchase consideration*	**—**	(2 299 287)	(1 204 643)
	(iii) *Acquired in-process research and development*	**—**	(17 483)	—
(b)	Reinstatement of goodwill written off to reserves	**—**	(971 430)	(1 092 616)
(c)	Reinstatement of other intangible assets written off to reserves	**(159 913)**	(229 503)	(263 507)
(d)	Impairment of goodwill	**(122 920)**	(5 469 895)	—
(e)	Impairment of other intangible assets	**(50 136)**	—	(416 722)
(f)	Purchase of minority interests (successive acquisition), net	**15 892**	—	—
(g)	Stock-based compensation	**(14 959)**	(103 391)	(64 717)
(h)	Provision for teach-out costs	**(21 386)**	52 261	—
(i)	Write-back of asset impairment	**1 284**	(10 269)	(19 063)
(j)	Performance warrants	**—**	—	(11 800)
(k)	Amortisation of goodwill and other intangible assets with indefinite lives	**183 426**	—	—
(l)	Adjustment to dilution gains/(losses)	**122**	(253 592)	7 891 373
(m)	Unrealised gains and losses on marketable securities	**7 613**	(179 268)	137 554
(n)	Derivative financial instruments	**(794 138)**	232 476	—
(o)	Post-retirement employee benefits	**(27 329)**	(34 200)	(31 800)
(p)	Software and web site development costs	**(2 512)**	(504)	6 815
(q)	Discontinuing operations	**(74 610)**	—	—
	Effect of adjustments on taxation	**185 688**	110 198	181 434
	Effect of adjustments on minority interests	**186 577**	5 850 172	(4 995 490)
(Loss)/income under US GAAP before change in accounting principle		**(361 540)**	(5 246 965)	1 254 501
(d)	Cumulative effect of change in accounting principle	**(531 520)**	18 434	—
Net (loss)/income under US GAAP		**(893 060)**	(5 228 531)	1 254 501

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

		31 March 2003 R'000	31 March 2002 R'000
Total shareholders' equity under SA GAAP		**3 511 094**	1 386 416
US GAAP adjustments:			
(a)	Business combinations	**(346 746)**	4 884 517
	(i) *Date of acquisition*	**168 541**	168 541
	(ii) *Value of purchase consideration*	**(12 742)**	5 237 110
	(iii) *Exchange of non-monetary assets*	**(502 545)**	(502 545)
	(iv) *Acquired in-process research and development*	**—**	(18 589)
(b)	Reinstatement of goodwill written off to reserves	**2 142 337**	2 938 259
(c)	Reinstatement of other intangible assets written off to reserves	**449 490**	609 404
(d)	Impairment of goodwill	**(1 526 114)**	(5 469 895)
(e)	Impairment of other intangible assets	**(466 858)**	(416 722)
(f)	Purchase of minority interests (successive acquisition), net	**(470 748)**	—
(g)	Stock-based compensation	**(69 547)**	(350 006)
(h)	Provision for teach-out costs	**30 874**	52 261
(i)	Write-back of asset impairment	**(19 471)**	(33 762)
(j)	Performance warrants	**—**	(220 837)
(k)	Amortisation of goodwill and other intangible assets with indefinite lives	**183 426**	—
(l)	Adjustment to dilution losses	**(268 286)**	(869 554)
(n)	Derivative financial instruments	**(647 721)**	470 156
(o)	Post-retirement employee benefits	**(19 329)**	8 000
(p)	Software and web site development costs	**7 086**	9 599
	Effect of adjustments on taxation	**468 559**	282 871
	Effect of adjustments on minority interests	**(178 948)**	(131 469)
Total shareholders' equity under US GAAP		**2 779 098**	3 149 238

(a) Business combinations

Under both SA GAAP and US GAAP, the acquisitions of the group have been accounted for under the purchase method. Both SA GAAP and US GAAP require the purchase consideration to be allocated to the identifiable net assets acquired at their fair value at the date of acquisition, with the difference between the consideration and the fair value of the identifiable net assets acquired recorded as goodwill. Certain differences between SA GAAP and US GAAP in the application of the purchase method of accounting for business combinations arise as set out below:

(i) *Date of acquisition*

Under SA GAAP, prior to the implementation of AC131 'Business Combinations', the date on which earnings of an acquired entity were included in the group's consolidated results of operations could be based on an effective date identified in the acquisition agreement when management control is ceded. Under US GAAP, when regulatory approval or other substantive conditions precedent exist, the consummation of the acquisition is not considered effective until such conditions are satisfied and irrevocable control of the company is obtained. This adjustment includes the effect of reversing the results of operations and impact on shareholders' equity for the period for which the acquired entities would not have been consolidated under US GAAP. The impact on goodwill and other intangible assets as a result of the different dates of acquisition under US GAAP, net of accumulated amortisation, are included separately in Notes (b) and (c) below.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(a) Business combinations (continued)

(ii) *Value of purchase consideration*

Under SA GAAP, the value of the OpenTV shares issued as consideration for the Spyglass acquisition in fiscal year 2001 and the value of the additional 18,59% interest Naspers acquired in M-Web Holdings Limited in fiscal year 2002 in exchange for Naspers N ordinary shares were measured using the market value of the respective shares on the consummation dates of the transactions. Under US GAAP, the value of the shares issued is measured using the average market value of the shares a few days before and after the announcement date. In addition, under US GAAP, the fair value of OpenTV options issued to replace Spyglass options is recorded as part of the purchase consideration, based on the fair value of the options outstanding at the acquisition date. As a result, the value of the purchase consideration and the related dilution gain (refer to (l) below) under US GAAP was R8,0 billion higher than SA GAAP for the Spyglass acquisition. The value of the purchase consideration was R15,6 million lower for the M-Web transaction than that recorded under SA GAAP. The difference in the value of the purchase consideration was allocated to goodwill under US GAAP and was being amortised over five years prior to the adoption of FAS 142 on 1 April 2002. Accordingly, this adjustment includes the additional goodwill amortisation charge of Rnil (2002: R2,3 billion, 2001: R1,2 billion), before minority interest of Rnil (2002: R1,9 billion, 2001: R1,0 billion).

(iii) *Exchange of non-monetary assets*

In March 2000, the group completed the second phase of a marketable securities swap based on a previously agreed exchange ratio with a third-party to exchange shares the group held in M-Cell Limited for shares in MIH Holdings Limited and M-Web Holdings Limited. Under SA GAAP, the gain recorded and cost of investments acquired were based on the value of the shares received. Under US GAAP, the gain recorded and cost in the investments acquired were based on the market value of the shares surrendered on the dates that the exchanges were consummated. This adjustment decreases the goodwill recognised under SA GAAP by R502,5 million which has been reinstated under US GAAP (refer to Note (b)).

(iv) *Acquired in-process research and development*

In July 2001, a subsidiary of the group completed the acquisition of a 100% interest in Static. Under US GAAP, the R17,5 million (before minority interest of R14,6 million) identified as in-process research and development from the acquisition is charged to expenses in fiscal year 2002 since the projects had not yet reached technological feasibility and had no future alternative use.

(b) Reinstatement of goodwill written off against reserves

Under SA GAAP, prior to the implementation of AC131 'Business combinations', goodwill recorded on acquisitions prior to 1 April 2000 was written off against reserves in the year of acquisition. For purposes of US GAAP prior to the adoption of FAS 142, 'Goodwill and other intangible assets', all goodwill written off against reserves under SA GAAP has been reinstated as an asset on the balance sheet and is being amortised using the straight-line method over its estimated useful life of three to five years. This adjustment to goodwill also reverses the amortisation charge of goodwill recorded under SA GAAP relating to the post 1 July 2001 acquisition of Static of R48,8 million (before minority interest of R40,8 million) and the goodwill related to the acquisition of an additional interest in M-Web of R7,8 million (before minority interest of R4,5 million). Upon adoption of FAS 142 on 1 April 2002, the group no longer amortises goodwill and tests goodwill by reporting unit annually for impairment.

(c) Reinstatement of other intangible assets written off against reserves

Under SA GAAP, prior to the implementation of AC129 'Intangible assets', patents, trademarks, title rights and similar other intangible assets acquired before 1 April 2000 were written off against reserves in the year of acquisition. Under US GAAP, all other intangible assets written off against reserves have been reinstated as assets on the balance sheet and are being amortised using the straight-line method over a range of estimated useful lives of three to eight years. Upon adoption of FAS 142 on 1 April 2002, none of the reinstated other intangible assets previously written off against reserves were determined to have an indefinite life and therefore all other intangible assets will continue to be amortised over their remaining estimated useful lives. This adjustment represents the capitalisation of intangible assets, other than goodwill, written off against reserves prior to 1 April 2000, net of accumulated amortisation to that date, and the additional amortisation charge of R159,9 million (2002: R229,5 million, 2001: R263,5 million) before minority interest of Rnil (2002: R52,1 million, 2001: R133,2 million).

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(d) Impairment of goodwill

As at 30 September 2002, the group performed the transitional impairment test required under FAS 142 and compared the carrying value of each reporting unit to its fair value, which was based on discounted cash flows or market values for listed companies. Upon completion of the transitional test, the group recorded an initial goodwill impairment of R531,5 million related to mainly goodwill in the group's internet operating segment and recorded this as a cumulative effect of change in accounting principle. The group also completed the annual impairment test required under FAS 142 as at 31 March 2003, which was also performed by comparing the carrying value of each reporting unit to its fair value. A goodwill impairment charge of R122,9 million was recorded mainly related to goodwill in the group's internet segment.

The group recorded a goodwill impairment charge of R4,6 billion, before minority interest of R3,8 billion, under SA GAAP for the year ended 31 March 2002 that related solely to OpenTV. As a binding sales agreement was reached for the sale of OpenTV on 8 May 2002, the net selling price was used in the determination of the goodwill impairment charge. Such charge reduced the goodwill held by OpenTV by R4,6 billion from its carrying value of R6,9 billion to R2,3 billion, after which the group's interest in the net assets of OpenTV equalled the agreed net selling price of R1,9 billion.

At 31 March 2002, the total net asset value of OpenTV under US GAAP exceeded that under SA GAAP by R8,6 billion, mainly related to the additional goodwill recorded in connection with OpenTV's acquisition of Spyglass (refer to item (a)(ii)). Under US GAAP, a goodwill impairment charge was recorded during the year ended 31 March 2002, as the carrying value of goodwill held by OpenTV exceeded its expected undiscounted cash flows. The impairment charge recorded was R8,6 billion (less minority interest of R7,2 billion), which represented the difference between the expected discounted cash flows and the US GAAP carrying value of OpenTV. The goodwill impairment adjustment of R4,0 billion (less minority interest of R3,4 billion) included in the reconciliation between SA GAAP and US GAAP represents the reversal of the goodwill impairment charge of R4,6 billion (less minority interest of R3,8 billion) recorded under SA GAAP and the inclusion of the goodwill impairment charge recorded under US GAAP. In addition to this amount is a further R1,5 billion (less minority interest of R42,3 million) impairment charge that relates to goodwill resulting from the group's purchases of interests in MIH Limited and MIH Holdings Limited which have been attributed to their respective interests in OpenTV.

(e) Impairment of other intangible assets

Under both SA GAAP and US GAAP, the carrying value of other intangible assets is reviewed whenever changes in circumstances indicate that the historical carrying value may not be appropriate. Intangible assets that were written off to reserves prior to 1 April 2000 under SA GAAP were reinstated as assets under US GAAP. For certain of the reinstated intangible assets in the group's private education segment, the carrying value as at 31 March 2003 and 31 March 2001 exceeded the estimated future cash flows expected to result from these assets and therefore an impairment charge of R50,1 million (less minority interest of Rnil) and R416,7 million (less minority interest of R268,2 million) is included in fiscal years 2003 and 2001, respectively, to adjust the carrying value of these assets to their fair value.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(f) Purchase of minority interests (successive acquisition), net

As discussed in Note 3, in December 2002 Naspers issued a total of 137 066 606 N ordinary shares to acquire the remaining minority interests in MIH Limited and MIH Holdings Limited that it did not already own. As the purchase of the minority interest was an increase in the existing ownership, the results of the operations of MIH Limited and MIH Holdings Limited were already included within the consolidated income statement. The minority interest from 1 April 2002 to 31 December 2002 was R43,6 million.

The following tables reflect the reconciliation of the total consideration for MIH Limited and MIH Holdings Limited, the allocation of the excess of purchase consideration over the net assets acquired accounted for under US GAAP and the US GAAP purchase accounting adjustments:

	R'000
Market value of shares issued	2 399 851
Fair value of options issued	2 437
Direct acquisition costs	52 312
Total consideration	2 454 600
Net assets acquired	906 562
Excess of purchase consideration over the net assets acquired	1 548 038
US GAAP purchase accounting adjustments:	
Transmission equipment – leased	122 313
Subscriber base	518 493
Brand names	276 395
Patents and technology	—
Capitalised finance leases	(122 313)
Goodwill	570 780
Investment in associated companies	159 022
Investment in joint ventures	219 181
Deferred taxation on adjustments	(195 833)
Excess of purchase consideration over the net assets acquired	1 548 038

Direct acquisition costs of R52 million, which have been capitalised to the purchase price, consisted of professional and legal fees.

The amortisation periods of assets assigned from the excess of purchase consideration under US GAAP are:

Transmission equipment – leased	over the remaining lease period
Subscriber base	8 years
Patents and technology	5 years
Brand names	not amortised
Goodwill	not amortised

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(f) Purchase of minority interests (successive acquisition), net (continued)

The impact of these adjustments on the reconciliation of net income and shareholders' equity, including impact of translation difference, between SA GAAP and US GAAP for the purchase of minority interests (successive acquisition) are as follows:

	31 March 2003 R'000
Difference between net income under SA GAAP and US GAAP	
(aa) Goodwill amortisation	**15 264**
(bb) Brand name amortisation	**4 079**
(cc) Patents and technology amortisation	**5 039**
(dd) Subscriber base amortisation	**(16 052)**
(ee) Effect of adjustments on equity accounted results	**3 116**
Effect of adjustments on deferred taxation	**4 446**
Total difference between net income under SA GAAP and US GAAP related to acquisition of minority interests	**15 892**
Effect on shareholders' equity between SA GAAP and US GAAP	
(aa) Goodwill	**(598 982)**
(bb) Brand names	**(50 036)**
(cc) Patents and technology	**(92 708)**
(dd) Subscriber base	**495 070**
(ee) Effect of adjustments on equity accounted investments	**(86 507)**
Effect of adjustments on deferred taxation	**(137 585)**
Total difference of cumulative effect on shareholders' equity between SA GAAP and US GAAP related to acquisition of minority interests	**(470 748)**

(aa) Goodwill

Under SA GAAP the total purchase consideration in a business combination includes the market value of shares issued determined on the date the shares are exchanged, effective in this transaction as at 20 December 2002, as well as direct acquisition costs related to the purchase. Under US GAAP the total purchase consideration includes the average market value of shares issued and the average market value of options issued to replace employee options acquired determined a few days before and after the acquisition is announced, determined to be 26 September 2002, as well as direct acquisition costs. Since goodwill is composed of the remainder of the excess purchase price not allocated to the fair values of other identified tangible and intangible assets and liabilities, the goodwill under US GAAP and SA GAAP differs initially by R758,5 million based on the determination of differences in purchase consideration as well as due to differences in the net book values of minority interests acquired recorded under SA GAAP and US GAAP. Additionally, under SA GAAP goodwill is amortised over its estimated useful life not exceeding 20 years, whereas under US GAAP goodwill is not amortised.

(bb) Brand names

The value of brand names acquired has been calculated similarly between SA GAAP and US GAAP. However, under SA GAAP other intangible assets are limited to an amortisation period of 20 years, whereas under US GAAP the brand names acquired were determined to have indefinite lives and therefore are not amortised.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(f) Purchase of minority interests (successive acquisition), net (continued)

(cc) Patents and technology

The value of patents and technology acquired has been calculated similarly between SA GAAP and US GAAP. However, the underlying book values in the entities in which these assets are generated and the allocation of the excess purchase price differ between SA GAAP and US GAAP and therefore the value under US GAAP is less by R106 million at the date of acquisition, amortisation expense is less by R5,0 million and the foreign currency translation loss is less by R8,3 million for the year ended 31 March 2003.

(dd) Subscriber base

Under US GAAP the subscriber bases acquired in the successive acquisition have been considered to be non-contractual customer relationships since the average contract period for subscribers is approximately one to three months. However, based on historical evidence the group expects the economic useful lives of these subscribers to be approximately eight years. Under SA GAAP, other intangible assets can only be separately recorded if, among other conditions, the group is able to control the asset. Since the period of control over the subscriber is limited, the group has determined that the value of subscriber bases acquired cannot be separately recorded apart from goodwill.

(ee) Effect of adjustments on equity accounted investments

The allocation of the excess purchase consideration related to the successive acquisition was also undertaken for the group's investments in associates and joint ventures. This excess was allocated based on the differences between the assessed fair value of assets and liabilities acquired and the underlying net book value accounted for under US GAAP. This difference was allocated to the respective assets and is amortised over the estimated useful lives of the underlying assets in those entities, if applicable.

Pro forma information on acquisition of MIH Holdings Limited and MIH Limited minorities

The unaudited pro forma consolidated financial information gives pro forma effects as at 1 April 2001 and for the years ended on 31 March 2002 and 2003 to illustrate the effects of:

- the issuance of 115 816 120 Naspers N ordinary shares to acquire the remaining minority interests in MIH Limited and MIH Holdings Limited and the issuance of 21 250 486 Naspers N ordinary shares to acquire the shares held by the MIH Limited and MIH Holdings Limited share trusts.

The unaudited pro forma consolidated information has been prepared by applying pro forma adjustments to the historical consolidated financial information of Naspers in conformity with SA GAAP and US GAAP. The pro forma consolidated income statements have been adjusted to reflect the acquisition of the MIH Holdings Limited and MIH Limited minority interests as at 1 April 2001. These pro forma adjustments exclude foreign exchange movements relating to the transaction. Profit on foreign exchange relating to the transaction (R1,2 million), included in finance costs for the current year, has consequently been reversed. This is done to ensure consistent treatment. These unaudited pro forma results have been prepared for comparative purposes only, and do not purport to be indicative of the results of operations, which would have resulted had the acquisitions taken place on 1 April 2001.

	Pro forma 31 March 2003	Pro forma 31 March 2002
	R'000	R'000
Selected income statement information under SA GAAP is presented below:		
Revenue	**11 186 719**	9 836 609
Loss before exceptional items	**(114 280)**	(669 591)
Net income/(loss) attributable to shareholders	**357 159**	(4 415 921)
Earnings/(loss) per N ordinary share – basic (cents)	**136**	(1 689)
Selected income statement information under US GAAP is presented below:		
Revenue	**11 208 593**	9 861 412
Loss before exceptional items	**(1 537 208)**	(2 613 570)
Net loss attributable to shareholders	**(889 583)**	(9 206 535)
Loss per N ordinary share – basic (cents)	**(338)**	(3 521)

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(g) Stock-based compensation

Under SA GAAP, the group does not recognise compensation expense for employee share option and share purchase plans. For US GAAP purposes, the group accounts for its share options granted to employees under Accounting Principles Board Opinion No. 25 'Accounting for Stock Issued to Employees' (APB 25), as permitted by Statement of Financial Accounting Standards No. 123 'Accounting for Stock Based Compensation' (FAS 123). In general, APB 25 requires that the intrinsic value of the options, defined as the market value of the share at the grant date less the exercise price, be recognised as compensation expense prospectively, over the vesting period of the related options. For the year ended 31 March 2003 the group recorded a compensation charge relating to options issued to employees of R11,4 million (2002: R104,6 million, 2001: R62,2 million) before minority interest of R3,3 million (2002: R67,7 million, 2001: R89,4 million). For the year ended 31 March 2003, the group recorded a compensation charge of share options issued to non-employees of R3,6 million (2002: income of R1,2 million, 2001: charge of R2,5 million).

(h) Provision for teach-out costs

As discussed in Note 28, the group approved a formal plan to terminate the operations of Lyceum College in September 2001. Due to the contractual obligations with the students that existed prior to the approval date, the group implemented a teach-out programme that will allow the currently enrolled students to complete the courses. All outstanding courses under the teach-out programme are expected to be completed by 31 March 2005. Under SA GAAP, a provision was established for all costs related to providing services under the existing contracts during the teach-out period. Under US GAAP, costs that will result in future benefit after the commitment date of an activity that will not continue are required to be expensed in the period they are incurred. This adjustment represents a reversal of the portion of the provision that is not eligible for accrual at 31 March 2003 and 2002 and to expense the cost as incurred under US GAAP.

(i) Write-back of asset impairment

During the years ended 31 March 2002 and 2001, the group reversed impairments of long-term assets under SA GAAP. Under US GAAP, impairment write-downs cannot be subsequently written back up to their historical carrying amounts. This adjustment eliminates the impairment reversal as recorded under SA GAAP and reverses subsequent depreciation recorded under SA GAAP on the higher asset balance.

(j) Performance warrants

In November 1999, OpenTV issued warrants, related to the provision of services, to a third party to purchase its Class A ordinary shares. Under US GAAP, the fair value of the warrants was recorded as an expense during the years ended 31 March 2001 and 2000. Under SA GAAP no such expense is required to be recorded. The fair value of the warrants, which remain outstanding, is recorded as a liability in the consolidated financial statements as at 31 March 2002. In August 2002 OpenTV was sold and any remaining liabilities settled in the calculation of profit on sale.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(k) Amortisation of goodwill and other intangible assets with indefinite lives

Under SA GAAP, after the implementation of AC131, goodwill and other intangible assets are amortised using the straight-line method over their estimated useful lives. Following the adoption of FAS 142 on 1 April 2002, goodwill and other intangible assets with indefinite useful lives are no longer amortised under US GAAP, but reviewed annually for impairment. Intangible assets not subject to amortisation include brand names of R266,9 million at 31 March 2003 acquired in the purchase of minority interests. The 2003 amortisation charge on goodwill and intangible assets with indefinite lives recognised for SA GAAP has been reversed for US GAAP purposes. The impact of not amortising goodwill on net (loss)/income for prior years is summarised below:

	31 March	
	2002 R'000	2001 R'000
Net (loss)/income		
Net (loss)/income as reported under US GAAP	(5 228 531)	1 254 501
Add back: Goodwill amortisation	1 386 303	1 170 421
Net (loss)/income under US GAAP adjusted for SFAS 142	(3 842 228)	2 424 922
Basic and diluted (loss)/profit per N ordinary share		
Net (loss)/income per share as reported under US GAAP	(35,89)	8,97
Add back: Goodwill amortisation	9,52	8,37
Basic and diluted (loss)/profit per N ordinary share as reported under US GAAP adjusted for SFAS 142	(26,37)	17,34

The estimated aggregate amortisation expense for other intangible assets with finite lives including title rights, subscriber base, intellectual property rights and patents and technology under US GAAP for each of the five succeeding years, is as follows:

	R'000
12 months to:	
31 March 2004	222 800
31 March 2005	221 701
31 March 2006	187 267
31 March 2007	70 953
31 March 2008	63 369

(l) Adjustment to dilution (losses)/gains

During the years ended 31 March 2002 and 2001, certain subsidiaries issued shares to third parties for cash or non-cash assets, which resulted in a dilution of the group's ownership in these entities. The most significant of these transactions was the acquisition of Spyglass (refer to (a)(ii)) in the year ended 31 March 2001 and Static in the year ended 31 March 2002. Under SA GAAP, the group has recorded dilution (losses)/gains resulting from these transactions as the value received for the subsidiaries' shares issued were (less than)/greater than the group's carrying value prior to the transactions. Generally, the calculation of, and accounting for, dilution gains and losses is similar under US GAAP as it is under SA GAAP. However, the calculation of the dilution gain or loss under US GAAP is determined using the carrying value of the subsidiaries' net assets based on US GAAP and the fair value of purchase consideration, as determined under US GAAP, either of which may differ with SA GAAP.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(m) Unrealised gains and losses on marketable securities

Under SA GAAP the group records unrealised gains and losses on marketable debt and equity securities in the income statement. Under US GAAP, FAS 115, 'Accounting for certain investments in debt and equity securities' requires that unrealised gains and losses be recorded within shareholders' equity as a component of other comprehensive income until they are realised. During fiscal year 2001 the group wrote down marketable securities to their current market value. Under SA GAAP the write-down to current market value was included in determination of net income for the year ended 31 March 2001. The investments to which these unrealised losses referred were sold during fiscal year 2002 and therefore this adjustment reverses the unrealised loss recorded in other comprehensive (loss)/income under US GAAP to net loss under US GAAP. As at 31 March 2003, the group recorded unrealised profits on its marketable equity securities in the income statement which has been reversed to other comprehensive income under US GAAP.

(n) Derivative financial instruments

Under SA GAAP, the group is not required to adopt AC133 'Financial instruments: recognition and measurement', as allowed, until 1 April 2003. For US GAAP purposes, FAS 133, 'Accounting for Derivative Instruments and Hedging Activities' as amended by FAS 137 and FAS 138 was adopted by the group as at 1 April 2001. FAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively, referred to as derivatives) and for hedging activities. FAS 133 requires that an entity recognise all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair value. Changes in the fair values of derivative instruments used effectively as fair value hedges are recognised in earnings, along with changes in the fair value of the hedged item. Changes in the fair value of the effective portions of cash flow hedges are reported in other comprehensive (loss)/income, and recognised in earnings when the hedged item is recognised in earnings. FAS 133 also prescribes requirements for designation and documentation of hedging relationships and ongoing assessments of effectiveness in order to qualify for hedge accounting.

The group has designated all of its derivative instruments as either fair value or cash flow hedges under FAS 133. The cumulative effect of adopting FAS 133 resulted in an adjustment to opening equity of R42,4 million (after minorities of R38,5 million) at 1 April 2001. The cumulative effect of the change in accounting principle related to the fair value of cash flow hedges was recorded as a cumulative effect change in other comprehensive income of R24,0 million (after minority interest of R32,9 million), whereas the cumulative effect of change in accounting principle related to the fair value of fair value hedges was recorded in the determination of net loss as a cumulative effect of change in accounting principle of R18,4 million (after minority interest of R5,6 million). The adoption of the accounting standards for US GAAP gave rise to the recognition of derivative assets of R56,9 million and an increase in the carrying value of associates of R24,0 million at 1 April 2001. In years ended 31 March 2003 and 2002, the impact on net income related to derivative financial investments is due to instruments that do not qualify for hedge accounting and are being marked to market.

The group also evaluates contracts for 'embedded' derivatives, and considers whether any embedded derivatives have to be bifurcated, or separated, from the host contracts in accordance with FAS 133 requirements. If embedded derivatives exist and are not clearly and closely related to the host contract, they are accounted for separately from the host contract as derivatives, with changes in their fair value recorded in the statement of operations. The group did not have any such contracts at 1 April 2001 or throughout the years ended 31 March 2003 and 2002.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(o) Post-retirement employee benefits

The group maintains a number of post-retirement medical benefit plans. Under the plans, active plan participants and retirees contribute to the medical benefit plan based upon average per capita costs of coverage for the entire plan group. This practice provides an additional post-retirement benefit to the extent that retirees are contributing less than actual costs they incur for healthcare. Under US GAAP, the benefit obligation has been calculated as the portion of the future cost of retiree healthcare benefits not recovered through retiree contributions (ie excluding the effective cross-subsidy provided by active plan participants' contributions). Under SA GAAP, the post-retirement benefits other than pensions obligation is calculated based upon the obligations and contributions of active and retiree plan members combined (ie inclusive of the cross-subsidy).

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Change in benefit obligation			
Benefit obligation at 1 April	**277 600**	247 200	175 000
Service cost	**9 140**	8 200	4 800
Interest cost	**35 430**	31 500	22 200
Actuarial (gain)/loss	**(50 660)**	—	48 100
Benefits paid	**(10 280)**	(9 300)	(2 900)
Benefit obligation at 31 March	**261 230**	277 600	247 200

Net periodic post-employment cost under US GAAP includes the following components:

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Net period post-retirement benefit cost charged to operating income			
Service cost	**9 140**	8 200	4 800
Interest cost	**35 430**	31 500	22 300
Amortisation of transition obligation	**8 750**	8 800	8 800
Recognised net actuarial loss	**1 780**	1 800	—
Net post-retirement benefit cost charged to operating income	**55 100**	50 300	35 900

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

(o) Post-retirement employee benefits (continued)

The actuarial and recorded liabilities for post-retirement healthcare benefits, none of which are funded, under US GAAP are as follows:

	31 March	
	2003 R'000	2002 R'000
Funded status at 31 March		
Funded status	**(261 230)**	(277 600)
Unrecognised transition obligation	**113 640**	122 500
Unrecognised net actuarial (gain)/loss	**(6 120)**	46 300
Net amount recognised pension cost	**(153 710)**	(108 800)

At 31 March 2003 an amount of R153,7 million (2002: R108,8 million) is recognised in the balance sheet relating to the accrued benefit liability attributable to these plans.

A one percentage point increase in the assumed healthcare cost inflation would increase the accumulated post-retirement benefit obligation as at 31 March 2003 by R52,3 million (2002: R57,6 million) and the net period post-retirement benefit cost for 2003 by R7,8 million (2002: R9,7 million, 2001: R5,6 million). A one percentage decrease in the assumed healthcare cost inflation would decrease the accumulated post-retirement benefit obligation as at 31 March 2003 by R41,0 million (2002: R45,0 million) and the net period post-retirement benefit cost for 2003 by R6,0 million (2002: R4,7 million, 2001: R3,8 million).

(p) Software and web site development costs

Under SA GAAP, prior to the adoption of AC432, 'Intangible assets – web site costs' which the group adopted effective on 1 April 2002, costs incurred for internally generated software and web site development have been expensed as incurred. Under US GAAP, certain direct and indirect costs associated with the acquisitions or development of internal use software and web site development are required to be capitalised. Once the software and web site development is completed and the software and web site is ready for its intended use, capitalised costs are amortised over their respective estimated useful lives. This adjustment represents the capitalisation of costs previously expensed under SA GAAP and the related amortisation over an estimated useful life of three years.

(q) Discontinuing operations

As discussed in Note 28, the group entered into an agreement to dispose of its interest in OpenTV on 8 May 2002. Under SA GAAP, the net assets in OpenTV were written down to the net selling price of R1,7 billion as at 31 March 2002. Under US GAAP, OpenTV did not meet the requirements of a discontinuing operation. Due to a FAS 121 impairment of goodwill, the net assets in OpenTV were written down to the expected discounted cash flows as at 31 March 2002 under US GAAP. In fiscal year 2003, the results of operations of OpenTV through to the disposal date in August 2003 have been presented as discontinued under US GAAP, which resulted in a profit on disposal of R668,8 million, due mainly to the release of the cumulative translation adjustment under US GAAP of R1,36 billion.

	31 March		
	2003 R'000	2002 R'000	2001 R'000
(Loss)/profit from discontinued operations	**(140 810)**	(1 787 176)	1 994 158
OpenTV	**(140 810)**	(1 631 456)	2 091 376
Mindport Broadband	**—**	(155 720)	(97 218)
Profit/(loss) on disposal	**668 837**	(877 831)	—
OpenTV	**668 837**	(761 461)	—
Mindport Broadband	**—**	(116 370)	—
	528 027	(2 665 007)	1 994 158

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

Additional disclosure requirements

Presentation in the financial statements – consolidated income statements

Under SA GAAP, operating profit/(loss) may be shown before specific exceptional costs that under US GAAP would be included within operating profit. Additionally, the presentation of earnings per share is not limited to basic and diluted earnings per share on the net (loss)/income attributable to shareholders. Presentation of operating profit/(loss) before certain costs and additional earnings per share data is allowable when management believes that it provides useful information to an investor and presents a true and fair view of the group's results. Under US GAAP, items such as asset impairments, restructuring costs and other items would be included within operating profit/(loss). Earnings per share may only be presented on a basic and diluted basis for income and loss from continuing operations, discontinuing operations and net (loss)/income for the period. Accordingly, operating profit/(loss) would differ between US GAAP and SA GAAP and the presentation of 'earnings before interest, taxation, depreciation and amortisation and impairment' and 'operating profit/(loss) before goodwill amortisation and impairment' as well as 'headline loss per N ordinary share', 'dividend per N ordinary share', 'dividend per A ordinary share', 'proposed dividend per A ordinary share' and 'proposed dividend per N ordinary share' are not allowed under US GAAP.
An income statement prepared in accordance with and in a format prescribed by US GAAP is presented on page 126.

Presentation in the financial statements – discontinuing operations

OpenTV

As discussed in Note 28, the group entered into an agreement to dispose of its 38,4% interest in OpenTV on 8 May 2002. The initial disclosure event under SA GAAP and the measurement date under US GAAP for discontinuing operations are generally the same and both occurred as a result of the binding sale agreement. In accordance with the provisions of AC117 'Discontinuing operations' the results of OpenTV have been included in loss from discontinuing operations in the primary financial statements as at 31 March 2002, as the initial disclosure event occurred after year-end, but before the financial statements were authorised for issue.

Under the provisions of FAS 144 'Accounting for the Impairment or Disposal of Long-Lived Assets', effective for the group from 1 April 2002, the results of OpenTV would only be reflected as discontinuing in the period in which the measurement date occurs (which was subsequent to year-end 31 March 2002). Under US GAAP the results of OpenTV have been treated as a discontinuing operation in the year ended 31 March 2003 and prior year income statement information has been restated. A loss of R761,5 million was recorded under SA GAAP in the year ended 31 March 2002. However, the group recorded a profit of R750,9 million arising mainly from the release of the foreign currency translation reserve on final sale of OpenTV in August 2002.

Lyceum College

In September 2001, the group approved a formal plan to terminate the operations of Lyceum College. Under SA GAAP, the results of Lyceum College have been presented separately in the primary financial statements as a discontinuing operation as at 31 March 2002. Under US GAAP, the discontinuance of operations of Lyceum College do not qualify for separate presentation as a discontinuing operation as at 31 March 2003 and 2002.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

To provide a better understanding of the differences in accounting standards, the table below presents the condensed consolidated income statements under US GAAP in a format consistent with the presentation of US GAAP consolidated income statements, as if the results of OpenTV were presented as a discontinuing operation during the year ended 31 March 2003, Lyceum College were presented as a continuing operation and after processing the adjustments in (a) to (q), all of which are discussed above.

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Net revenues	**11 208 593**	9 861 412	8 168 667
Operating expenses	**(11 271 620)**	(12 217 193)	(10 135 017)
Operating loss	**(63 027)**	(2 355 781)	(1 966 350)
Finance costs	**(388 517)**	(566 850)	(373 370)
Income from investments	**20**	86 624	73 036
Share of equity-accounted results	**(502 029)**	273 107	(163 676)
(Loss)/profit on sale and dilution of interest in subsidiaries, joint venture and associates, net	**(1 063)**	(543 755)	1 017 064
Loss from continuing operations before tax, minority interest and change in accounting principle	**(954 616)**	(3 106 655)	(1 413 296)
Income tax	**32 834**	(98 079)	33 787
Loss from continuing operations before minority interest and change in accounting principle	**(921 782)**	(3 204 734)	(1 379 509)
Minority interest	**32 215**	622 776	639 852
Loss from continuing operations before change in accounting principle	**(889 567)**	(2 581 958)	(739 657)
Discontinued operations	**528 027**	(2 665 007)	1 994 158
(Loss)/income before change in accounting principle	**(361 540)**	(5 246 965)	1 254 501
Cumulative effect of change in accounting principle	**(531 520)**	18 434	—
Net (loss)/income attributable to shareholders	**(893 060)**	(5 228 531)	1 254 501
Weighted average N ordinary shares outstanding	**176 555 904**	145 691 868	139 896 409
Diluted weighted average N ordinary shares outstanding	**182 161 140**	151 297 104	148 368 287
Basic and diluted (loss)/profit per N ordinary share			
Continuing operations	**(5,04)**	(34,15)	9,66
Discontinuing operations	**2,99**	(1,87)	(0,69)
Cumulative effect of change in accounting principle	**(3,01)**	0,13	—
	(5,06)	(35,89)	8,97

The number of shares used in calculating basic and diluted (loss)/profit per share is the same, as all potential ordinary shares are antidilutive.

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

Presentation in the financial statements – consolidated balance sheets

To provide a better understanding of the differences in accounting standards, the table below presents the condensed consolidated balance sheets under US GAAP.

	31 March	
	2003 R'000	2002 R'000
Assets		
Non-current assets		
Property, plant and equipment	**3 592 461**	4 491 939
Goodwill and other intangibles	**2 253 871**	9 394 659
Investments and loans	**459 330**	908 246
Marketable debt and equity securities	**961 333**	1 598 215
Programme and film rights	**227 295**	508 747
Deferred taxation	**126 114**	58 821
Total non-current assets	**7 620 404**	16 960 627
Current assets		
Inventory	**412 580**	483 922
Programme and film rights	**403 973**	436 202
Receivables	**1 514 560**	2 176 562
Derivative assets	**—**	251 861
Marketable debt and equity securities	**152 559**	442 841
Restricted cash	**142 900**	122 500
Cash and cash deposits	**2 649 217**	2 876 003
Total current assets	**5 275 789**	6 789 891
Total assets	**12 896 193**	23 750 518
Equity and liabilities		
Shareholders' equity		
Share capital and premium	**3 986 799**	1 841 607
Non-distributable reserves	**120 329**	1 838 626
Distributable reserves	**(1 328 030)**	(530 995)
Total shareholders' equity	**2 779 098**	3 149 238
Minority interest	**257 379**	7 967 632
Commitments and contingencies	**—**	—
Non-current liabilities		
Post-retirement medical liability	**165 585**	117 843
Long-term liabilities	**3 843 879**	5 742 583
Deferred taxation	**244 360**	205 230
Total non-current liabilities	**4 253 824**	6 065 656
Current liabilities		
Current portion of long-term liabilities	**1 246 645**	849 825
Provisions	**49 724**	144 224
Accounts payable, accrued expenses and other current liabilities	**3 397 295**	4 457 392
Derivative liability	**298 094**	—
Bank overdraft and short-term loans	**614 134**	1 116 551
Total current liabilities	**5 605 892**	6 567 992
Total equity and liabilities	**12 896 193**	23 750 518

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

Presentation in the financial statements – treatment of certain financial asset investments

Under SA GAAP, the group holds certain financial asset investments that are related to certain long-term debt arrangements. For financial reporting presentation purposes these assets have been treated as a contra liability within long-term debt. Under US GAAP, in accordance with FIN 39 'Offsetting of Amounts Related to Certain Contracts, an interpretation of APB Opinion No. 10 and FASB No. 105,' these financial asset investments do not qualify for right of set-off with the long-term debt and therefore would be separately presented as marketable equity securities. The impact of this difference would be to increase marketable equity securities and increase long-term debt by R961,3 million and R818,4 million at 31 March 2003 and 2002, respectively, presented in accordance with US GAAP. The reclassification has been presented in the US GAAP consolidated balance sheets.

Comprehensive (loss)/income

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
Net (loss)/income under US GAAP	**(893 060)**	(5 228 531)	1 106 669
Other comprehensive income:			
Foreign currency translations	**(1 448 010)**	1 065 571	529 582
Cumulative effect of adoption of FAS 133 from cash-flow hedges	**—**	24 020	—
Net change in fair value of cash-flow hedges	**(270 504)**	66 166	—
Capital contribution by minorities	**—**	—	8 639
Unrealised losses on marketable securities	**(7 024)**	(95 848)	(14 854)
Reclassification of adjustments for realised losses included in net loss	**—**	17 307	—
Comprehensive (loss)/income	**(2 618 598)**	(4 151 315)	1 630 036

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

Cash flow information

Under SA GAAP, the Consolidated Cash Flow Statements are presented in accordance with AC118 'Cash flow statements'. The statements prepared under AC118 present substantially the same information as that required under US GAAP as interpreted by FAS 95 'Statement of Cash Flows'. However, the definition of cash flow differs between SA GAAP and US GAAP. Cash flow under SA GAAP represents increases or decreases in cash and cash equivalents, which comprises cash in hand and repayable on demand, restricted cash and overdrafts. Under US GAAP, cash flow represents increases or decreases in cash and cash equivalents, which include short-term, highly liquid investments with original maturities of less than 90 days, and excludes restricted cash and overdrafts. Additionally, under US GAAP cash dividends paid would be included within financing activities whereas under SA GAAP they are treated as operating cash flows. The movement in restricted cash and overdrafts has been included within financing activities under US GAAP.

A summary of the group's operating, investing and financing activities, classified in accordance with US GAAP, are as follows:

		31 March	
	2003 R'000	2002 R'000	2001 R'000
Net cash provided by/(used in) operating activities	**1 128 894**	(346 068)	(764 495)
Net cash used provided by/(used in) investing activities	**42 479**	(1 087 955)	(661 956)
Net cash (used in)/provided by financing activities	**(942 573)**	768 027	1 710 946
Net increase/(decrease) in cash and cash equivalents	**228 800**	(665 996)	284 495
Cash and cash equivalents at beginning of year	**2 876 003**	2 774 574	2 065 278
Exchange adjustments	**(455 586)**	767 425	424 801
Cash and cash equivalents at end of year	**2 649 217**	2 876 003	2 774 574

Segment information

Under FAS 131, 'Disclosure about Segments of an Enterprise and Related Information', group management's primary performance measure is defined as operating profit/(loss) before amortisation and impairment, but including finance costs on transponder and transmitter finance leases. With the exception of the pay-television segment, the performance measure under FAS 131 is consistent with operating profit/(loss) before amortisation and impairment disclosed under SA GAAP in Note 34. Using group management's primary performance measure under FAS 131, the segment results for the pay-television segment would have been R228,9 million profit, R55,0 million loss and R55,0 million loss for the three years ended 31 March 2003, 2002 and 2001, respectively and the consolidated segment total would have been R313,3 million profit, R142,9 million loss and R428,3 million loss for the three years ended 31 March 2003, 2002 and 2001, respectively.

The changes in the carrying amount of goodwill on a segmental basis, prepared in accordance with SA GAAP for the year ended 31 March 2003 are as follows:

	Subscriber platforms						
March 2003	**Pay television R'000**	**Internet R'000**	**Print media R'000**	**Technology R'000**	**Book publishing R'000**	**Private education R'000**	**Conso-lidated total R'000**
Balance 1 April	86 908	306 619	57 412	2 457 004	2 896	107 630	3 018 469
Currency translation differences	(80 758)	(80 450)	—	(214 250)	—	(54)	(375 512)
Reallocations	7 685	—	—	—	—	—	7 685
Asset impairment	—	(11 841)	—	—	(113)	—	(11 954)
Disposal of subsidiaries	—	—	—	(1 554 481)	—	—	(1 554 481)
Acquisition of subsidiaries	24 672	3 009	1 587	—	150	6 417	35 835
Successive acquisition	1 256 231	73 055	—	—	—	—	1 329 286
Amortisation	(41 213)	(158 973)	(5 627)	(625 754)	(1 030)	(26 462)	(859 059)
Balance 31 March	1 253 525	131 419	53 372	62 519	1 903	87 531	1 590 269

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

Basis of consolidation

For certain entities, the group has entered into contractual arrangements (such as nominee relationships and escrow arrangements) which allow the group, along with its direct interests in such entities, to control a majority of the voting rights or otherwise have power to exercise control over the operations of such entities. Because the group controls such entities in this manner they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

Provision for discontinued operations

The provision for discontinued operations at 31 March 2002 related to amounts payable for settlement, legal and retrenchment costs arising from the discontinuance of the group's Mindport Broadband operations. The retrenchment costs included in the provision amounted to R22,7 million at 31 March 2002, in respect of approximately 40 employees. The group ceased the Mindport Broadband operations by 31 March 2002. The remaining provision at 31 March 2003 relates to amounts payable for the settlement of legal costs.

Certain risk concentrations

The group's digital programming is or will be transmitted to customers through different satellites around the world, and in certain regions its terrestrial analogue signal is also transmitted to regional broadcast points through satellites. In addition, the group receives a significant amount of its programming through satellites. Satellites are subject to significant risks that may prevent or impair commercial operations. Although the group has not experienced any significant disruption of its transmissions, the operation of satellites is beyond the control of the group. Disruption of satellite transmissions could have a material adverse effect on the group.

Programme and film rights

The group accounts for fixed-price programme and film rights contracts and the portion of variable-price programme and film rights contracts for which the cost can be reliably measured as an asset and liability under AC129 'Intangible assets' and AC130 'Provisions, contingent liabilities and contingent assets'. Under FAS 63 'Financial Reporting by Broadcasters' the asset and liability are recorded when the licence period begins, the programme is available for its first broadcast and the cost of each programme is known or reasonably determinable. Under US GAAP, sports and other live event programmes are therefore only accounted for when available for telecast. The different treatment does not have an impact on net (loss)/income or shareholders' equity. The total assets and liabilities as at 31 March 2003 and 2002 relating to programme and film rights each decreased by R314,8 million and R458,4 million respectively comprising a decrease in current assets by R201,4 million (2002: R211,6 million), non-current assets by R113,4 million (2002: R246,8 million), current liabilities by R208,3 million (2002: R237,8 million) and non-current liabilities by R106,5 million (2002: R220,6 million).

Secondary tax on companies (STC)

STC is a tax levied on South African companies at a rate of 12,5% of dividends distributed. However, in the case of companies liquidated after 1 April 1993, STC is only payable on undistributed earnings earned after 1 April 1993. STC is not included in the computation of deferred tax or the normal South African tax charge. These amounts are calculated at the statutory company tax rate on undistributed earnings of 30%. On declaration of a dividend, the group includes the tax of 12,5% on this dividend in its computation of the income tax expense in the period of such declaration.

If the group distributed all of its undistributed retained earnings as at 31 March 2003, of which R5 612 million (2002: R5 098 million, 2001: R5 079 million) would be subject to STC, the group would have to pay additional taxes of R623,6 million (2002: R566,5 million, 2001: R564,4 million). If all the earnings attributable to shareholders for the year ended 31 March 2003 were distributed, the additional estimated STC charge would be R57,1 million (2002: R2,1 million).

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

Share-based compensation

As permitted by FAS 123, for purposes of US GAAP, the group applies Accounting Principles Board (APB) Opinion 25 'Accounting for Stock Issued to Employees' and related interpretations in accounting for its plans. Had compensation costs for the group's share option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of FAS 123, the group's net (loss)/income and net (loss)/income per share under US GAAP would have decreased/(increased) to the pro forma amounts indicated below:

		2003	2002	2001
		(in thousands except per share data)		
Net (loss)/income	As reported	**(893 060)**	(5 228 531)	1 254 501
	Pro forma	**(890 007)**	(5 280 322)	1 236 817
Net (loss)/income per N ordinary share	As reported	**(5,06)**	(35,89)	8,97
	Pro forma	**(5,04)**	(36,24)	8,84

The weighted average fair value of the options granted under the Naspers plan during 2003, 2002 and 2001 was R12,93, R17,10 and R33,93 respectively. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2003	2002	2001
Risk-free interest rate	**11,0%**	11,0%	12,7%
Expected dividend yield	**0%**	0%	0%
Expected stock price volatility	**67,7%**	50,2%	46,7%
Expected terms	**6**	7	7

The weighted average fair value of the options granted under the Media24 plan during 2003, 2002 and 2001 was R5,42, R4,03 and R4,63 respectively. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2003	2002	2001
Risk-free interest rate	**11,0%**	10,0%	12,1%
Expected dividend yield	**0%**	0%	0%
Expected stock price volatility	**103,5%**	50,8%	44,8%
Expected terms	**5**	7	7

The weighted average fair value of the options granted under the Educor plan during 2003 and 2002 was R0,50 and R0,81. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2003	2002
Risk-free interest rate	**11,0%**	11,2%
Expected dividend yield	**0%**	0%
Expected stock price volatility	**43,9%**	109,5%
Expected terms	**5**	7

The weighted average fair value of the options granted under the Paarl Media plan during 2003 and 2002 was R4,86 and R3,83. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2003	2002
Risk-free interest rate	**11,0%**	10,6%
Expected dividend yield	**0%**	0%
Expected stock price volatility	**103,5%**	30,8%
Expected terms	**5**	7

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

The weighted average fair value of the options granted under the M-Web plan during 2001 was R2,22. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2001
Risk-free interest rate	12,9%
Expected dividend yield	0%
Expected stock price volatility	49,7%
Expected terms	7

The weighted average fair value of the options granted under the MIH Holdings Limited plan during 2003, 2002 and 2001 was R14,03, R7,07 and R34,18, respectively. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2003	2002	2001
Risk-free interest rate	**11,0%**	11,3%	12,0%
Expected dividend yield	**0,9%**	0%	0%
Expected stock price volatility	**68,0%**	84,0%	70,0%
Expected terms	**5**	7	7

The weighted average fair value of the options granted under the MIH (BVI) Limited and MHL plans during 2003, 2002 and 2001 was R15,32, R56,75 and R102,32 for MIH Limited, respectively, and Rnil, Rnil and R62,52 for MHL, respectively. The fair values were calculated using the Black-Scholes option pricing method using the following assumptions:

	2003	2002	2001
Risk-free interest rate	**3,5%**	5,3%	5,6%
Expected dividend yield	**0,9%**	0%	0%
Expected stock price volatility	**67,7%**	75,0%	67,0%
Expected terms	**5**	7	7

The weighted average fair value of the options granted under the M-Web China and M-Web Thailand plans during 2001 was R5,20. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2001
Risk-free interest rate	6,7%
Expected dividend yield	0%
Expected stock price volatility	67,0%
Expected terms	7

The weighted average fair value of the options granted under the QQ plan during 2003 was R27,35. The fair value was calculated using the Black-Scholes option pricing method using the following weighted average assumptions:

	2003
Risk-free interest rate	**3,48%**
Expected dividend yield	**0%**
Expected stock price volatility	**110,0%**
Expected terms	**5,1**

40. Differences between South African Statements of Generally Accepted Accounting Practice and United States Generally Accepted Accounting Principles *(continued)*

Recently issued accounting standards

US GAAP

In July 2002, the FASB issued FAS No. 146, 'Accounting for Costs Associated with Exit or Disposal Activities' ('FAS 146'). This standard will require companies to recognise costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The standard replaces the existing guidance provided by EITF Issue No. 94-3, 'Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).' This standard will be effective for the group for the year ending 31 March 2004. The requirements of FAS 146 would apply to future disposal activities.

In November 2002, the FASB issued Interpretation No. 45 (FIN 45), 'Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.' The interpretation expands on the accounting guidance of FAS 5, 'Accounting for Contingencies', FAS 57, 'Related Party Disclosures', and FAS 107, 'Disclosures about Fair Value of Financial Instruments', and incorporates without change the provisions of FIN 34, 'Disclosure of Indirect Guarantees of Indebtedness of Others an interpretation of FASB Statement No. 5', which is being superseded. FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognise an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee and must disclose that information in its interim and annual financial statements. FIN 45 is effective for the group on a prospective basis to guarantees issued or modified after 31 December 2002. The group is in the process of assessing the impact of FIN 45 and has thus far identified that it has guarantor obligations to students in connection with the sale of certain franchisees of its private education businesses. If the franchisees were to default in their obligations to these students, the group would be obliged to provide remedy. The guarantee only applies to students currently enrolled at the date of sale and extends through the completion of the courses by these students which is expected to be less than one year. The financial impact of these potential obligations have not yet been quantified, but management does not believe it would have a material impact on the operating results, financial position or cash flows of the group.

In January 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, 'Consolidation of Variable Interest Entities, an interpretation of ARB No. 51' (FIN 46). FIN 46 provides guidance on: 1) the identification of entities for which control is achieved through means other than through voting right, known as 'variable interest entities' ('VIE'); and 2) which business enterprise is the primary beneficiary and when it should consolidate the VIE. This new model for consolidation applies to entities: 1) where the equity investors (if any) do not have a controlling financial interest; or 2) whose equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures. FIN 46 is effective for all new VIE's created or acquired after 31 January 2003. For VIE's created or acquired prior to 1 February 2003, the provisions of FIN 46 must be applied in the first interim period subsequent to 15 June 2003. Certain disclosures are effective immediately. The group is in the process of assessing the impact of FIN 46, and has thus far noted that it is the primary beneficiary of a captive insurance company covering insurance on certain digital and analogue set-top boxes. The group's maximum exposure to loss is equal to the replacement value of all set-top boxes covered of approximately R164 million, less amounts reinsured through a third party in the amount of R24 million. Additionally, the group has an interest in a joint venture that leases analogue set-top boxes to customers where it has been identified that the group is the primary beneficiary. As at 1 April 2003, the remaining 50% interest in this joint venture was acquired for a nominal value. The net assets acquired were R4 million.

In April 2003, the FASB issued FAS 149, 'Amendment of Statement 133 on Derivative Instruments and Hedging Activities' (FAS 149). This standard amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133 'Accounting for Derivative Instruments and Hedging Activities'. FAS 149 will be effective for the group for contracts entered into or modified after 30 June 2003. The group has not yet assessed whether the adoption of this standard will have a material effect on the group's results of operations or financial position.

In May 2003, the FASB issued FAS 150, 'Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity' (FAS 150). This standard establishes how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity and requires that an issuer classify a financial instrument that is within its scope as a liability or an asset in some circumstances. FAS 150 will be effective for financial instruments entered into or modified after 31 May 2003, and otherwise is effective for the group after 10 June 2003. Management believes that the adoption of this standard will not have a material effect on the group's results of operation or financial position.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF NASPERS LIMITED

We have audited the balance sheets of Naspers Limited as at 31 March 2003 and 2002, and the related income statements, cash flow statements and statements of changes in shareholders' equity for each of the three years in the period ended 31 March 2003, set out on pages 135 to 140. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

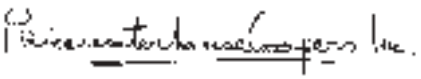
- examining on a test basis, evidence supporting the amounts and disclosures included in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the company at 31 March 2003 and 2002 and the results of operations, cash flows and changes in shareholders' equity for each of the three years in the period ended 31 March 2003 in conformity with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act, 1973.

The annual financial statements of the company should be read in conjunction with the consolidated annual financial statements of Naspers Limited, as set out on pages 46 to 133.



PricewaterhouseCoopers Inc.
Chartered Accountants (SA)
Registered Accountants and Auditors

Cape Town, South Africa

20 June 2003

COMPANY BALANCE SHEETS

at 31 March 2003 and 2002

	Notes	2003 R'000	2002 R'000
Assets			
Non-current assets			
Land and buildings	2	**347**	347
Investments in subsidiaries	3	**7 519 325**	4 955 943
Investments in associates		**37 772**	141 524
Total non-current assets		**7 557 444**	5 097 814
Current assets			
Other receivables		**175**	156
Cash and cash deposits		**30 850**	480
Total current assets		**31 025**	636
Total assets		**7 588 469**	5 098 450
Equity and liabilities			
Shareholders' equity			
Share capital and premium	4	**5 172 233**	1 857 104
Distributable reserves		**2 228 717**	3 052 200
Total shareholders' equity		**7 400 950**	4 909 304
Non-current liabilities			
Post-retirement medical liability	5	**3 797**	3 797
Long-term liabilities			
Welkom debenture scheme	6	**160 000**	160 000
Total non-current liabilities		**163 797**	163 797
Current liabilities			
Accrued expenses and other current liabilities		**23 722**	25 349
Total current liabilities		**23 722**	25 349
Total equity and liabilities		**7 588 469**	5 098 450

COMPANY INCOME STATEMENTS

for the years ended 31 March 2003, 2002 and 2001

	Notes	2003 R'000	2002 R'000	2001 R'000
Revenue		**—**	—	—
Selling, general and administration expenses		**(7 254)**	(28)	(3 263)
Operating loss		**(7 254)**	(28)	(3 263)
Finance costs	7	**(20 702)**	(8 572)	(7 069)
Income from investments	8	**25 945**	44 565	17 837
Exceptional items	9	**(782 212)**	(46 243)	(709 527)
Loss before taxation		**(784 223)**	(10 278)	(702 022)
Secondary tax on companies		**(2 202)**	(2 006)	(217)
Loss attributable to shareholders		**(786 425)**	(12 284)	(702 239)

COMPANY CASH FLOW STATEMENTS

for the years ended 31 March 2003, 2002 and 2001

	2003 R'000	2002 R'000	2001 R'000
Cash flows from operating activities			
Cash (utilised in)/from activities	**(2 288)**	(11 707)	3 012
Dividends received	**25 945**	44 565	17 837
Cash generated from operating activities	**23 657**	32 858	20 849
Finance cost paid	**(20 702)**	(8 572)	(7 069)
Taxation paid	**(2 202)**	(2 006)	(217)
Dividends paid	**(37 058)**	(35 515)	(33 576)
Net cash used in operating activities	**(36 305)**	(13 235)	(20 013)
Cash flows from investment activities			
Investments	**13 765**	(93 304)	(310 093)
Proceeds from sale of investments	**—**	—	9 714
Net cash from/(used in) investing activities	**13 765**	(93 304)	(300 379)
Cash flows from financing activities			
Movement on loans to subsidiaries	**52 910**	22 392	179 422
Issue of shares: capital and premium	**—**	84 513	—
Net cash from financing activities	**52 910**	106 905	179 422
Net increase/(decrease) in cash and cash equivalents	**30 370**	366	(140 970)
Cash and cash equivalents at beginning of the year	**480**	114	141 084
Cash and cash equivalents at end of the year	**30 850**	480	114

COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 31 March 2003, 2002 and 2001

	Share capital and premium		Distributable reserves	Total
	Class A R'000	Class N R'000	R'000	R'000
Balance 1 April 2000	**14 243**	**1 611 768**	**3 835 813**	**5 461 824**
Treasury shares movement	—	926	—	926
Net loss attributable to shareholders	—	—	(702 239)	(702 239)
Dividends	—	—	(33 576)	(33 576)
Balance 31 March 2001	**14 243**	**1 612 694**	**3 099 998**	**4 726 935**
Share capital and premium issued	—	227 583	—	227 583
Treasury shares movement	—	2 584	—	2 584
Net loss attributable to shareholders	—	—	(12 284)	(12 284)
Dividends	—	—	(35 514)	(35 514)
Balance 31 March 2002	**14 243**	**1 842 861**	**3 052 200**	**4 909 304**
Share capital and premium issued	—	3 394 606	—	3 394 606
Treasury shares movement	—	(79 477)	—	(79 477)
Net loss attributable to shareholders	—	—	(786 425)	(786 425)
Dividends	—	—	(37 058)	(37 058)
Balance 31 March 2003	**14 243**	**5 157 990**	**2 228 717**	**7 400 950**

1. Principal accounting policies

The accounting policies for the holding company are the same as those of the group, where applicable (refer Note 2 of the consolidated financial statements).

2. Land and buildings

There was no movement in land and buildings in the current year. Registers containing additional information on land and buildings are available for inspection at the registered offices of the company. The directors are of the opinion that the recoverable amount of each class of property exceeds the carrying amount at which it is included in the balance sheet.

3. Loans and investments

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

		Effective percentage interest*		Direct investment in shares and indebtedness			
Name of subsidiary	**Functional currency**	**2003 %**	2002 %	**2003 R'000**	2002 R'000	**Nature of business**	**Country of incorporation**
Media24 Limited	ZAR	**100,00**	100,00	**32 088**	41 425	Print media	South Africa
Nasboek Limited	ZAR	**100,00**	100,00	**42 555**	41 825	Book publishing and retail	South Africa
Educor Holdings Limited	ZAR	**93,50**	93,50	**353 224**	320 224	Private education	South Africa
MIH Investments (Proprietary) Limited	ZAR	**100,00**	100,00	**4 048 482**	3 377 254	Investment holding	South Africa
M-Web Holdings Limited	ZAR	**—**	15,68	—	155 673	Internet service provider	South Africa
MIH Holdings Limited	ZAR	**—**	2,96	**2 961 640**	58 935	Investment holding	South Africa
MIH Limited	USD	**—**	3,54	**—**	960 607	Investment holding	British Virgin Islands
Multimedia (Proprietary) Limited	ZAR	**100,00**	—	**81 336**	—	Investment holding	South Africa
				7 519 325	4 955 943		

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

	31 March	
	2003	2002
	R'000	R'000

4. Share capital and share premium

Authorised		
1 250 000 A ordinary shares of R20 each	**25 000**	25 000
500 000 000 N ordinary shares of 2 cents each	**10 000**	10 000
	35 000	35 000
Issued		
712 131 A ordinary shares of R20 each	**14 243**	14 243
296 816 639 N ordinary shares of 2 cents each (2002: 156 289 724)	**5 936**	3 125
	20 179	17 368
Share premium	**5 412 628**	2 020 833
	5 432 807	2 038 201
Less: 11 660 601 N ordinary shares treated as treasury shares (2002: 8 205 773 N ordinary shares)	**(260 574)**	(181 097)
	5 172 233	1 857 104

	2003	2002
	Number of N shares	Number of N shares
Movement in N ordinary shares treated as treasury shares		
Number of N ordinary shares treated as treasury shares at 1 April	**8 205 773**	8 335 003
N ordinary shares issued to the Naspers Share Incentive Trust	**3 460 309**	—
N ordinary shares bought by Naspers Share Incentive Trust from participants	**23 305**	—
N ordinary shares acquired by participants in Naspers Share Incentive Trust	**(28 786)**	(129 230)
Number of N ordinary shares treated as treasury shares at 31 March	**11 660 601**	8 205 773
Net number of N ordinary shares in issue as at 31 March	**285 156 038**	148 083 951

5. Post-retirement medical liability

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

6. Welkom convertible debentures

In terms of the Welkom Trust share scheme, prospective shareholders subscribed for 4 003 740 convertible debentures at R42 each for a gross total of R168,2 million. Scheme administration costs were set off against the gross amount received. The debentures bear interest at 9,25% per annum and the issue price plus capitalised interest will be redeemed on 9 September 2003.

	31 March		
	2003	2002	2001
	R'000	R'000	R'000
7. Finance costs			
Interest paid			
Welkom debenture scheme	**16 110**	16 231	15 555
Loans and overdrafts	**4 818**	—	—
	20 928	16 231	15 555
Interest received			
Loans and bank accounts	**66**	31	146
Subsidiaries	**160**	7 628	8 340
	226	7 659	8 486
Net finance cost	**20 702**	8 572	7 069
8. Income from investments			
Subsidiaries			
Dividends – unlisted shares	**—**	23 077	—
Associated companies			
Dividends – listed shares	**25 926**	21 470	17 824
Other investments			
Dividends – unlisted shares	**19**	18	13
Total	**25 945**	44 565	17 837
9. Exceptional items			
Gain on disposal of property	**—**	—	100
Write back of warranty provision	**6 500**	—	—
Losses on disposal of investments	**(790 573)**	—	—
Gains on disposal of investments	**1 861**	—	—
Gain on disposal of shares	**—**	—	678
Warranties in respect of business disposal	**—**	4 188	(25 000)
Asset impairments	**—**	(40 000)	(685 305)
Warranty claim	**—**	(10 431)	—
Total	**(782 212)**	(46 243)	(709 527)

10. Commitments and contingencies

(a) Legal claims

Fidelity Management S.A.

On 26 July 2002, MIH Limited (through its subsidiary Myriad International Holdings BV) and Fidelity Management S.A. (Fidelity) entered into a share subscription agreement and a share sale agreement under which Fidelity would have acquired a 22% interest in NetMed NV, the group's pay-television subsidiary in Greece, for a cash purchase price of US$5 million plus a cash payment equal to an amount calculated with reference to the value of the subscriber base to be acquired by NetMed. The completion of this transaction was subject to the approval of the Greek Competition Committee. The required approval from the Greek Competition Committee was not received within the applicable period and accordingly the group believes that the subscription and sale agreements have ceased to have effect.

This matter has been referred for arbitration to the London Court of International Arbitration. Fidelity has issued summons against Naspers Limited, MIH Holdings Limited and an employee of MIH in South Africa, claiming US$62 million on the grounds that the parties had unlawfully caused NetMed to terminate its agreements with Fidelity, thereby causing Fidelity financial loss. Management believes, based on the facts and the pleadings to date, that the claim has no foundation.

(b) Contingent liabilities

Welkom debentures

In terms of the Welkom Trust share scheme, prospective shareholders subscribed for 4 003 740 convertible debentures at R42 each for a gross amount of R168,2 million. Scheme participants were required to pay a 10% deposit on subscription for the debentures, with the balance of the principal amount being lent to the company by various financial institutions. The company currently makes semi-annual interest payments based on the coupon rate of 9,25% to the financial institutions. The interest rate differential between the coupon rate of 9,25% of the debentures and the bank funding rate of 23,19%, is not accrued for by the company. The possible future payment by the company of the accrued interest rate differential is dependent on whether the company's share price is on or above R56,99 on 9 September 2003. If the target price is achieved, the company will issue 5 605 236 N ordinary shares to the scheme participants on conversion of the debentures, otherwise Naspers can be called upon to redeem the debentures and to pay the interest rate differential. The amount of accrued interest amounted to approximately R149,0 million at 31 March 2003. The interest rate differential is fully provided in the consolidated balance sheet of the Naspers group.

Directors

	Date last appointed	Number of board meetings attended in past financial year**	Category
T Vosloo	1 October 2002	6	Independent, non-executive
J F Malherbe	24 August 2001	6	Non-executive
J P Bekker	30 August 2002	6	Executive
E Botha	30 August 2002	6	Independent
M J de Vries*	6 August 1999	1	Independent
G J Gerwel	30 August 2002	5	Independent
L N Jonker	24 August 2001	4	Independent
S J Z Pacak	24 April 1998	6	Executive
L M Taunyane	24 August 2001	4	Independent
B J van der Ross	30 August 2002	5	Independent
N P van Heerden	24 August 2001	6	Independent
J J M van Zyl	30 August 2002	6	Independent
H S S Willemse	30 August 2002	3	Non-executive

**Passed away 5 July 2002.*

***The company held board meetings on the following dates during the financial year: 19 April 2002, 24 April 2002, 21 June 2002, 30 August 2002, 22 November 2002 and 21 February 2003.*

Audit and risk management committee

Two meetings were held during the year.

Mr J J M van Zyl *(chairperson) (attended two meetings)*

Professor M J de Vries *(passed away 5 July 2002) (attended one meeting)*

Mr L N Jonker *(attended two meetings)*

Mr N P van Heerden *(attended two meetings)*

Human resources and nomination committee

Seven meetings were held during the year.

Professor M J de Vries *(chairperson until 21 June 2002) (attended three meetings)*

Mr T Vosloo *(chairperson from 28 August 2002) (attended seven meetings – four as chairperson)*

Mr J F Malherbe *(attended seven meetings)*

Mr J J M van Zyl *(attended seven meetings)*

Professor G J Gerwel *(attended six meetings)*

Mr J P Bekker *(attended seven meetings)*

Mr S J Z Pacak *(attended six meetings)*

Budget committee

One meeting was held during the year attended by:

Mr T Vosloo *(chairperson)*

Mr J P Bekker

Professor M J de Vries

Mr J J M van Zyl

Mr S J Z Pacak

Mr N P van Heerden

Mr B J van der Ross

Mr J F Malherbe *(by invitation)*

LEADERSHIP

Ton Vosloo
Chairman

Professor Elize Botha

Jeff Malherbe
Vice-chairman

Dr Jakes Gerwel

Steve Pacak

Leepile Taunyane

Boetie van Zyl | Ben van der Ross | Neil van Heerden | Lourens Jonker | Professor Hein Willemse | Koos Bekker
Managing director

A brief CV of all directors follows:

Ton Vosloo became managing director of Naspers Limited in 1984 and subsequently served as executive chairman from 1992 to 1997. Mr Vosloo was a journalist from 1956 to 1983 and editor of *Beeld* from 1977 to 1983. He is also chairman of the WWF in South Africa and the Cape Philharmonic Orchestra and a trustee for the Stigting vir Bemagtiging deur Afrikaans. Mr Vosloo is chairman of Media24, Nasboek, MIH BV, MIH Holdings and Sanlam, and independent non-executive chairman of the board of Naspers, a position he has held since 1997.

Koos Bekker led the founding team of M-Net in 1985 and was chief executive officer of MIH until 1997. Mr Bekker was a founding director of MTN and served as chief executive of NetHold from 1995 to 1997. He is a director of Media24, Nasboek, MIH BV, MIH Holdings, SuperSport International, M-Net and other companies within the group. Mr Bekker has been managing director of Naspers since 1997.

Steve Pacak joined the Naspers group in 1988 as chief financial officer of M-Net Limited. He served as chief executive officer of M-Cell from 1995 to 1998. Currently, he is a director of MIH BV, MIHH, SuperSport International, M-Net and other companies within the group. In 1998, Mr Pacak was appointed an executive director of Naspers.

Jeff Malherbe joined the Naspers group as director in 1972. He is an honorary chairman in the firm of attorneys Jan S de Villiers and a director of Shoprite Holdings. He is a member of various boards of directors. Mr Malherbe is deputy chairman of Naspers, serves on the boards of Media24 and Nasboek and is a member of the executive and human resources and nomination committees of Naspers.

Boetie van Zyl joined the Naspers group as director in 1988. Mr Van Zyl is also a member of the board of directors of Sanlam and Murray & Roberts and a trustee of the WWF in South Africa. He is also a director of Media24, Nasboek, MIH BV and MIHH and a member of the executive, audit and risk management, budget and human resources and nomination committees of Naspers.

Professor Elize Botha joined the Naspers group in 1988. Professor Botha is chancellor of the University of Stellenbosch, a member of the Literature Commission of the Suid-Afrikaanse Akademie vir Wetenskap en Kuns and a director of Nasboek.

Leepile Taunyane joined the Naspers group in 1994. Previously, Mr Taunyane served as president of the National Professional Teachers' Organisation of South Africa and is acting chief executive of the National Soccer League. He also is president of the Professional Educator's Union and a director of Nasboek.

Lourens Jonker joined the Naspers group in 1996. Mr Jonker is chairman of the KWV group, the owner of the Weltevrede wine estate near Bonnievale and a member of the board of Absa. He is a member of the audit and risk management committee of Naspers.

Neil van Heerden joined the Naspers group in 1996. Mr van Heerden is a trustee of the University of the Western Cape, executive director of the South Africa Foundation, councillor of Business South Africa and a member of the boards of BMW (SA) and various other companies. He is a member of the audit and risk management and budget committees of Naspers.

Ben van der Ross joined the Naspers group in 1999. Mr van der Ross is chairman of Bonatla Property Holdings and a member of the boards of Momentum Life, Firstrand and Pick 'n Pay Stores Limited. Recently, Mr van der Ross was appointed chief executive officer of Business South Africa. He is chairman of the Naspers Welkom share scheme and a member of the budget committee of Naspers.

Professor Jakes Gerwel joined the Naspers group in 1999. Professor Gerwel previously served as director-general in the office of former president Nelson Mandela, secretary to the cabinet and rector of the University of the Western Cape. He is chancellor of Rhodes University and chairman of Brimstone Investment Corporation as well as Educor.

Professor Hein Willemse joined the Naspers group as director in August 2002. He is a member of the boards or a trustee of various organisations and community bodies, including the Shoma Education Trust and the Welkom share scheme. He is the head of the Department of Afrikaans at the University of Pretoria.

Professor Mike de Vries died on 5 July 2002 having served on the Naspers board since 1977. He was also a member of the boards of Media24 and Nasboek. He was a member of the Naspers executive, audit and risk management, budget and human resources and nomination committees. He was a former vice-chancellor of the University of Stellenbosch.

Secretary

G M Coetzee
40 Heerengracht
Cape Town
8001
Tel: +27 (0) 21 406-2041
Fax: +27 (0) 21 406-3753

Registered office

40 Heerengracht
Cape Town
8001

Auditors

PricewaterhouseCoopers Inc.
No. 1 Waterhouse Place
Century City
7441

Registration number

1925/001431/06

Transfer secretaries

Ultra Registrars Limited
(Registration number 2000/007239/07)
PO Box 4844, Johannesburg 2000

ADR Programme

The Bank of New York maintains a Global BuyDIRECT™ plan for Naspers Limited
For additional information, please visit
The Bank of New York's web site at
www.globalbuydirect.com
or call Shareholder Relations at 1-888-BNY-ADRS
or 1-800-345-1612 or write to:
The Bank of New York
Shareholder Relations Department – GlobalBuyDIRECT™
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

Attorneys

Jan S de Villiers
PO Box 1474, Cape Town 8000

www.naspers.com

ANALYSIS OF SHAREHOLDERS

Size of holdings	Number of shareholders	Number of shares owned
1 – 100 shares	41 647	1 056 105
101 – 1 000 shares	9 720	3 438 445
1 001 – 5 000 shares	2 333	4 929 711
5 001 – 10 000 shares	426	3 044 853
Over 10 000	1 138	284 347 525
	55 264	296 816 639
Type of shareholder		
Individuals	52 374	15 783 493
Insurance companies	28	49 948 142
Investment and trust companies	1 533	53 830 533
Pension/Provident funds	494	39 095 886
Financial institutions	33	53 100 224
Other institutions	801	68 877 018
Share incentive trusts	2	17 430 843

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

Name	Shares owned
Allan Gray	32 793 584
Old Mutual	29 919 503
Bank of New York	26 162 391
Sanlam	22 227 856
Public Investment Commissioner	18 109 365

Public shareholder spread

The spread of public shareholders in terms of paragraphs 4.26, 4.27 and 4.28 of the JSE Securities Exchange South Africa Listing Requirements at 31 March 2003 was 92,09%, represented by 55 251 shareholders holding 273 341 809 N ordinary shares in the company.

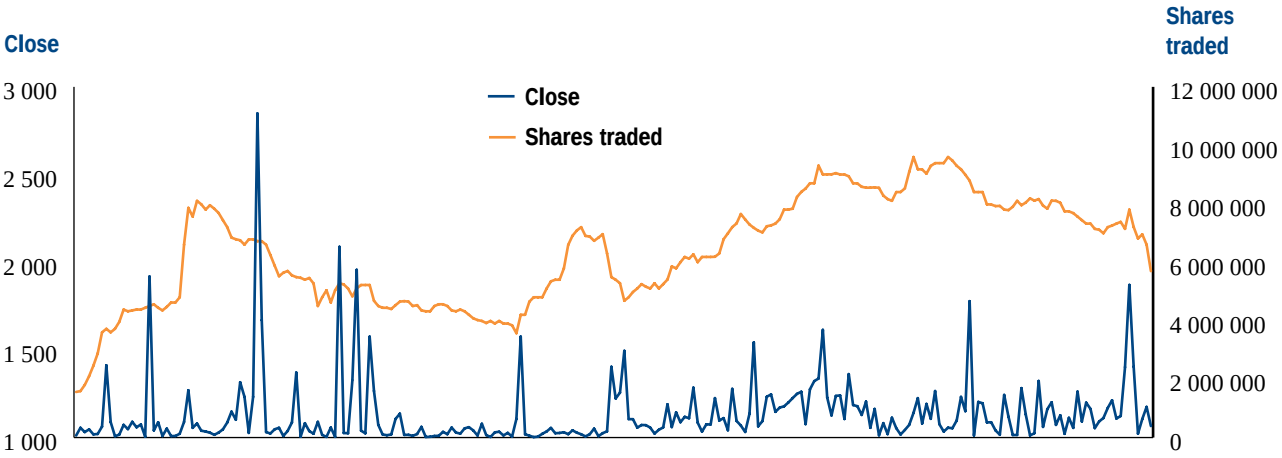
The non-public shareholders of the company comprising 13 shareholders representing 23 474 830 N ordinary shares are analysed as follows:

Category	Number of shares	% of issued share capital
Directors	1 421 289	0,48%
Share trusts	17 430 843	5,87%
Associates	4 622 698	1,56%

Trading statistics on the JSE Securities Exchange South Africa

12 months to March 2003

Daily closing price and volume



Summary	March 2003	Last 12 months
Highest closing price (cents)	**2 300**	2 600
Lowest closing price (cents)	**1 949**	1 260
Average daily volume	**1 163 635**	792 431
Total volume	**22 109 072**	198 107 936
Average daily value	**25 976 158**	16 905 150
Total value	**493 547 003**	4 226 287 447

Statistics from: Sasfin Frankel Pollak Securities (Proprietary) Limited.

SHAREHOLDERS' DIARY

Annual general meeting	August
Reports	
Interim for half-year to September	December
Announcement of annual results	June
Annual financial statements	August
Dividend	
Proposal	June
Declaration	August
Payment	September
Financial year-end	March

Welkom scheme

The Welkom trust was established in May 1998 to facilitate the acquisition of Naspers shares by members of previously disadvantaged communities. In terms of the Welkom share scheme, scheme participants subscribed for 4 003 740 Naspers convertible debentures at R42 per debenture for a gross consideration of R168,2 million. Scheme participants paid 10% of the consideration with the balance being funded by various financial institutions. If the Naspers share price is above R56,99 on the maturity date, being 9 September 2003, the convertible debentures will convert to 5 605 236 Naspers N ordinary shares, otherwise the convertible debentures will be redeemed in cash.

Naspers makes bi-annual interest payments based on the coupon rate of 9,25% on the convertible debentures to the financial institutions. The interest rate differential between the coupon rate on the convertible debentures and the funding rate has been accrued for by Naspers.

It is unlikely that the Naspers share price on the maturity date will be above R56,99 and under the circumstances the convertible debentures will be redeemed by Naspers. As a result, scheme participants will not receive Naspers N ordinary shares. As the success of the Welkom trust share scheme is integral to Naspers' black economic empowerment initiatives, the board decided to extend non-renounceable offers to the scheme participants, as debenture holders of Naspers, to subscribe for the same number of Naspers shares as they would have received if the convertible debentures had converted to Naspers shares.

Accordingly, subject to shareholder approval, scheme participants will be granted non-renouncable offers to subscribe for 5 605 236 Naspers N ordinary shares during the 30-day period commencing 9 September 2006 ('the share option offer'). The price at which scheme participants will have the right to subscribe for a Naspers N ordinary share is R31,96 which is based on the 10-day weighted average share price of the Naspers shares on 8 July 2003 together with rolled-up interest for the three years after taking into consideration the original deposit paid by the scheme participants. The Welkom trust will continue to administer the new share option offer for the scheme participants.

Rationale for share option scheme

The directors of Naspers have considered the terms and conditions of the share option offer and, *inter alia*, the opinion of Investec Bank Limited, and are of the unanimous opinion that those terms and conditions are fair and reasonable to Naspers. Accordingly, the board of directors of Naspers supports the share option offer and recommends that Naspers shareholders vote in favour of the resolution to be proposed at the annual general meeting of Naspers shareholders necessary to approve the share option offer. The directors of Naspers who hold Naspers shares intend to vote in favour of the ordinary resolution necessary to approve the share option offer at the annual general meeting in respect of their own holdings of Naspers shares.

Financial effects

The effect on earnings per share and net asset value associated with the share option offer will not be material.

Additional disclosure

In terms of the listings requirements of the JSE Securities Exchange South Africa ('JSE') the following sections of the annual report relate to matters pertaining to the share option offer:

- general overview of the Naspers businesses Page 21
- the directors of Naspers Page 144
- the major shareholders of Naspers Page 146
- the fair and reasonable opinion of Investec Bank Limited referred to above Page 150
- the ordinary resolution number 8 required to approve the share option offer Page 152
- the interest of the Naspers directors in Naspers shares Page 80
- the authorised and issued share capital of Naspers Page 81
- the trading history of the Naspers shares on the JSE Page 151
- information on legal proceedings Page 89
- post-balance sheet events Page 105

Directors' responsibility statement

The directors of Naspers, collectively and individually, accept full responsibility for the accuracy of the information, as pertains to the share option offer set out on pages 148 to 151 of these annual financial statements ('the relevant pages') relating to Naspers, have considered all related statements of fact and opinions included in the relevant pages of the annual financial statements, accept full responsibility for such statements, consider that to the best of their knowledge and belief there are no omissions of material facts or considerations which would make any such statement of fact or opinion contained within the relevant pages of the annual financial statement, false or misleading, and have made all reasonable enquiries in this regard.

To the best of the knowledge and belief of the Naspers directors, Naspers is not the subject of an announced or expected take-over bid. The remuneration of the Naspers directors will not be varied in consequence of the share option offer and the Naspers directors do not have any material beneficial interest in the share option offer or any transactions that were effected by Naspers during the current financial year or the immediately preceding financial year.

Fair and reasonable opinion

In terms of the requirements of the JSE an opinion by an independent adviser to Naspers whether the subscription price of the share option offer is fair and reasonable, as referred to above, which is deemed by the JSE to be an issue of shares for cash and an issue of an option in terms of Section 3.40A of the JSE rules is necessary. Investec Bank Limited has acted in this capacity.

Documents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Naspers from the date of issue of these annual financial statements until the date of the Naspers annual general meeting:

- the signed copy of this extract pertaining to the share option offer included on pages 148 to 151
- the Naspers memorandum and articles of association
- the audited annual financial statements of Naspers for the last five reporting periods ended 31 March 2003
- the signed consent letter of the independent advisor and sponsor, consenting to the publication of their names in the form and context in which they appear in these annual financial statements, and
- the Investec Bank Limited fair and reasonable opinion as set out on page 150 to these annual financial statements.

For and on behalf of the board

G M Coetzee

Company secretary

NASPERS LIMITED

Cape Town

11 July 2003

Sponsor and Independent advisor

WELKOM SCHEME

(continued)

"Naspers Limited
40 Heerengracht
Cape Town
8001

Dear Sirs 11 July 2003

The JSE Securities Exchange South Africa ('the JSE') has requested an independent advisor to Naspers Limited ('Naspers') to issue an opinion whether the subscription price of the share option offer, as defined in the annual financial statements, which is deemed by the JSE to be an issue of shares for cash and an issue of an option in terms of Section 3.40A of the JSE rules ('the share option offer') is fair and reasonable to Naspers shareholders.

Full details of the share option offer are contained on pages 148 to 151 in the annual financial statements to be posted to Naspers shareholders of which this letter will form part.

In arriving at our opinion we have considered, *inter alia*, the following:

- publicly available financial information of Naspers;
- the rationale for and the projected benefits of the share option offer;
- discussions held with the management of Naspers;
- our assessment of general economic, market and monetary conditions;
- the subscription price of 3 196 cents relating to the share option offer being implemented by Naspers on the JSE; and
- the traded market prices of Naspers shares over the last year on the JSE.

In connection with our review, we have assumed and relied upon the accuracy and completeness of the information provided to us, or otherwise reviewed by us for the purpose of this opinion, whether in writing or obtained following discussions with the management of Naspers, and we have not assumed and do not assume any responsibility or liability for the accuracy or completeness thereof.

Our opinion is based on the economic, regulatory, market and other conditions in effect on, and information made available to us at 11 July 2003. It should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or reaffirm.

This letter and opinion is provided solely for the benefit of the Naspers shareholders in connection with and for the purpose of their consideration of the share option offer and does not constitute a recommendation by Investec Bank Limited to any shareholder of Naspers to vote on the share option offer. Our opinion does not imply any conclusion as to the likely trading range for the Naspers shares following the implementation of the share option offer, which may vary depending on numerous factors, which generally influence the prices of securities.

Based upon and subject to the foregoing, it is our opinion that, as at 11 July 2003, the subscription price of the share option offer is fair and reasonable to Naspers shareholders.

Investec Bank Limited and other members of our group may from time to time purchase shares, or otherwise hold positions in the stock of Naspers in the course of our asset management activities. Other than for such interest, Investec Bank Limited as of date of this opinion, Investec Bank Limited has no direct or indirect holdings in the shares of Naspers.

Investec hereby consents to the inclusion of this letter and the references to this opinion in the said annual report in the form and context in which they appear.

Yours faithfully

INVESTEC BANK LIMITED

Andy Leith"

Trading history of the Naspers shares on the JSE

The highest and lowest prices as well as the volumes at which the Naspers shares traded on the JSE for each quarter commencing on 1 October 1999 and ending on 28 June 2002, for each month from June 2001 to May 2003 and for each day from 1 June 2003, are set out below.

		High (cents)	Low (cents)	Volume (shares)
Quarterly				
1999	December 31	6 200	2 840	17 240 494
2000	September 29	6 800	5 550	14 936 064
	December 29	6 200	2 800	20 556 894
2001	March 30	4 100	2 460	21 250 490
	June 29	3 200	2 200	17 599 759
	September 28	3 315	1 400	16 357 491
	December 31	2 310	1 405	22 400 477
2002	March 28	2 150	1 190	16 645 121
	June 28	2 500	1 250	48 870 755
Monthly				
2002	June 30	2 115	1 770	13 239 136
	July 31	1 900	1 680	11 672 898
	August 30	1 800	1 590	5 984 535
	September 30	2 300	1 720	6 266 089
	October 31	2 070	1 780	16 822 692
	November 30	2 450	2 020	20 697 602
	December 31	2 580	2 350	11 861 126
2003	January 31	2 650	2 300	17 775 493
	February 28	2 450	2 260	12 906 079
	March 31	2 320	1 900	22 506 290
	April 30	2 250	1 935	16 956 839
	May 30	2 651	2 150	23 122 121
Daily				
	June 2	2 575	2 500	245 143
	June 3	2 550	2 500	281 121
	June 4	2 550	2 535	272 885
	June 5	2 570	2 535	272 209
	June 6	2 575	2 540	769 076
	June 9	2 564	2 540	314 082
	June 10	2 560	2 520	251 098
	June 11	2 570	2 550	579 603
	June 12	2 565	2 540	981 682
	June 13	2 680	2 565	779 495
	June 17	2 895	2 665	2 114 311
	June 18	2 920	2 800	721 240
	June 19	2 880	2 800	676 461
	June 20	2 880	2 850	461 866
	June 23	2 840	2 730	411 081
	June 24	2 730	2 610	349 041
	June 25	2 680	2 475	265 284
	June 26	2 650	2 540	250 784
	June 27	2 650	2 600	383 864
	June 30	2 625	2 580	235 051
	July 1	2 645	2 575	209 972
	July 2	2 650	2 600	277 855
	July 3	2 640	2 600	161 433
	July 4	2 645	2 600	580 649
	July 7	2 630	2 610	166 289
	July 8	2 685	2 630	711 902

NOTICE

Notice of the eighty-ninth annual general meeting

Notice is hereby given that the eighty-ninth annual general meeting of Naspers Limited will be held on the 18th floor of the Naspers Centre, 40 Heerengracht in Cape Town, South Africa on Friday 29 August 2003 at 11:15.

The following ordinary resolutions will be considered and, if approved, will be adopted with or without amendment:

1. The financial statements of the company and the group for the twelve months ending 31 March 2003 and the reports of the directors and the auditors to be considered and accepted.
2. The confirmation of dividends in relation to the N ordinary and A ordinary shares of the company.
3. The approval of the remuneration of the non-executive directors.
4. The re-appointment of the firm PricewaterhouseCoopers Inc. as auditors for the period until the conclusion of the next annual general meeting of the company.
5. To elect Mr T Vosloo who retires by rotation and, being eligible, offers himself for re-election. Mr Vosloo's abridged *curriculum vitae* appears on page 144 of the annual report of the company in respect of its financial year ending 31 March 2003.
6. To extend, until the conclusion of the next annual general meeting of the company, the unconditional general authority granted to the directors to place under their control and to allot and issue at their discretion, subject to the provisions of section 221 of the Companies Act No. 61 of 1973 as amended ('the Act'), and the requirements of the JSE Securities Exchange South Africa ('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 may in their sole discretion deem fit.
7. Subject to a minimum of 75% of the votes of shareholders of the company present personally 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:
   - this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 months from the date of the meeting;
   - there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Securities Exchange South Africa in its Listing Requirements) and not to related parties;
   - 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 issues;
   - the aggregate issue of any particular class of shares in any financial year will not exceed 15% of the issued number of that class of shares (including securities which are compulsorily convertible into shares of that class); and
   - that in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount at which the shares may be issued is 10% of the weighted average traded price of the shares in question, as determined over the 30 days prior to the date that the price of the issue is determined.
8. Pursuant to the explanations and information contained on pages 148 to 151 of this report, it is resolved to approve the grant of non-renounceable offers to the Welkom debenture holders in terms of which they will become entitled to subscribe for a total of 5 605 236 Naspers N ordinary shares at a subscription price of R31,96 per Naspers

N-ordinary share during the 30-day period from 9 September 2006 subject to a minimum of 75% of the votes of shareholders of the company present personally or by proxy at the annual general meeting and entitled to vote, excluding controlling shareholders, their associates, any party acting in concert and any shareholder participating in the grant of non-renounceable offers, voting in favour thereof.

9. The consideration and, if deemed fit, the acceptance with or without modification of the following special resolution:

Special resolution number 1

Resolved as a special resolution that the company be and is hereby authorised by a general authorisation of the members to repurchase issued share capital as and when the opportunity arises, subject to the provisions of the Act and the requirements of the JSE, including the following:

- any such acquisition of ordinary shares shall be implemented on the open market of the JSE;
- a paid press announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue, at the time of passing of this special resolution, which announcement shall contain full details of such acquisitions;
- this authority shall only be valid until the company's next annual general meeting provided that it will not extend beyond fifteen months from the date this authority is given;
- the general share repurchase shall be limited to a maximum of 20% of the company's issued shares in existence at the date this authority is given; and
- no repurchase of shares shall be made at a price more than 10% above the average, weighted by volume of sales, of the market value of shares for the five business days immediately preceding the date of purchase.

The reason for and effect of the passing of the special resolution is to give to the directors a renewable general authorisation to repurchase the ordinary issued shares of the company as and when the opportunity arises.

The directors do not anticipate an immediate acquisition by the company of its own shares prior to the next annual general meeting. However, the directors are of the opinion that it is prudent to seek the requisite approval to authorise the company to acquire its own shares so as to enable the directors to do so if circumstances arise which, in the opinion of the directors, make it necessary to do so.

After considering the effect of a maximum permitted repurchase of the company's shares, being 20% of the issued shares at the date of this resolution, the directors consider:

- that the issued share capital of the company and the group (including the amount to be raised in pursuance of any share repurchase) is adequate for the purposes of the business of the company and the group for the next 12 months;
- that the working capital available to the company and the group is sufficient for the group's requirements for the next 12 months;
- that the company and the group will be able to pay its debts as they become due in the ordinary course of business; and
- that the assets of the company and the group, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the liabilities of the company and the group.

The company undertakes to advise the sponsor before entering the market to commence any share re-purchases, in order to enable the company and sponsor to comply with rule 2.12 and schedule 25 of the Listings Requirements of the JSE Securities Exchange South Africa.

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 resolutions adopted at this annual general meeting.

11. Other business:

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

Shareholders entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company.

A form of proxy, in which is set out 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 Depositary Participant (CSDP) accordingly.

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 CSDPs.

The form appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company by no later than 11:15 on Wednesday 27 August 2003. A form of proxy is enclosed with this notice. The form of proxy may also be obtained from the registered office of the company.

By order of the board

G M Coetzee

Company secretary

Cape Town

11 July 2003

NASPERS LIMITED

Incorporated in the Republic of South Africa
(Registration number 1925/001431/06)
('Naspers' or 'the company')

Form of proxy

Eighty-ninth annual general meeting of shareholders

For use by holders of certificated shares and 'own-name' dematerialised shares at the eighty-ninth annual general meeting of shareholders of the company to be held on Friday 29 August 2003 at 11:15.

I/We _____ (please print)

of _____

being a holder of certificated shares or '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 on the 18th Floor, Naspers Centre, 40 Heerengracht in Cape Town, South Africa on Friday 29 August 2003 at 11:15 for the purpose of considering and, if deemed fit, passing, with our 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 (see note 2) as follows:

	For	Against	Abstain
Ordinary resolution number 1: Approval of annual financial statements			
Ordinary resolution number 2: Confirmation of dividends			
Ordinary resolution number 3: Approval of non-executive directors' remuneration			
Ordinary resolution number 4: Re-appointment of auditors			
Ordinary resolution number 5: Re-election of a director			
Ordinary resolution number 6: Approval for issue of shares			
Ordinary resolution number 7: Approval for issue of shares for cash			
Ordinary resolution number 8: Welkom scheme resolution			
Special resolution number 1: Share buy-backs			
Ordinary resolution number 9: Authorisation regarding resolutions			

Signed at _____ on _____ 2003

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

1. A certificated shareholder 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 will be entitled and authorised to act as proxy to the exclusion of those whose names follow.

2. 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 thereat, 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.

3. Forms of proxy must be lodged at or posted to the transfer office of the company, Ultra Registrars (Pty) Ltd., 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg 2000) to be received by no later than 11:15 on Wednesday 27 August 2003, or such later date if the annual general meeting is postponed.

4. The completion and lodging of this form of proxy will not preclude the certificated shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5. An instrument of proxy shall be valid for any adjournment or postponement of the annual general meeting, 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 timeously for the meeting from which the adjournment took place.

6. A vote cast or act done in accordance with the terms of a form of proxy shall be deemed to be valid notwithstanding:
   - the previous 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 above-mentioned 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.

7. The authority of a person signing the form of proxy;
   7.1 under a power of attorney; or
   7.2 on behalf of a company,
   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.

8. Where shares are held jointly, all joint holders must sign.

NASPERS