NASPERS LTD
Form 6-K
November 29, 2005
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934
For the month of November 2005
NASPERS LIMITED
(Translation of registrant's name into English)
Naspers Centre
40 Heerengracht
Cape Town
SOUTH AFRICA 8001
(Address of principal executive offices)
(Indicate by check mark whether the registrant
files or will file annual reports under cover of Form 20-F
or Form 40-F.)
Form 20-F x
Form 40-F
(Indicate by check mark whether the registrant by
furnishing the information contained in this form is also
thereby furnishing the information to the Commission
pursuant to Rule 12g3-2(b) under the Securities Exchange Act
of 1934.)
Yes
No
x

EXHIBIT
LIST

Naspers Limited
(Registration number 1925/001431/06)
ISIN: ZAE000015889 JSE share code: NPN
("Naspers")

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Restatement of financial information as at and for the year ended 31 March 2005 and as at and the six months ended 30 September 2004 under International Financial Reporting Standards ("IFRS")

A. Introduction

For the year ended 31 March 2005 the Naspers Limited group ("Naspers" or "the group") prepared its financial statements under South African Statements of Generally Accepted Accounting Practice ("SA GAAP") as effective at that date. In accordance with the JSE Limited ("JSE") Listings Requirements the group will be required to prepare its annual consolidated financial statements in accordance with IFRS for the year ending 31 March 2006.

This requirement applies to financial reporting for all JSE-listed companies for financial reporting periods beginning on or after 1 January 2005 and, consequently, Naspers's first published IFRS results are its interim results for the six months ended 30 September 2005. The group's first published annual financial statements under IFRS will be for the year ending 31 March 2006. As the group publishes comparative information in its financial statements, the date for transition to IFRS is 1 April 2004, which represents the start of the earliest period of comparative information to be presented as required in terms of the requirements of the Securities and Exchange Commission in the United States of America.

In order to explain how Naspers's reported results of operations and financial position are impacted by IFRS, the group has restated information previously published under SA GAAP to the equivalent basis under IFRS. This restatement follows the guidelines set out in IFRS 1, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"). It is important to note that this financial information has been prepared in accordance with IFRS statements that are expected to be effective at 31 March 2006. These are subject to ongoing review and possible amendment by interpretive guidance from the International

Accounting Standards Board ("IASB") and may therefore be subject to change. It should further be noted that the ultimate presentation, and income statement and balance sheet captions, in the annual financial statements for the year ending 31 March 2006 could also change.

B. Basis of preparation

The group has prepared consolidated preliminary balance sheets at 30 September 2004 and 31 March 2005, a consolidated preliminary income statement for the six months ended 30 September 2004 and a consolidated preliminary income statement for the year ended 31 March 2005, in accordance with IFRS ("the preliminary financial information") to establish the financial position and results of operations of the group necessary to provide the comparative information expected to be included in the group's first set of IFRS financial statements for the year ending 31 March 2006 and its interim report for the period ended 30 September 2005.

The board of directors acknowledges its responsibility for the preparation of the preliminary financial information, which has been prepared in accordance with IFRS, and policies expected to be adopted when management prepares the group's first set of IFRS annual financial statements for the year ending 31 March 2006. The board has approved the preliminary financial information.

C. Transitional arrangements

The date of transition to IFRS for the group is 1 April 2004 and, therefore, as required by IFRS 1, the group's opening balance sheet at 1 April 2004 has been restated to reflect all existing IFRS statements expected to be applicable at 31 March 2006. However, IFRS 1 allows for a number of exemptions and exceptions from full retrospective application of IFRS.
The group has adopted the following exemptions in accordance with IFRS 1:
(a) Business combinations
The group has applied IFRS 3 "Business Combinations" ("IFRS 3") to all business combinations that have occurred since 1 April 2004 (the date of transition to IFRS). In addition, the group has elected to apply IFRS 3 retrospectively to all business combinations that occurred between 20 December 2002 and the date of transition to IFRS. The group therefore applied the principles of IFRS 3 with effect from 20 December 2002. This retrospective application of IFRS 3 ensured that all the significant business combination transactions entered into by the group over the past three years have been treated in a consistent manner.

(b) Fair value as deemed cost
The group has elected to measure certain items of property, plant and equipment at fair value and to use these fair values as the items' deemed costs as at 1 April 2004. These items relate mainly to land and buildings in the group's private education segment.
(c) Cumulative translation differences
Naspers has elected not to apply the requirements of IAS 21 "Effects of Changes in Foreign Exchange Rates" ("IAS 21") retrospectively for cumulative translation differences of all foreign operations. The group therefore set the previously accumulated cumulative translation differences to zero at 1 April 2004 and applied IAS 21 effective from this date.
(d) Exemption from restatement of comparatives for IAS 32 and IAS 39
The group has elected to apply the exemption that allows it to apply the previous SA GAAP principles under AC 125 "Financial Instruments: Disclosure and Presentation ("AC 125") and AC 133 "Financial Instruments: Recognition and Measurement" ("AC 133") to derivatives, financial assets and financial liabilities and to hedging relationships for its comparative information relating to the financial year ended 31 March 2005. It therefore only applied IAS 32 and IAS 39 with effect from 1 April 2005. It is the group's opinion that there is no material difference between the application of IAS 32 and IAS 39 and the SA GAAP standards AC 125 and AC 133 as it applies to the financial results of the group as at 1 April 2005.

(e) Share-based payment transactions
The group has applied the share-based payment exemption, therefore IFRS 2 "Share-based payments" ("IFRS 2") was only applied to equity instruments that were granted after 7 November 2002 but that have not vested by 1 January 2005. Naspers also did not apply IFRS 2 to liabilities arising from share-based payment transactions that were settled before 1 January 2005. For instruments vesting on or after 1 January 2005, the amortisation of the fair value charge has been recorded as an expense in the income statements in the respective periods and the cumulative effect of prior years in equity.

(f) Decommissioning liabilities included in property, plant and equipment
The group has elected in terms of IFRS 1 not to apply the requirements of IFRIC 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities" ("IFRIC 1") for changes in such liabilities that occurred before 1 April 2004.

The group has applied the following exceptions from retrospective application in accordance with IFRS 1:

(a) Derecognition of financial assets and liabilities
Financial assets and liabilities derecognised before 1 April 2004 have not been re-recognised under IFRS. The application of the exemption from restating comparatives for IAS 32 "Financial Instruments: Disclosure and Presentation" ("IAS 32") and IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39") means that the group recognised from 1 April 2005 any financial assets and financial liabilities derecognised since 1 April 2004 that do not meet the IAS 39 derecognition criteria. The group did not apply the IAS 39 derecognition criteria to an earlier date.

(b) Hedge accounting
On adoption of IFRS the group is not allowed to designate a transaction as a hedge, if such transaction was not designated as a hedge and it qualified for hedge accounting in terms of AC 133 under SA GAAP.

(c) Estimates
Estimates under IFRS at 1 April 2004 are consistent with the estimates made at the same date under SA GAAP. Naspers therefore did not adjust any estimates it had made under SA GAAP for information it received subsequent to the date of transition to IFRS.

(d) Assets held for sale and discontinued operations
The group has applied IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("IFRS 5") prospectively from 1 April 2005 to all non-current assets held for sale or discontinued operations.

D. IFRS presentation differences

The adoption of IFRS by the group has led to a number of presentation changes and adjustments, mainly to the presentation of the group's income statement. The following represent the significant presentation adjustments that have been made:

(1) Presentation of expenses
The group previously applied the provisions of AC 101 "Presentation of Financial Statements" ("AC 101") under SA GAAP to present its expenditure items on the face of its income statement. IAS 1 "Presentation of Financial Statements" ("IAS 1") provides additional guidance relating to the presentation of expenditure in its income statement. In applying this guidance certain reclassifications were made between "cost of providing services and sale of goods", "selling, general and administration expenses" and "other gains and losses, net".

(2) Reallocation of depreciation, amortisation and impairment captions
Depreciation and amortisation expenses that were separately disclosed on the face of the SA GAAP income statement have been reallocated to "cost of providing services and sale of goods" and "selling, general and administration expenses" on the face of the IFRS income statement. Impairments and adjustments to goodwill and other intangible assets have been reallocated to the caption "other gains and losses, net".

(3) Share of equity accounted results presented net of taxation
Under SA GAAP the group previously presented its share of equity accounted results gross of its share of the associated companies' taxation charges, which were included under "taxation" in the group's income statement. In terms of IAS 1, the group is required to present its share of equity accounted results relating to associated companies after taxation and minority interests in the

associates. The group therefore reclassified these taxation expenses from "taxation" to "share of equity accounted results" to reflect a post-taxation result.

(4) Exceptional items
Under SA GAAP the group previously presented certain items that are of such nature or incidence that their separate disclosure is relevant to explain the group's performance and make comparisons of operating margins more meaningful under a heading "exceptional items" on the face of its income statement. Under IFRS the group is not allowed to aggregate such items under "exceptional items", therefore such items have been presented separately on the face of the income statement under headings such as "profit on sale of investments" and "dilution profits" to provide a description of each item's nature. Certain items previously included under "exceptional items" that are of an operational nature have been reclassified to "other gains and losses, net" and are therefore included in operating profit under IFRS.

(5) Presentation of cash flow information
Certain presentation changes have been made to the group's cash flow statement. The most significant adjustment related to the classification of dividends paid by the group. Under SA GAAP the group previously presented dividends paid to shareholders as part of its operating activities, as it assisted readers of the financial statements to determine the ability of the group to pay dividends out of operating cash flows. Under IFRS the group elected to present dividends paid as part of financing activities in terms of IAS 7 "Cash Flow Statements" ("IAS 7") as it is a cost to obtain financial resources. Dividends paid of R204 million for the year ended 31 March 2005 and R178 million for the six months ended 30 September 2004 have been reclassified from operating to financing activities. A number of additional immaterial adjustments and reclassifications were also made to the group's SA GAAP cash flow statement in order to present it on an IFRS basis.

Appendices A & B present the impact of the various presentation adjustments on the group's income statements for the year ended 31 March 2005 and the six months ended 30 September 2004, as described above.
E. IFRS adjustments and reclassifications
The group made the following adjustments to its SA GAAP financial statements in order to restate the information in terms of IFRS:
(1) IFRS 2: Share-based payments
The group grants share options to its employees under a number of equity compensation plans. In terms of SA GAAP, these equity compensation plans did not result in any expense being recorded by the group, other than costs incurred in administering the schemes and a dilution in earnings per share when the shares were delivered to the employee.
In accordance with IFRS 2, the group has recognised a compensation expense in the income statement, representing the fair value of share options granted to the group's employees. A corresponding credit to equity has been raised for equity-settled plans, whereas a corresponding credit to liabilities has been raised for cash-settled plans. The fair value of the options at the date of grant under equity-settled plans is charged to income over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. For

cash-settled plans, the group remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in income for the period.

(2) IAS 38: Amortisation of goodwill and intangible assets with indefinite useful lives

The group has adopted AC 140 "Business Combinations" ("AC 140"), AC 128 (revised) "Impairment of Assets" ("AC 128") and AC 129 (revised) "Intangible Assets" ("AC 129"), the SA GAAP equivalents of IFRS 3, IAS 36 "Impairment of Assets" ("IAS 36") and IAS 38 "Intangible Assets" ("IAS 38") on 1 April 2004. As discussed previously the group elected to apply IFRS 3 with effect from 20 December 2002 in terms of the exemption provided under IFRS 1. Owing to this application of IFRS 3, the group has also applied the principles of IAS 36 and IAS 38 from that date.

The group has therefore ceased the amortisation of goodwill and intangible assets with indefinite useful lives with effect from 20 December 2002 under IFRS. The goodwill balances and intangible assets with indefinite useful lives have been tested for impairment in terms of the principles of IAS 36 from the same date.

(3) IFRS 3: Transactions with minority shareholders

As discussed above the group has elected to apply the principles of IFRS 3 to all business combinations as from 20 December 2002. Under SA GAAP, before the adoption of AC 140, the group accounted for transactions with minority shareholders by allocating the cost of the transaction to identifiable tangible and intangible assets at their fair values at the transaction date and recognising goodwill relating to the excess of the cost over the acquirer's interest in the net fair value of the identifiable assets and liabilities.

After the adoption of AC 140 on 1 April 2004, the group applied the modified parent company model and allocated the full excess of the cost of the transaction with minority shareholders over the acquirer's interest in previously recognised assets and liabilities to goodwill under SA GAAP.

In terms of IFRS 3, the group has elected to account for transactions with minority shareholders as equity transactions in terms of the economic entity model. Under this model, any excess of the cost of the transaction over the acquirer's interest in previously recognised assets and liabilities is allocated to a separate component of equity.

The impact of the adoption of IFRS 3 as from 20 December 2002 has led to the derecognition of all intangible assets, all adjustments to the fair value of tangible assets and all goodwill accounted for under SA GAAP that resulted from transactions with minority shareholders since that date.

(4) IAS 38: Recognition of intangible assets

Before the adoption of AC 131 "Business Combinations" and AC 128 "Intangible Assets" on 1 April 2000, the group accounted for all intangible assets purchased and acquired in business combinations against shareholders' equity.

In terms of the requirements of IFRS 1, IAS 38 should be applied retrospectively, therefore the group is required to recognise all intangible assets that have previously been recognised in the group's financial statements and that meet the recognition and measurement criteria of IAS 38. On transition to IFRS the group has therefore re-instated all intangible assets previously accounted for against shareholders' equity under SA GAAP that meet the recognition and measurement requirements of IAS 38.

(5) IAS 16: Useful lives and residual values

IAS 16 "Property, plant and equipment" ("IAS 16") differs in certain respects from the previous SA GAAP equivalent, AC 123 "Property, plant and equipment" ("AC 123"), applied by the group until 31 March 2005. IAS 16 states that an entity is required to measure the residual value of an item of property, plant and equipment as the amount the entity estimates it would receive currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. The group has previously under SA GAAP accounted for residual values based on the requirement of AC 123 that regards residual value as the net amount that the entity expected to obtain for the asset at the end of its useful life. The group has therefore reviewed its residual values for individual items of property, plant and equipment and adjusted the carrying value of some items at the date of transition accordingly in terms of the requirements of IAS 16.

IAS 16 further requires that the useful lives of the individual components of property, plant and equipment items be reviewed at least annually, whereas the requirement under the previous SA GAAP equivalent, AC 123, has been to review the useful lives of items of property, plant and equipment on a non-mandatory periodic basis. The group has reassessed the useful lives of all individual components of property, plant and equipment and adjusted the carrying value of some items at the date of transition accordingly.

The adjustments to the residual values and useful lives of certain items of property, plant and equipment and the corresponding change in their carrying values at 1 April 2004 has also impacted depreciation charges subsequent to 1 April 2004.

(6) IFRS 1 and IAS 16: Fair value as deemed cost

In terms of the requirements of IFRS 1 the group is required to apply IAS 16 retrospectively. As explained in the transitional arrangements section, the group has elected to apply the exemption under IFRS 1 whereby the fair value of certain assets at 1 April 2004 is used as its deemed cost on the transition date. The group adjusted the carrying values of the individual items of property, plant and equipment for those items to which the exemption was applied.

(7) IFRS 1 and IAS 21: Reset of cumulative translation differences

In terms of the requirements of IFRS 1 the group is required to apply IAS 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21") retrospectively. As explained in the transitional arrangements section, the group has elected to apply the exemption under IFRS 1 whereby all cumulative translation differences for all foreign operations are deemed to be zero at the date of transition. The group has therefore reset its cumulative translation differences relating to foreign entities as previously recognised under SA GAAP. A corresponding entry was made to retained earnings.

(8) IAS 17: Operating leases

The South African Institute of Chartered Accountants issued Circular 7/2005 during August 2005. The purpose of the circular was to clarify the requirements of IAS 17 "Leases" ("IAS 17") in respect of operating leases, which include fixed rental increases. IAS 17 and its SA GAAP equivalent standard AC 105 "Leases" ("AC 105") require that lease payments under an operating lease should be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. In South Africa most lessees, including Naspers, have in the application of AC 105 recognised rental expenses with fixed rental increases on the basis of the cash flow in the lease agreements, interpreting that such an approach represented "another systematic basis" that was "more representative of the time pattern of the user's benefits". Circular 7/2005, however, clarified that the way many South African entities, including Naspers, applied the "other systematic basis" in terms of AC 105 is not consistent with the requirements of IAS 17 and AC 105 as applied internationally. IAS 17 only permits a treatment other than straight-line recognition when another basis is more representative of the time pattern of the user's benefit, which is unaffected by the timing of payments.

Naspers applied the principles of IAS 17, as clarified by Circular 7/2005, to all its lease agreements with fixed rental increases on adoption of IFRS. The requirements of IAS 17 were applied retrospectively and an adjustment to retained earnings at the transition date was accounted for. The net profit for the year ended 31 March 2005 and the six months ended 30 September 2004 was adjusted accordingly.

(9) IAS 17: Classification of leases

The group evaluated its leases against the requirements of IAS 17 to ensure that the classification of leases between operating and finance leases has been treated appropriately. On adoption of IFRS, the group reclassified a specific lease that had been treated as an operating lease under SA GAAP to a finance lease under IFRS. This reclassification did not have a material impact on the group's financial results.

(10) IFRIC 1: Decommissioning, restoration and similar liabilities

IFRS 1 requires that the group apply the requirements of IFRIC 1 retrospectively. As explained in the transitional arrangements section, the group has elected to apply the exemption under IFRS 1, whereby the group need not account for changes in decommissioning, restoration and similar liabilities that occurred before the date of transition to IFRS. The group identified only one such liability, pertaining to leasehold premises and related improvements. The value of the assets are immaterial to the group.

(11) IAS 39: Discounting of programme and film rights liabilities

The group has certain programme and film right liabilities that are classified as financial liabilities in terms of IAS 39. IAS 39 requires that financial liabilities be measured at amortised cost using the effective interest method. Certain programme and film rights liabilities have settlement dates that are not short term in nature, therefore these liabilities have been discounted in terms of IAS 39. These liabilities were not previously discounted in terms of the group's SA GAAP reporting.

In the process of transition to IFRS, the group identified instances where reclassifications were required between certain balance sheet items compared with the classifications that were previously presented under SA GAAP. The following reclassifications were made by the group in restating its balance sheet under IFRS.

(12) Reclassification of computer software from property, plant and equipment to intangible assets

The group reclassified certain computer software from "property, plant and equipment" to "intangible assets" on its balance sheet. Computer software is required to be classified as an intangible asset in terms of IAS 38, unless the software is an integral part of the related hardware. This adjustment had no impact on the group's income statements or its net equity.

(13) Reclassification between non-current and current assets and liabilities

The group reclassified certain assets and liabilities from non-current assets and liabilities to current assets and liabilities, respectively. The reason for these reclassifications was to accurately reflect the nature of certain assets and liabilities between its current and non-current portions as required by IAS 1. Certain derivative financial assets were reclassified from current assets to non-current assets. This reclassification had no impact on the group's income statements or its net equity.

(14) Reclassification of deferred income and provisions

The group reclassified credit balances relating to deferred income that were included under "accounts receivable" to "accrued expenses" on its balance sheet. This reclassification had no impact on the group's income statements or its net equity. A reclassification was also made between "accrued expenses" and "provisions" on the balance sheet relating to a warranty provision.

Appendices C to F present the IFRS adjustments and reclassifications that were made to the group's income statements for the year ended 31 March 2005 and the

six months ended 30 September 2004 and the balance sheets at 31 March 2005 and
30 September 2004, as described above.

APPENDIX A: SA GAAP INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005 AS PREVIOUSLY REPORTED UNDER SA GAAP PRESENTATION FORMAT RECONCILED TO IFRS PRESENTATION FORMAT

Income statement for the year ended 31 March 2005	Presentation of SA GAAP numbers in SA GAAP format R'm	Adj. 1 R'm	Adj. 2 R'm
Revenue	13 959	-	-
Cost of providing services and sale of goods	(6 932)	(740)	(381)
Selling, general and administration expenses	(3 736)	735	(231)
Other gains and losses, net	-	6	(139)
Depreciation of property, plant and equipment	(560)	-	560
Amortisation and impairment of goodwill	(134)	-	134
Amortisation and impairment of other intangible assets	(57)	-	57
Operating profit			

2 540
1
-
Net finance costs
(225)
-
-
Income from investments
1
(1)
-
Share of equity-accounted results
96
-
-
Exceptional items
561
-
-
Loss on sale of investments
-
-
-
Dilution profits
-
-
-
Profit before taxation
2 973
-
-
Taxation
(253)
-
-
Profit for the year
2 720
-
-

Presentation
of SA GAAP
numbers in
new IFRS
Income statement for the year ended
Adj 3
Adj. 4
format
31 March 2005
R'm
R'm
R'm
Revenue
-
-
13 959
Cost of providing services and sale of
goods
-
-
(8 053)
Selling, general and administration
Expenses
-
-
(3 232)
Other gains and losses, net
-
(5)
(138)
Depreciation of property, plant and
equipment
-
-
-
Amortisation and impairment of goodwill
-
-
-
Amortisation and impairment of other
intangible assets
-
-
-
Operating profit
-
(5)
2 536
Net finance costs
-
-

(225)
Income from investments
-
-
-
Share of equity-accounted results
(5)
-
91
Exceptional items
-
(561)
-
Loss on sale of investments
-
(1)
(1)
Dilution profits
-
567
567
Profit before taxation
(5)
-
2 968
Taxation
5
-
(248)
Profit for the year
-
-
2 720

The numbering of the adjustments corresponds with the numbering used to
describe the adjustments and reclassifications in section D "IFRS presentation
differences".
APPENDIX B: SA GAAP INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004
AS PREVIOUSLY REPORTED UNDER SA GAAP PRESENTATION FORMAT RECONCILED TO IFRS
PRESENTATION FORMAT

Presentation
of SA GAAP
numbers in
SA GAAP
Income statement for the six months ended
format
Adj. 1
Adj. 2
30 September 2004
R'm

R'm
R'm
Revenue
6 707
-
-
Cost of providing services and sale of goods
(3 345)
(523)
(43)
Selling, general and administration expenses
(1 833)
523
(263)
Other gains and losses, net
-
-
3
Depreciation of property, plant and equipment
(276)
-
276
Amortisation of intangible assets
(27)
-
27
Operating profit
1 226
-
-
Net finance costs
(123)
-
-
Share of equity-accounted results
34
-
-
Exceptional items
345
-
-
Loss on sale of investments
-
-
-
Dilution profits
-

-
-
Profit before taxation
1 482
-
-
Taxation
(358)
-
-
Profit for the year
1 124
-
-

Presentation
of SA GAAP
numbers in
new IFRS
Income statement for the six months ended
Adj 3
Adj. 4
format
30 September 2004
R'm
R'm
R'm
Revenue
-
-
6 707
Cost of providing services and sale of
goods
-
-
(3 911)
Selling, general and administration
Expenses
-
-
(1 573)
Other gains and losses, net
-
-
3
Depreciation of property, plant and
equipment
-
-
-
Amortisation of intangible assets
-
-
-
Operating profit
-
-
1 226
Net finance costs
-
-
(123)
Share of equity-accounted results
(2)
-
32

Exceptional items	-	(345)	-
Loss on sale of investments	-	(20)	(20)
Dilution profits	-	365	365
Profit before taxation	(2)	-	1 480
Taxation	2	-	(356)
Profit for the year	-	-	1 124

The numbering of the adjustments corresponds with the numbering used to describe the adjustments and reclassifications in section D "IFRS presentation differences".

APPENDIX C: IFRS ADJUSTMENTS TO INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	SA GAAP year ended March 2005	Adj. 1	Adj. 2	Adj. 3
	R'm	R'm	R'm	R'm
Revenue	13 959	-	-	-
Cost of providing services and sale of goods	(8 053)	-	-	-
Selling, general and administration expenses	(3 232)	(129)	-	26
Other gains and losses, net	(138)	-	-	126
Operating profit	2 536	(129)	-	152
Net finance costs	(225)	-	-	(5)
Share of equity-accounted Results	91	-	-	(3)

Loss on sale of investments
(1)
-
-
-
Dilution profits
567
1
-
(200)
Profit before taxation
2 968
(128)
-
(56)
Taxation
(248)
-
-
(3)
Profit for the year
2 720
(128)
-
(59)
Attributable to:
Naspers Limited shareholders
2 600
(124)
-
(59)
Minority shareholders
120
(4)
-
-
2 720
(128)
-
(59)
Earnings per N ordinary share
(cents)
Basic
938
(45)
-
(21)
Fully diluted (a)
887
(42)
-

(20)
Headline earnings per N
ordinary share (cents)
Basic
781
(45)
-
6
Fully diluted (a)
739
(42)
-
5
Core headline earnings per N
ordinary share (cents)
501
(45)
-
(5)

IFRS Adjustments

	Adj. 4	Adj. 5	Adj. 6	Adj. 7
	R'm	R'm	R'm	R'm
Revenue	-	-	-	-
Cost of providing services and sale of goods	-	4	-	-
Selling, general and administration Expenses	(21)	(10)	1	-
Other gains and losses, net	-	-	-	-
Operating profit	(21)	(6)	1	-
Net finance costs	-	-	-	4
Share of equity-accounted results	-	-	-	-
Loss on sale of investments	-	-	-	-

Dilution profits
-
-
-
-
Profit before taxation
(21)
(6)
1
4
Taxation
1
(6)
-
-
Profit for the year
(20)
(12)
1
4
Attributable to:
Naspers Limited shareholders
(20)
(13)
1
4
Minority shareholders
-
1
-
-
(20)
(12)
1
4
Earnings per N ordinary share
(cents)
Basic
(7)
(5)
-
1
Fully diluted (a)
(7)
(5)
-
1
Headline earnings per N ordinary
share (cents)
Basic
(7)

(5)
-
1
Fully diluted (a)
(7)
(5)
-
1
Core headline earnings per N
ordinary share (cents)
-
(5)
-
-

Adj. 8
Adj. 9
Adj. 10
R'm
R'm
R'm
Revenue
-
-
-
Cost of providing services and sale of goods
-
-
-
Selling, general and administration expenses
(3)
1
-
Other gains and losses, net
-
-
-
Operating profit
(3)
1
-
Net finance costs
-
(1)
-
Share of equity-accounted results
-
-
-
Loss on sale of investments
-
-
-
Dilution profits
-
-
-
Profit before taxation
(3)
-
-
Taxation
(1)
-
-
Profit for the year

(4)
-
-
Attributable to:
Naspers Limited shareholders
(4)
-
-
Minority shareholders
-
-
-
(4)
-
-
Earnings per N ordinary share (cents)
Basic
(1)
-
-
Fully diluted (a)
(1)
-
-
Headline earnings per N ordinary share (cents)
Basic
(1)
-
-
Fully diluted (a)
(1)
-
-
Core headline earnings per N ordinary share
(cents)
(1)
-
-

IFRS
year ended
Adj. 11
March 2005
R'm
R'm
Revenue
-
13 959
Cost of providing services and sale of goods
6
(8 043)
Selling, general and administration expenses
-
(3 367)
Other gains and losses, net
-
(12)
Operating profit
6
2 537
Net finance costs
(7)
(234)
Share of equity-accounted results
-
88
Loss on sale of investments
-
(1)
Dilution profits
-
368
Profit before taxation
(1)
2 758
Taxation
-
(257)
Profit for the year
(1)
2 501
Attributable to:
Naspers Limited shareholders
(1)
2 384
Minority shareholders
-
117
(1)
2 501

Earnings per N ordinary share (cents)
Basic
-
860
Fully diluted (a)
-
813
Headline earnings per N ordinary share (cents)
Basic
-
730
Fully diluted (a)
-
690
Core headline earnings per N ordinary share (cents)
-
445

(a) - The weighted average number of N ordinary shares used in the calculation of fully diluted earnings per N ordinary share and fully diluted headline earnings per N ordinary share was adjusted from 294 663 433 N ordinary shares to 293 126 268 N ordinary shares. This change is due to the fact that IAS 33 "Earnings per Share" requires that the exercise price of share options and other share-based payments includes the fair value of any goods or services to be supplied to the group in future under its share-based payment plans. The SA GAAP equivalent standard AC 104 "Earnings per share" previously did not have a similar requirement.

The numbering of the adjustments corresponds with the numbering used to describe the adjustments and reclassifications in section E "IFRS adjustments and reclassifications".

APPENDIX D: IFRS ADJUSTMENTS AND RECLASSIFICATIONS TO BALANCE SHEET AT 31 MARCH 2005

SA GAAP

BALANCE SHEET

	March 2005	Adj. 1	Adj. 2	Adj. 3
	R'm	R'm	R'm	R'm
ASSETS				
Non-current assets				
Property, plant and equipment	3 352	-	-	(75)
Goodwill	2 322	-	159	(1 622)
Other intangible assets	644	-	6	(340)
Investments and loans	1 220	(12)	54	(31)
Programme and film rights	48	-	-	-
Derivative financial instruments	-	-	-	-
Deferred taxation	868	-	-	-
Total non-current assets	8 454	(12)		

219
(2 068)
Current assets
Inventory
384
-
-
-
Programme and film rights
721
-
-
-
Accounts receivable
1 292
-
-
-
Other receivables
410
-
-
-
Amounts owing by related
parties
67
-
-
-
Investments and loans
8
-
-
-
Derivative financial
Instruments
202
-
-
-
Cash and cash deposits
4 034
-
-
-
Total current assets
7 118
-
-
-
TOTAL ASSETS

15 572
(12)
219
(2 068)
IFRS Adjustments

BALANCE SHEET
Adj. 4
Adj. 5
Adj. 6
Adj. 7
R'm
R'm
R'm
R'm
ASSETS
Non-current assets
Property, plant and equipment
-
212
(36)
-
Goodwill
-
-
-
-
Other intangible assets
43
-
-
-
Investments and loans
-
-
-
-
Programme and film rights
-
-
-
-
Derivative financial instruments
-
-
-
-
Deferred taxation
(3)
(10)
-

-
Total non-current assets
40
202
(36)
-
Current assets
Inventory
-
-
-
-
Programme and film rights
-
-
-
-
Accounts receivable
-
-
-
-
Other receivables
-
-
-
-
Amounts owing by related parties
2,902 4,508

TOTAL EQUITY AND LIABILITIES

4,517 4,709

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SMITH & NEPHEW plc

2009 QUARTER TWO AND HALF YEAR RESULTS (continued)

Unaudited Condensed Group Cash Flow Statement for the 3 months and 6 months to 27 June 2009

3 Months 2008 $m	**3 Months 2009 $m**		**Notes**	**6 Months 2009 $m**	**6 Months 2008 $m**
		Net cash inflow from operating activities			
157	176	Profit before taxation		322	283
17	11	Net interest payable		21	33
63	70	Depreciation, amortisation and impairment		134	125
		Utilisation of Plus inventory stepped-up on acquisition			15
5	6	Share based payment expense		10	10
(1)	(1)	Share of results of associates		(1)	(1)
(35)	(56)	Movement in working capital and provisions		(122)	(107)
206	206	Cash generated from operations (B)		364	358
(15)	(12)	Net interest paid		(22)	(31)
(63)	(94)	Income taxes paid		(147)	(96)
128	100	Net cash inflow from operating activities		195	231
		Cash flows from investing activities			
(3)		Acquisitions			(13)
		Cash received from Plus settlement	8	137	
(73)	(89)	Capital expenditure		(131)	(134)
(76)	(89)	Net cash obtained from/(used in) investing activities		6	(147)
52	11	**Cash flow before financing activities**		201	84
		Cash flows from financing activities			
2	2	Proceeds from issue of ordinary share capital		2	11
(66)	(72)	Equity dividends paid		(72)	(66)
51	44	Cash movements in borrowings		(121)	100
(50)		Purchase of treasury shares			(141)
(2)		Settlement of currency swaps		(2)	(7)
(65)	(26)	Net cash used in financing activities		(193)	(103)
(13)	(15)	**Net increase/(decrease) in cash and cash equivalents**		8	(19)
109	141	Cash and cash equivalents at beginning of period		122	109
(1)	7	Exchange adjustments		3	5
95	133	**Cash and cash equivalents at end of period** (C)		133	95

B After costs incurred in the six month period to 27 June 2009 of $2 million (2008 $6 million) unreimbursed by insurers relating to macrotextured knee revisions, $13 million (2008 $23 million) of acquisition related costs and $15 million (2008 $20 million) of outgoings on restructuring and rationalisation costs.

The costs in the three month period to 27 June 2009 were $1 million (2008 $3 million) unreimbursed by insurers relating to macrotextured knee revisions, $6 million (2008 $10 million) of acquisition related costs and $11 million (2008 $8 million) of outgoings on restructuring and rationalisation costs.

C   Cash and cash equivalents at the end of the period are net of overdrafts of $23 million (2008 $44 million).

SMITH & NEPHEW plc

2009 QUARTER TWO AND HALF YEAR RESULTS (continued)

Unaudited Group Statement of Changes in Equity for the 6 months to 27 June 2009

	Share capital $m	Share premium $m	Treasury shares $m	Other reserves $m	Retained earnings $m	Total equity $m
At 1 January 2009 (audited)	190	375	(823)	1	1,956	1,699
Total comprehensive income (A)				21	219	240
Equity dividends paid					(72)	(72)
Share based payment recognised					10	10
Cost of shares transferred to beneficiaries			8		(7)	1
Issue of ordinary share capital		1				1
At 27 June 2009	190	376	(815)	22	2,106	1,879

	Share capital $m	Share premium $m	Treasury shares $m	Other reserves $m	Retained earnings $m	Total equity $m
At 1 January 2008 (audited)	190	356	(637)	96	1,811	1,816
Total comprehensive income (A)				46	137	183
Equity dividends paid					(66)	(66)
Share based payment recognised					10	10
Issue of ordinary share capital		11				11
Purchase of treasury shares			(147)			(147)
Cost of shares transferred to beneficiaries			2		(2)	
At 28 June 2008	190	367	(782)	142	1,890	1,807

SMITH & NEPHEW plc

2009 QUARTER TWO AND HALF YEAR RESULTS (continued)

NOTES

1. These half-yearly financial statements have been prepared in conformity with *IAS 34 Interim Financial Reporting*. The financial information herein has been prepared on the basis of the accounting policies set out in the annual accounts of the Group for the year ended 31 December 2008. From 2009, the Group has adopted *IFRS 8 Operating Segments* and the revised standard *IAS 1 Presentation of Financial Statements*. These impact the presentation and disclosure of information, and therefore no comparative amounts require restatement. In addition, the Group has adopted *IFRS 2 Amendment regarding Vesting Conditions and Cancellations*, *IAS 23 Borrowing Costs* (revised 2007) and *Amendments to IAS 32 Financial Instruments: Presentation* and *IAS 1 Presentation of Financial Statements*, none of which have had a significant effect on the reported results or financial position of the Group. Smith & Nephew prepares its annual accounts on the basis of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the European Union (EU) and in accordance with the provisions of the Companies Act 2006. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB. However, the differences have no impact for the periods presented.

The financial information contained in this document does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The auditors issued an unqualified opinion on the Group s statutory financial statements for the year ended 31 December 2008, which have been delivered to the Registrar of Companies.

2. Adjusted earnings per ordinary share (EPSA) is a trend measure which presents the long-term profitability of the Group excluding the impact of specific transactions that management considers as affect the Group s short-term profitability. The Group presents this measure to assist investors in their understanding of trends. Adjusted attributable profit is the numerator used for this measure.

EPSA has been calculated by dividing adjusted attributable profit by the weighted (basic) average number of ordinary shares in issue of 883 million (2008 891 million). The diluted weighted average number of ordinary shares in issue is 885 million (2008 896 million).

3 Months 2008 $m	**3 Months 2009 $m**		**Notes**	**6 Months 2009 $m**	**6 Months 2008 $m**
103	118	Attributable profit		216	186
		Adjustments:			
6	14	Restructuring and rationalisation costs	6	24	14
11	1	Acquisition related costs	7	7	33
7	8	Amortisation of acquisition intangibles		16	17
(2)	(5)	Taxation on excluded items		(11)	(11)
125	136	Adjusted attributable profit		252	239
14.0¢	15.4¢	Adjusted earnings per share		28.5¢	26.8¢
14.0¢	15.4¢	Adjusted diluted earnings per share		28.5¢	26.7¢

SMITH & NEPHEW plc

2009 QUARTER TWO AND HALF YEAR RESULTS (continued)

3. Revenue by segment for the three months and six months to 27 June 2009 was as follows:

3 Months 2008 $m	3 Months 2009 $m		6 Months 2009 $m	6 Months 2008 $m	Underlying growth in revenue % 3 Months	Underlying growth in revenue % 6 Months
		Revenue by business segment				
567	531	Orthopaedics	1,039	1,095		2
205	187	Endoscopy	366	399	(2)	(1)
228	208	Advanced Wound Management	386	417	4	6
1,000	926		1,791	1,911		2
		Revenue by geographic market				
414	412	United States	803	797	(1)	1
388	322	Europe (D)	622	743	(3)	(1)
198	192	Africa, Asia, Australasia & Other America	366	371	7	10
1,000	926		1,791	1,911		2

D Includes United Kingdom six months revenue of $128 million (2008 $167 million) and three months revenue of $69 million (2008 $86 million).

Underlying revenue growth by business segment is calculated by eliminating the effects of translational currency. Reported growth reconciles to underlying growth as follows:

	Reported growth in revenue %	Constant currency exchange effect %	Underlying growth in revenue %
6 Months			
Orthopaedics	(5)	7	2
Endoscopy	(8)	7	(1)
Advanced Wound Management	(7)	13	6
	(6)	8	2
3 Months			
Orthopaedics	(6)	6	
Endoscopy	(9)	7	(2)
Advanced Wound Management	(9)	13	4
	(7)	7	

SMITH & NEPHEW plc

2009 QUARTER TWO AND HALF YEAR RESULTS (continued)

4. Trading profit is a trend measure which presents the long-term profitability of the Group excluding the impact of specific transactions that management considers as affect the Group s short-term profitability. The Group presents this measure to assist investors in their understanding of trends. Operating profit reconciles to trading profit as follows:

3 Months 2008 $m	3 Months 2009 $m		Notes	6 Months 2009 $m	6 Months 2008 $m
174	189	Operating profit		348	316
6	14	Restructuring and rationalisation costs	6	24	14
11	1	Acquisition related costs	7	7	33
7	8	Amortisation of acquisition intangibles		16	17
198	212	Trading profit		395	380

Trading and operating profit by segment for the three months and six months to 27 June 2009 were as follows:

		Trading Profit by business segment		
126	129	Orthopaedics	248	251
40	43	Endoscopy	81	80
32	40	Advanced Wound Management	66	49
198	212		395	380
		Operating Profit by business segment		
108	111	Orthopaedics	214	200
39	41	Endoscopy	76	77
27	37	Advanced Wound Management	58	39
174	189		348	316

5. Total Assets by business segment as at 27 June 2009 were as follows:

31 Dec 2008 $m		27 June 2009 $m	28 June 2008 $m
2,755	Orthopaedics	2,709	2,905
690	Endoscopy	685	719
704	Advanced Wound Management	768	809
4,149	Operating assets by business segment	4,162	4,433
359	Unallocated corporate assets (E)	355	276
4,508	Total assets	4,517	4,709

E Consisting of deferred tax assets and cash at bank.

6. Restructuring and rationalisation costs of $24 million (2008 $14 million) were incurred in the six month period to 27 June 2009. The charge in the three month period to 27 June 2009 was $14 million (2008 $6 million). These relate to the earnings improvement programme and mainly comprise of costs associated with the closure of manufacturing sites.

7. Acquisition related costs of $7 million (2008 $33 million) were incurred in the six month period to 27 June 2009. The charge in the three month period to 27 June 2009 was $1 million (2008 $26 million). These relate to the integration of the Plus business. In 2008 this included $15 million relating to the utilisation of the Plus inventory stepped up to fair value on acquisition.

SMITH & NEPHEW plc

2009 QUARTER TWO AND HALF YEAR RESULTS (continued)

8. On 31 May 2007, the Group completed the acquisition of Plus Orthopedics Holding AG (Plus), a private Swiss orthopaedic company for a total of CHF1,086 million ($889 million) in cash, including assumed debt. This has been integrated into the Group s Orthopaedics business segment.

In January 2009, the Group reached an agreement with the vendors of Plus to reduce the total original purchase price by CHF159 million. As part of the agreement, the Group dropped all its claims and released the vendors from substantially all of the remaining warranties under the original purchase agreement, as well as resolving the contractual purchase price adjustments. CHF129 million of the settlement amount has been offset against the carrying value of goodwill, with the balance of CHF30 million being reserved for liabilities, primarily relating to taxation.

9. The cumulative number of revisions relating to the macrotextured knee product was 1,048 on 27 June 2009 compared with 1,046 at the end of Quarter One 2009. This represents 35% of the total implanted. Settlements with patients have been achieved in respect of 1,002 revisions (Quarter One 2009 998 settlements). A provision of $28 million remains to cover future settlement costs.

10. Taxation of $117 million (2008 $108 million) for the six months on the profit before restructuring and rationalisation costs, acquisition related costs and amortisation and impairment of acquisition intangibles is at the full year effective rate. In 2009, a taxation benefit of $11 million (2008 $11 million) arose on restructuring and rationalisation costs, acquisition related costs and amortisation and impairment of acquisition intangibles. Of the $106 million (2008 $97 million) taxation charge for the six months, $85 million (2008 $66 million) relates to overseas taxation.

11. The 2008 second interim dividend of $72 million was paid on 8 May 2009. The first interim dividend for 2009 of 5.46 US cents per ordinary share was declared by the Board on 29 July 2009. This is payable on 3 November 2009 to shareholders whose names appear on the register at the close of business on 16 October 2009. The Sterling equivalent per ordinary share will be set following the record date. Shareholders may elect to receive their dividend in either Sterling or US Dollars and the last day for election will be 16 October 2009. Shareholders may participate in the dividend re-investment plan.

12. The principal risks and uncertainties related to Smith & Nephew s business are as follows: product liability claims and loss of reputation; highly competitive markets; failure to make successful acquisitions; stock market valuations; attracting and retaining key personnel; dependence on government and other funding; regulatory compliance in the healthcare industry; regulatory approvals and controls; proprietary rights and patents; continual development and introduction of new products; manufacturing and supply; currency fluctuations; political uncertainties; world economic conditions; and risks common to global medical technology groups. These are unchanged from those set out in the 2008 Annual Report on pages 22 to 26.

SMITH & NEPHEW plc

2009 QUARTER TWO AND HALF YEAR RESULTS (continued)

13. Net debt as at 27 June 2009 comprises:

	27 June 2009 $m	**28 June 2008 $m**
Cash and bank	156	139
Long-term borrowings	(1,267)	(36)
Bank overdrafts and loans due within one year	(92)	(1,608)
Net currency swap liabilities (F)	(2)	
	(1,205)	(1,505)
The movements in the period were as follows:		
Opening net debt as at 1 January	(1,332)	(1,310)
Cash flow before financing activities	201	84
Facility fee capitalised into borrowings		2
Proceeds from issue of ordinary share capital	2	11
Purchase of treasury shares		(141)
Equity dividends paid	(72)	(66)
Exchange adjustments	(4)	(85)
Closing net debt as at 27 June 2009	(1,205)	(1,505)

F Net currency swap liabilities of $2 million (2008 $nil) comprise $nil million (2008 $1 million) of current asset derivatives within trade and other receivables and $2 million (2008 $1 million) of current liability derivatives within trade and other payables.

Directors Responsibilities Statement

The directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules. The Board of Directors of Smith & Nephew plc that served during the six months to 27 June 2009 are listed in the Smith & Nephew plc 2008 Annual Report. There have been no changes in the period to 27 June 2009.

By order of the Board:

David Illingworth	Chief Executive	29 July 2009
Adrian Hennah	Chief Financial Officer	29 July 2009

INDEPENDENT REVIEW REPORT TO SMITH & NEPHEW plc

Introduction

We have been engaged by the Company to review the interim financial information in the interim financial report for the three and six months ended 27 June 2009 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Condensed Group Cash Flow Statement, Group Statement of Changes in Equity and the related notes 1 to 13. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors Responsibilities

The interim financial report, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom s Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The financial information included in this interim financial report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting , as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the interim financial information for the three and six months ended 27 June 2009 based on our review.

Scope of Review

We conducted our review in accordance with ISRE 2410 (UK and Ireland) Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Review Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the three and six months ended 27 June 2009 is not prepared, in all material aspects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom s Financial Services Authority.

Ernst & Young LLP

London

29 July 2009