38. CONTINGENCIES (continued)

Contingent assets (continued)

High Court *(continued)*

Multi-Links (MLT)

Telkom is claiming an amount of US$20.5 million from MLT in respect of amounts due by MLT to Telkom with regards to the provision of resources, legal costs and an interest free loan.

Tax matters

During the period commencing May 2007 to October 2011, Telkom provided a loan totalling US$531 million to Multi-Links. In October 2011, Telkom and Telkom International disposed of their shares in Multi-Links and sold their rights in respect of the Multi-Links Loan to an unconnected third party for a consideration of US$100. The amount was received by Telkom during its year of assessment ended 31 March 2012.

In determining the taxable income for the Annual Financial Statements ended 31 March 2012, Telkom included a foreign exchange (FX) gain to the value of R247 million on the realisation of the loan. Telkom subsequently obtained external tax advice, including two Senior Counsel opinions, which support the contention that instead of a FX gain of R247 million a FX loss of R3.9 billion should be realised. The 2012 tax return has been submitted on the basis of the Senior Counsel opinions obtained. Since the tax treatment of the R3.9 billion loss is based on an unique set of circumstances and a complex legislative environment the financial statement adjustments will only be recognised once the Telkom interpretation has been accepted by SARS or in the case of a dispute has been positively resolved in the Tax Court.

The Group is regularly subject to an evaluation, by tax authorities, of its direct and indirect tax filings. The consequence of such reviews is that disputes can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. These disputes may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group.

39. DIRECTORS' INTERESTS AND PRESCRIBED OFFICERS

Group and Company

		Beneficial		Non-beneficial	
Number of shares	Notes	**Direct**	**Indirect**	**Direct**	**Indirect**
Directors' shareholding					
2013					
Executive					
NT Moholi	1	**37,004**	**–**	**–**	**–**
Total		**37,004**	**–**	**–**	**–**
Non-executive					
J Molobela		**267**	**–**	**–**	**–**
K Mzondeki	2	**267**	**–**	**–**	**–**
Dr CA Fynn	3	**202**	**–**	**–**	**–**
		736	**–**	**–**	**–**
2012					
Executive					
NT Moholi		37,004	–	–	–
Total		37,004	–	–	–
Non-executive					
J Molobela		267	–	–	–
NP Mnxasana	4	160	–	–	–
		427	–	–	–

1. *Resigned as Telkom Group CEO on 31 March 2013.*
2. *Appointed as Telkom independent non-executive director on 14 November 2012.*
3. *Appointed as Telkom independent non-executive director on 10 December 2012.*
4. *Resigned as Telkom independent non-executive director on 24 October 2012.*

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	2013 Rm	2012 Rm
39. DIRECTORS' INTERESTS AND PRESCRIBED OFFICERS (continued)		
Directors' emoluments	29	28
Executive		
For services as directors	20	20
Non-executive		
For other services	9	8

Group and Company	Fees R	Remuneration R	Performance bonus R	Fringe and other benefits* R	Total R
2013					
Emoluments per director:					
Non-executive	4,266,667	4,534,481	–	–	8,801,148
NP Dongwana	185,000	192,005	–	–	377,005
B du Plessis	455,000	325,000	–	–	780,000
JN Hope	330,000	183,705	–	–	513,705
RJ Huntley	305,000	183,705	–	–	488,705
N Kapila	285,000	449,811	–	–	734,811
PSC Luthuli	330,000	183,705	–	–	513,705
I Kgaboesele	490,000	325,000	–	–	815,000
NP Mnxasana	245,000	183,705	–	–	428,705
J Molobela	470,000	325,000	–	–	795,000
SP Sibisi	60,000	183,705	–	–	243,705
Y Waja	310,000	183,705	–	–	493,705
PL Zim	156,667	627,422	–	–	784,089
JA Mabuza	145,000	422,290	–	–	567,290
KW Mzondeki	105,000	128,004	–	–	233,004
LW Maasdorp	85,000	128,004	–	–	213,004
S Botha	50,000	101,943	–	–	151,943
Dr CA Fynn	60,000	101,943	–	–	161,943
KT Kweyama	–	101,943	–	–	101,943
F Petersen	90,000	101,943	–	–	191,943
LL von Zeuner	110,000	101,943	–	–	211,943
Executive	–	11,378,400	4,896,893	3,768,759	20,044,052
NT Moholi (CEO)	–	6,402,150	2,659,133	2,575,420	11,636,703
JH Schindehütte (CFO)	–	4,976,250	2,237,760	1,193,339	8,407,349
Total emoluments – paid by Telkom	4,266,667	15,912,881	4,896,893	3,768,759	28,845,200

39. DIRECTORS' INTERESTS AND PRESCRIBED OFFICERS (continued)

Group and Company	Fees R	Remuneration R	Performance bonus R	Fringe and other benefits* R	Total R
2012					
Emoluments per director:					
Non-executive	4,001,181	4,180,000	–	–	8,181,181
NP Dongwana	37,401	25,000	–	–	62,401
B du Plessis	325,000	495,000	–	–	820,000
JN Hope	325,000	435,000	–	–	760,000
RJ Huntley	325,000	645,000	–	–	970,000
PG Joubert	135,417	190,000	–	–	325,417
N Kapila	449,811	255,000	–	–	704,811
PSC Luthuli	325,000	630,000	–	–	955,000
I Kgaboesele**	243,750	185,000	–	–	428,750
NP Mnxasana	37,401	10,000	–	–	47,401
J Molobela	325,000	450,000	–	–	775,000
SP Sibisi	37,401	15,000	–	–	52,401
Y Waja	325,000	435,000	–	–	760,000
PL Zim	1,110,000	410,000	–	–	1,520,000
Executive	–	7,461,720	3,129,613	9,860,446	20,451,779
NT Moholi (CEO)	–	5,121,720	2,253,013	4,692,588	12,067,321
JH Schindehütte (CFO)	–	2,340,000	876,600	5,167,858	8,384,458
Total emoluments – paid by Telkom	4,001,181	11,641,720	3,129,613	9,860,446	28,632,960

* *Included in fringe and other benefits is a pension contribution for NT Moholi of R665,824 (2012: R665,824), a restraint of trade of RNil million (2012: R3,404,300), a leave gratuity of R429,406 (2012: RNil million) and a notice pay of R2,134,050 (2012: RNil million), JH Schindehütte, a pension contribution of R488,992 (2012: R304,200), a sign-on bonus of RNil million (2012: R4,500,000) and a settling-in allowance of R1,181,375 (2012: RNil million).*

** *Paid to Sphere Holdings (Pty) Limited.*

Emoluments per prescribed officer:

Group and Company	Notes	**Remuneration*** R	**Incentive bonus** R	**Fringe and other benefits**** R	**Total** R	**Pension-TRF13%***** R
2013						
Emoluments per prescribed officer:						
A Vitai	1	**1,833,333**	**689,700**	**5,948,333**	**8,471,366**	**–**
BC Armstrong		**3,537,432**	**1,222,536**	**958,061**	**5,718,029**	**321,906**
DJ Fredericks	2	**3,162,000**	**1,179,300**	**680,074**	**5,021,374**	**338,874**
JM Mavuso		**2,931,497**	**905,481**	**11,964**	**3,848,942**	**228,657**
TE Msubo		**2,996,632**	**1,079,866**	**11,964**	**4,088,462**	**233,737**
MB Sallie		**3,336,218**	**1,167,409**	**11,964**	**4,515,591**	**281,910**
GJ Rasethaba		**2,582,987**	**900,119**	**11,964**	**3,495,070**	**194,757**
MJ Nzeku	3	**660,621**	**–**	**13,000,000**	**13,660,621**	**57,540**
Total emoluments – paid by Telkom		**21,040,720**	**7,144,411**	**20,634,324**	**48,819,455**	**1,657,381**

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39. DIRECTORS' INTEREST AND PRESCRIBED OFFICERS (continued)

Group and Company	Note	Remuneration* R	Incentive bonus R	Fringe and other benefits** R	Total R	Pension – TRF13 %*** R
2012 Emoluments per prescribed officer:						
BC Armstrong		2,781,000	1,017,179	6,674,400	10,472,579	253,070
DJ Fredericks		2,825,421	627,525	4,433,344	7,886,290	293,844
JM Mavuso		2,261,957	580,458	5,438,520	8,280,935	176,432
TE Msubo		2,853,935	693,232	1,011,787	4,558,954	222,607
MB Sallie		2,622,812	892,759	6,304,572	9,820,143	221,627
GJ Rasethaba		2,436,780	551,833	2,436,780	5,425,393	183,733
MJ Nzeku		3,848,278	–	–	3,848,278	335,185
P Marais	4	1,638,884	–	4,411,276	6,050,160	170,444
Total emoluments – paid by Telkom		21,269,067	4,362,986	30,710,679	56,342,732	1,856,942

The Group has identified EXCO members as prescribed officers because they exercise general executive control over the business.

* *Remuneration has been apportioned based on the period served as prescribed officers. Comparative information has been provided for members identified as prescribed officers.*

** *Fringe and other benefits include motor car insurance, retention agreements, sign on bonuses, flexible allowance, acting allowances, leave gratuity and voluntary severance packages/voluntary early retirement packages benefits.*

*** *The pension contribution is a Company contribution.*

1. Appointed to EXCO 13 November 2012.
2. DJ Fredericks was appointed as acting Chief Financial Officer from August 2010 to July 2011. Thereafter he was appointed as Deputy Chief Financial Officer.
3. Retired 31 May 2012.
4. Retired 31 December 2011.