Notes to the financial statements continued

for the year ended 31 March 2022

37. Contingencies

Contingent liabilities

Other than the disclosures below, there have been no significant movement or new matters noted on the contingent positions as reported in the 31 March 2021 financial statements.

High Court

Radio Surveillance Security Services (RSSS)
On 27 August 2020, RSSS served a new summons on Telkom. In terms of the summons, RSSS claims that certain information came to light during the initial trial against Telkom in 2017. RSSS is now claiming the return of 444 alarm systems, alternatively payment of R210 million and a payment of R319 million for alleged outstanding rentals for the alarms. The plaintiff made certain amendments to its summons, and Telkom has filed its plea to the amended summons. Pleadings have closed and the parties are currently in the discovery phase. Discovery is a process during which each party discloses all relevant documents, reports and other evidence relevant to the matter, in preparation for the trial. Telkom is, however, applying for a liquidation of RSSS due to non-payment of legal costs owing to Telkom to date. The liquidation hearing has been set down to be heard in August 2022.

Class action against Telkom and Mutual and Federal Risk Financing Ltd
During June 2021, Telkom received a High Court application to certify a class action against it. The application arises from minor billing discrepancies on device insurance premiums. Mutual and Federal Risk Financing Ltd acts as underwriter for the device insurance and has also been cited in the court proceedings. Telkom is currently taking steps to oppose the application for certification of the class action.

Phutuma Networks (Pty) Ltd (Phutuma)
In August 2009, Phutuma served a summons on Telkom, claiming for damages in the amount of R5.5 billion, arising from a tender published by Telkom in November 2007. The High Court granted absolution from the instance, in Telkom's favour. The Supreme Court of Appeal (SCA) had initially dismissed Phutuma's application for leave to appeal in October 2014. On 4 November 2014, the SCA rescinded its order granted in October 2014. In early 2015, the SCA referred the application for leave to appeal back to the full bench of the North Gauteng High Court. The leave to appeal was heard in September 2016 and was upheld. The matter now needs to be re-enrolled for trial. To date, Phutuma has failed to set down the matter for hearing before the same judge who granted absolution. Telkom has proposed that the matter begins anew before another judge and is awaiting Phutuma's feedback regarding the proposal.

Masstores (Pty) Ltd (Masstores)
During November 2021, Masstores (a subsidiary of Massmart Ltd) launched arbitration proceedings against BCX claiming for damages to the amount of R160 million as a result of alleged breach of contract. BCX is in the process of preparing its defence and has filed an exception to the Masstores claim.

Government Gazette announcement on Telkom
On 26 January 2022, Telkom noted Government Gazette no. 11385, published on 25 January 2022 giving the Special Investigating Unit (SIU) authority to investigate several matters including contracting and possible maladministration regarding the disposals of its former subsidiaries, iWayAfrica, Africa Online Mauritius and Multi-Links Telecommunications Ltd. The SIU investigation is now pending and Telkom is engaging with the SIU as to the progressing of the matter. Telkom will deal with the investigation on its merits at the appropriate forum should this become necessary.

Telkom follows robust corporate governance principles and has done so in executing the Telkom strategy to consolidate its operations in South Africa. The aforementioned matters date back to as far as 2006 and most of them have been repeatedly reported on in respective Telkom reports.

Therefore, at this point, Telkom expects no material impact on its financial statements resulting from the outcomes of the SIU investigation.