

Telkom SA SOC Limited  
(Registration number 1991/005476/06)  
JSE share code: TKG  
ISIN: ZAE000044897  
("Telkom" or the "Group")

### **Updated trading statement**

Shareholders are referred to the trading statement dated 8 April 2013 wherein Telkom confirmed that a further detailed statement will be provided to the market once it has reasonable certainty in terms of an expected earnings range, prior to the release of its year end results on or about 14 June 2013.

Shareholders are advised that the board of directors of Telkom ("the Board") is currently considering the impairment of the carrying value of the legacy network of the Group.

For a considerable time the price at which Telkom shares have been trading at has been significantly lower than the net asset value ("NAV") of a Telkom share. At the last reporting date, being 30 September 2012, the NAV per share was R57. As cited by IAS 36, when the carrying value of an entity's net assets is more than their market capitalisation, it is an indication that the carrying value of the assets may be impaired.

Telkom, in line with other fixed line incumbents globally, has for more than a decade, faced technology changes, competition from mobile operators and an evolving regulatory landscape which have contributed to lower investment returns from its legacy network assets. The Group continues to invest significant capital into upgrading its fixed and mobile network to meet the increasing needs of customers, particularly regarding data transmission. The migration of services from legacy assets to superior Internet Protocol-compliant assets will rapidly escalate over the next few years to ensure that services remain differentiated from competitors and competitively priced. This transition will also enable the Group to improve operational efficiency, as this is a major benefit of new technology.

A non-cash impairment charge ("Impairment Charge"), that may follow the review by the Board, will not impact on the significant cash flow (EBITDA) which the Group generates from its operations. An Impairment Charge is akin to an accelerated depreciation charge, which has no impact on Telkom's strong cash position, low indebtedness and ability to fund its capital programme from its own resources.

The quantum of the non-cash Impairment Charge cannot be confirmed at this stage. As a result the Group is not yet in a position to provide guidance to shareholders in terms of an earnings range but will update the market accordingly once it has reasonable certainty of the impact of the non-cash Impairment Charge on basic earnings per share.

Telkom will release its results for the year ended 31 March 2013 on 14 June 2013. This updated trading statement has neither been reviewed nor reported on by the Group's external auditors.

Pretoria  
5 June 2013

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