



# COBALTAIR LTD (in liquidation)

(the “Company”)

5<sup>th</sup> annual report of the Company’s liquidator to its creditors and shareholder, covering the period from 19<sup>th</sup> Dec 2022 to 18<sup>th</sup> Dec 2023

Nicosia, 20<sup>th</sup> March 2024

Stephanos Michaelides  
Grant Thornton Advisory (Cyprus) Limited  
Liquidator

# Contents

1. Executive Summary	3
2. Progress to date	4
2.1. Strategy and progress to date	4
2.2. Asset realisations	4
2.3. Costs	4
3. Significant legal cases	5
3.1. Claims by the Company	5
3.2. Summary of other significant pending claims	5
3.3. Claims against the Company	5
4. Creditor claims	6
4.1. Secured creditors	6
4.2. Preferential creditors	6
4.3. Unsecured creditors	6
5. Liquidator's remuneration	7
6. Future strategy	8
Appendix A – Receipts and Payments account (€000s)	9
Appendix B – Committee of Inspection	10

# 1. Executive Summary

This progress report is prepared and presented pursuant to article 282(1) of Cyprus Companies Law Cap 113 and covers the period from the last report (19<sup>th</sup> December 2022) to 18<sup>th</sup> December 2023.

This progress report should be read in conjunction with our previous progress reports issued, which can be found at <https://cobalt.aero/>.

Assets	<p>Realisations for the period from 19<sup>th</sup> December 2022 to 18<sup>th</sup> December 2023 amounted to €220k. Total realisations to date amount to €6.117k.</p> <p>See section 2 and the Receipts and Payments account in Appendix A for details.</p>
Liabilities	<p>Total claims received from creditors, travel agents and individuals (since appointment) amount to €135.666k.</p> <p>See section 4 for details.</p>
Legal cases	<p>Two claims made by the Company prior to liquidation (against ACG and TradeAir) are ongoing.</p> <p>The Company has submitted a lawsuit in Greece against Swissport Greece for an amount of €600k. The claim was partially accepted by the Court. The case is ongoing.</p> <p>The Company's claim for the Turkish overflight was rejected by the Government and we are appealing this decision via the Administrative Court. The case is ongoing.</p> <p>The case regarding the Company's operating license cancellation is ongoing at the Administrative Court.</p> <p>An Administrative Court appeal was filed by the Company against a fine imposed in connection with CO<sub>2</sub> emissions.</p> <p>See section 3 for more details.</p>
Liquidation costs	<p>Total liquidation costs for the period amounted to €239k, of which €86k represent fees paid to the liquidator.</p> <p>See section 2.3 for more details.</p>
Interim dividend	<p>There have been no significant developments with regards to the claims by and against the Company. Therefore, the position of the liquidator with respect to the payment of an interim dividend remains the same as in the previous report.</p> <p>We will continue to evaluate this situation in light of any significant developments and creditor updates will be issued accordingly.</p>

## 2. Progress to date

### 2.1. Strategy and progress to date

Since our last annual report, the main asset realisations have been made from the collections from debtors and the collection of €109k. from Swissport Greece following the Court decision partially accepting Cobalt's claim against Swissport Greece.

Our focus continues to be realising the Company's remaining assets (including collecting outstanding book debts), defending and pursuing legal claims, and progressing the Company's tax affairs and other statutory duties.

### 2.2. Asset realisations

Realisations during the period covered by this report are set out in the Receipts and Payments schedule in Appendix A. Main points arising:

Spare Parts	The matter with CAS is ongoing. We proceeded with sending an invitation to bid to prospective buyers for the spare parts. Offers were received, one of which was accepted. The process for the sale is in progress.
Cash at bank	Balances held in the liquidation bank accounts as at 18 <sup>th</sup> December 2023 amounted to €3.306k.
Book debts and deposits	After further reconciliations, total receivables amount to €3.370k out of which we have collected €3.046k. The collections for the period under review amounted to €220k. We estimate that a substantial proportion of the remaining debts may not be collected, since they relate to unflown tickets.  We will continue to pursue remaining balances owed to the Company.

### 2.3. Costs

Costs incurred during the current period are set out in the Receipts and Payments account (Appendix A).

Legal fees and Legal disbursements	We have paid approx. €98k in legal fees for the period and €23k in legal disbursements, consisting mainly of court fees and other court related expenses.
Professional fees	We have paid approx. €5k in professional fees, relating to reconciliation and review of creditor claims, reconciliation and review of debtor balances that can be collected, assistance with the sale of the spare parts etc.
IT costs	We made payments of approx. €4k to IT suppliers for the ongoing service of the Company's IT infrastructure.

## 3. Significant legal cases

### 3.1. Claims by the Company

The status of claims made by the Company are as follows:

ACG/Wells Fargo	Commenced prior to our appointment, in the UK. The case progressed to the stage of Case Management and negotiation of legal fees to be claimed where the Security for costs was agreed at ~GBP800k payable in 3 instalments. The first instalment of ~GBP270 (€319k) was paid in 2023 with the remaining to be paid in 2024. While the case is ongoing it has recently appeared that we may be able to achieve an out of court settlement and we are working in that direction.
TradeAir	Commenced prior to our appointment, before Austrian courts. Cobalt's appeal was successful, and the matter was referred back to the initial court. A hearing will take place on 9 <sup>th</sup> April 2024.
Swissport Greece	<p>The liquidator is pursuing the return of advance payments made to Swissport Greece (prior to liquidation) in excess of €600k. In April 2023, a decision was issued, partially accepting Cobalt's claim for an amount of €408k. Out of this amount, €109k were immediately enforceable and have been received in the liquidation bank account.</p> <p>Swissport Greece submitted an appeal which is set for hearing on 28 March 2024.</p>

### 3.2. Summary of other significant pending claims

Turkish overflight claim	The case at the Administrative Court has been set for Directions on 15 <sup>th</sup> April 2024.
Cancellation of the Company's operating/commercial license	The case has been set for clarifications/hearing at the Administrative Court on 17 <sup>th</sup> May 2024.

### 3.3. Claims against the Company

#### Claim for CO<sub>2</sub> Emissions

We have submitted an administrative appeal disputing a decision of the Ministry of Agriculture to impose an administrative fine of ~€10.835k. The hearing has been completed; a judgement has been reserved.

## 4. Creditor claims

### 4.1. Secured creditors

The Company has no secured creditors, with reservation as to the alleged right of lien raised by CAS Cyprus Aerotechnical Services Ltd over a stock of spares (see section 2.2 of the first annual report), which is the subject of an ongoing Court case.

### 4.2. Preferential creditors

Preferential creditors totalling €7k have been settled.

### 4.3. Unsecured creditors

We have received a total of 481 claims from unsecured creditors, totalling €135.659k.

Work to reconcile creditor claims is ongoing.

## 5. Liquidator's remuneration

Liquidation costs invoiced for the period from 19<sup>th</sup> December 2022 to 18<sup>th</sup> December 2023 amounted to €86k. Our fees are approved by the Committee of Inspection.

## 6. Future strategy

We will continue to manage the affairs and the property of the Company in order to achieve the best outcome for the creditors. This includes, inter alia, the following tasks:

- ❖ Realise remaining assets, primarily the spare parts of the aircrafts
- ❖ Continue to chase debtors for collections and, where necessary, take legal measures to collect outstanding book debts
- ❖ Pursue and (where deemed appropriate) defend legal claims
- ❖ Review remaining unreconciled claims from creditors
- ❖ Comply with ongoing tax and VAT requirements
- ❖ Comply with ongoing statutory and reporting obligations

Appendix A to this report includes details of the Receipts and Payments of the liquidation for the period from 19<sup>th</sup> December 2022 to 18<sup>th</sup> December 2023 (along with cumulative comparatives).

### *Dividend payment*

As explained earlier in this report, we are experiencing considerable delays in finalising substantial claims and legal cases by and against the Company, which would have a material effect on the prudence and/or legality of any interim distribution.

As a result, no decision has been made to date for the payment of an interim dividend.

We will continue to evaluate this situation in light of any significant developments and creditor updates will be issued accordingly.



## Appendix A – Receipts and Payments account (€000s)

		For the period under review (19/12/2022 – 18/12/2023)	Cumulative, since appointment (19/12/2018 – 18/12/2023)
<b>Income</b>			
	Sale of Furniture and Equipment	0	108
	Collection of Book Debts / deposits	220	3.046
	Airport Incentives	0	460
	VAT refund (pre-appointment)	0	480
	Unblocking of amounts at Bank*	-14*	2.023
	<b>TOTAL</b>	<b>206</b>	<b>6.117</b>
<b>Expenditure</b>			
	Professional fees	5	116
	Ransom payments	0	100
	Liquidator's fees	86	1.066
	Liquidator's expenses	0	20
	Legal fees – local	20	282
	Legal fees – overseas	78	311
	Legal fees - disbursements	23	108
	IT Costs	4	21
	Storage costs	1	20
	Wages & Salaries	0	131
	PAYE & SIC	0	41
	Bank Charges	1	5
	Rent	0	11
	Utilities and Taxes	0	10
	VAT	21	250
	<b>TOTAL</b>	<b>239</b>	<b>2.492</b>
<b>Security for costs</b>			
	ACG/Wells Fargo case – deposit	319	319
	<b>TOTAL</b>		<b>2.811</b>
<b>Amount in hand</b>			<b>3.306</b>

\*The amount of -€14k, which is the difference to the previous period, concerns foreign exchange differences

## Appendix B – Committee of Inspection

The Committee of Inspection consists of the following members:

<i>Name</i>	<i>Appointment date</i>	<i>Resignation date</i>
Patrick Thomas Carroll	19 <sup>th</sup> December 2018	-
Demetris Phellas	19 <sup>th</sup> December 2018	-
Gregory Diacou	19 <sup>th</sup> December 2018	14 February 2024
Stavros Photiou	19 <sup>th</sup> December 2018	-

During the period from 19<sup>th</sup> December 2022 to 18<sup>th</sup> December 2023, a written report regarding the progress of the liquidation was circulated to the Committee on the following dates:

- 6<sup>th</sup> June 2023
- 1<sup>st</sup> August 2023
- 13<sup>th</sup> November 2023