



# COBALTAIR LTD (in liquidation)

(the “Company”)

6<sup>th</sup> annual report of the Company’s liquidator to its creditors and shareholder, covering the period from 19<sup>th</sup> Dec 2023 to 18<sup>th</sup> Dec 2024

Nicosia, 26<sup>th</sup> March 2025

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Liquidator

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# 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 2023) to 18<sup>th</sup> December 2024.

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 2023 to 18<sup>th</sup> December 2024 amounted to €1.746k. Total realisations to date amount to €7.863k.</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>A claim made by the Company prior to liquidation (against TradeAir) is ongoing.</p> <p>The Company won the lawsuit in Greece against Swissport Greece with the Court ruling in its favor an amount of ~€382k plus interest of ~€213k. The case is now closed.</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 Company's claim regarding its operating license cancellation was rejected by the Court. The liquidator proceeded with an appeal.</p> <p>The Company filed an appeal before the Administrative Court against a fine related to CO2 emissions. The Court dismissed the appeal, and the Liquidator has since filed a new appeal before the Court of Appeal. The case is still ongoing.</p> <p>Arbitration proceedings were initiated against APG Inc and APG DS. The case is ongoing.</p> <p>See section 3 for more details.</p>
Liquidation costs	<p>Total liquidation costs for the period amounted to €430k, of which €100k represent fees paid to the liquidator.</p> <p>See section 2.3 for more details.</p>
Interim dividend	<p>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 settlement of the ACG/Wells Fargo claim and the successful court ruling against Swissport Greece.

The liquidator also proceeded with the sale of the remaining spare parts.

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 process for the sale has been completed. The amount from the sale will remain in a bank account of the liquidation until we have a decision on the legal case with CAS.
Cash at bank	Balances held in the liquidation bank accounts as at 18 <sup>th</sup> December 2024 amounted to €4.941k. The liquidator proceeded with allocating funds in fixed deposits and money market funds aiming for better returns and risk diversification.
Book debts and deposits	<p>After further reconciliations, total receivables amount to €3.705k out of which we have collected €3.470k. The collections for the period under review amounted to €424k. We estimate that a substantial proportion of the remaining debts may not be collected, since they relate to unflown tickets.</p> <p>We will continue to pursue remaining balances owed to the Company.</p>

### 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. €145k 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. €79k in professional fees, relating to reconciliation and review of creditor claims, reconciliation and review of debtor balances 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	After consulting with our legal advisors and the Committee of Inspection we proceeded with an out-of-court settlement at an amount of US\$500k plus a reimbursement of our legal costs ~US\$415k. The matter is now closed.
TradeAir	Commenced prior to our appointment, before Austrian courts. Cobalt's appeal was successful, and the matter was referred back to the initial court. We are waiting to hear back from the court.
Swissport Greece	The Court rejected Swissport Greece's appeal and ruled in Cobalt's favour, awarding Cobalt the majority of our claim ~€382k, plus interest ~€213k. The matter is now closed.
APG Inc/APG DS	We initiated Arbitration proceedings under IATA regulations for the recovery of US\$116k relating to ticket sales. The case is ongoing.

### 3.2. Summary of other significant pending claims

Turkish overflight claim	The case at the Administrative Court has been set for Directions on 15th April 2025.
Cancellation of the Company's operating/commercial license	The Court issued its judgement on 5 <sup>th</sup> December 2024 dismissing the administrative appeal. On 16 January 2025 we filed an appeal before the Court of Appeal to set aside the judgement.

### 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 Court dismissed the appeal, and therefore, the Liquidator filed a new appeal to set aside the previous decision of the Court. The case is still ongoing.

## 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 2023 to 18<sup>th</sup> December 2024 amounted to €100k. 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:

- ❖ 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 2023 to 18<sup>th</sup> December 2024 (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 (19/12/2023 – 18/12/2024)	Cumulative, since appointment (19/12/2018 – 18/12/2024)
<b>Income</b>			
	Sale of Furniture and Equipment	0	108
	Sale of spare parts	148	148
	ACG/Wells Fargo - Settlement	872	872
	Collection of Book Debts / deposits	424	3.470
	Airport Incentives	0	460
	Other interest income	230	230
	Bank interest income	28	28
	Unrealized profit/loss – Money Market Fund	12	12
	VAT refund (pre-appointment)	0	480
	Unblocking of amounts at Bank*	32*	2.055
	<b>TOTAL</b>	<b>1.746</b>	<b>7.863</b>
<b>Expenditure</b>			
	Professional fees	79	195
	Ransom payments	0	100
	Liquidator's fees	100	1.166
	Liquidator's expenses	1	21
	Legal fees – local	12	294
	Legal fees – overseas	133	444
	Legal fees - disbursements	23	131
	IT Costs	4	25
	Storage costs	1	21
	Wages & Salaries	0	131
	PAYE & SIC	0	41
	Bank Charges	0	5
	Rent	0	11
	Utilities and Taxes	40	50
	VAT	37	287
	<b>TOTAL</b>	<b>430</b>	<b>2.922</b>
<b>Amount in hand</b>			<b>4.941</b>

\*The amount of €32k, 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	-
Antonia Constantinou	21 <sup>st</sup> March 2024	-

During the period from 19<sup>th</sup> December 2023 to 18<sup>th</sup> December 2024, a written report regarding the progress of the liquidation was circulated to the Committee on the following dates:

- 17<sup>th</sup> April 2024
- 6<sup>th</sup> August 2024
- 5<sup>th</sup> November 2024