



SOUTH AFRICAN AIRWAYS

South African Airways
Airways Park, Jones Road
OR Tambo International Airport
Johannesburg, South Africa.

Private Bag X13
OR Tambo International Airport,
1627

South African Airways (SOC) Limited (in business rescue)

Registration number 1997/022444/30

(“SAA”, “The Company”)

April 2021

Report to the Companies and Intellectual Property Commission

and to all Affected Persons

In terms of section 132(3)(a) of the Companies Act 71 of 2008 (“Act”)

Prepared by:

Leslie Matuson and Siviwe Dongwana

Joint Business Rescue Practitioners

Directors

MG Qhena* (Interim Chairperson), LS Olitzki (Acting Chief Financial Officer), JB Crawford*, NO Fadugba*¹, EL Van Harte*, MP Tshisevhe, * MMB Zwane*

*Interim Non-Executive Director

¹ British Citizen

Company Secretary – RN Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER 

1. Introduction

1.1. In terms of section 132(3) of the Companies Act 71 of 2008 (“Act”), if a company’s business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the court, on application by the practitioner, may allow, the practitioner must –

1.1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and

1.1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:

1.1.2.1. Court, if the proceedings have been the subject of a court order; or

1.1.2.2. Commission, in any other case.

1.2. Therefore, as required, this **Fourteenth Update Report** is being tabled in terms of section 132 (3) (a) of the Act.

2. Since the Thirteenth Update Report of March 2021

2.1. This update to affected persons is to be read in conjunction with the update given on 18 March 2021 and is complementary thereto, and as such the business rescue practitioners (“the Practitioners”) will not be addressing all aspects contained therein, save to provide an update on same.

2.2. Employee Matters:

2.2.1. The South African Airways Pilots Association (“SAAPA”) members and certain other pilots are still locked out.

2.2.2. The negotiations between SAAPA and SAA are pending and have become protracted as a result of several disagreements between SAA and SAAPA regarding the terms of the payment.

2.2.3. The Practitioners however remain hopeful that these negotiations will be concluded shortly.

- 2.2.4. The Practitioners note with concern that certain misrepresentations have been made, possibly inadvertently, regarding the funding available for the settlement of the severance payments to pilots and or the security of payments to be made through the Receivership.
- 2.2.5. To this end the Practitioners wish to point out the following in simple terms:
- 2.2.5.1. The Company has acceded to the majority of the financial demands of SAAPA;
- 2.2.5.2. The Company is in a position to make payments to pilots once a settlement has been concluded;
- 2.2.5.3. A very small portion of the settlement payment would be paid through the Receivership over a three-year period; and
- 2.2.5.4. The Receivership is an extension of the business rescue plan of SAA and is used to make payments to other affected parties including the lenders, the aircraft lessors and the general concurrent creditors. Thus, there is no basis to suggest that the Receivership will not be able to pay monies owing to pilots.
- 2.2.6. Court Cases/Litigation:
- 2.2.6.1. There are still a few pending legal proceedings involving SAA, which will be addressed by SAA directly.
- 2.2.6.2. SAAPA:
- 2.2.6.2.1. Dispute resolution in terms of the business rescue plan (“the Plan”):
- 2.2.6.2.2. These proceedings have been detailed in the update of 18 March 2021.
- 2.2.6.2.3. The proceedings have now been enrolled for argument, before the expert, on 6 May 2021.
- 2.2.6.3. Termination of the Regulating Agreement – these proceedings have been detailed in the update of 17 March 2021.

2.2.6.4. Lockout application – these proceedings have been detailed in the update of 18 March 2021.

2.2.6.5. Payment application – these proceedings have been detailed in the update of 18 March 2021. SAA has opposed this application and will be filing opposing papers.

2.2.6.6. Miscellaneous application:

2.2.6.6.1. SAAPA has also instituted an application out of the Labour Court, under case number J398/21 for *inter alia* declaring that the lock-out implemented by SAA was not as a result of industrial action and interdicting and restraining SAA from employing persons to do the functions of SAAPA's members at the time involved in industrial action.

2.2.6.6.2. SAA has opposed this application and has been postponed until 18 June 2021.

2.2.7. James Robert Camm and Others (Namibian proceedings). These proceedings have been detailed in the update of 17 March 2021.

2.2.8. Judy Clayton and Others (Australian proceedings). These proceedings have been detailed in the update of 17 March 2021.

2.2.9. Black Management Forum – re appointment of Mango's Chief Executive Officer. These proceedings have been detailed in the update of 17 March 2021.

2.3. Receivership:

2.3.1. Once the Practitioners have filed a notice of substantial implementation and SAA is discharged from the business rescue proceedings, the Receivership shall be deemed to have commenced and the Receivers shall be tasked with their duties as contemplated in the Plan.

- 2.3.2. The Receivers were nominated by the Practitioners, and voted on, by majority vote, by the creditors of SAA.
 - 2.3.3. Bongani Nkasana and Siviwe Dongwana were appointed as the Receivers and will be tasked with the duties and obligations assigned thereto in terms of the Plan.
- 2.4. All outstanding issues, required for the filing of a notice of substantial implementation, as detailed in the notice to affected persons, published on 18 March 2021, have been resolved and therefore the Practitioners will be filing a notice of substantial implementation by 30 April 2021.

