



SOUTH AFRICAN AIRWAYS

South African Airways
Airways Park, Jones Road
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Johannesburg, South Africa

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OR Tambo International Airport
1627

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

Registration number 1997/022444/30

(“SAA”, “The Company”)

September 2020

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:

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Joint Business Rescue Practitioners (“BRPs”)

Directors

TN Mgoduso (Interim Executive Chairperson), DJ Fredericks (Interim Chief Financial Officer, MP Tshisevhe*

*Non-Executive Director

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 **Seventh Update Report** is being tabled in terms of section 132(3)(a).

2. Since the Sixth Update Report of August 2020

2.1. Business Rescue Plan

2.1.1. A notice to Affected Parties was issued by the BRPs on 10 September 2020 in order to provide a status update on the Business Rescue. Two issues critical to the implementation of the plan remained outstanding:

2.1.1.1. Termination of aircraft leases

2.1.1.1.1. At the date of the above notice, early termination agreements in respect of 33 of the 40 aircraft leases had been entered into. Further progress has been made in this regard with early termination agreements having been concluded in respect of all aircraft as at the publication date of this report.

2.1.1.2. Procuring of the required funding in terms of the Plan

2.1.1.2.1. As at the date of the notice, no funding had yet been made available to the BRPs in respect of the Plan. The non-receipt of the funding had further exacerbated the dire financial status of the Company. The BRPs advised that should they not be satisfied that sufficient progress had been made for the timeous advancing of the funding, a meeting of creditors would

be convened on 18 September 2020 at 11h00 to engage with affected persons on this issue and the proposed way forward taking into account all relevant factors.

2.1.2. A further notice to affected parties was issued by the BRPs on 17 September 2020.

2.1.2.1. The BRPs advised affected persons that the anticipated funding had not been received by the Company in accordance with the commitment from Government to provide the funding for the restructuring of the Company and the implementation of its business rescue plan.

2.1.3. A meeting of creditors was convened on 18 September 2020.

2.1.3.1. The meeting was advised that a letter had been received from Government, just prior to the start of the meeting, further committing to the provision of the requisite funding for the restructure.

2.1.3.2. The BRPs committed to provide updates to affected persons regarding the developments in respect of the funding.

2.1.3.3. The meeting was closed to allow for the BRPs to engage further with the Government in respect of the letter received.

2.1.4. A notice to affected parties was distributed on 29 September 2020 whereby the affected parties were notified that:

2.1.4.1. While certain progress had been made in relation to the securing of a portion of the required funding, no funding had yet been forthcoming.

2.1.4.2. Engagements with Government and the prospective funders continued but all operations were suspended at the date of the notice while the BRPs determined of the best way to proceed in the absence of funding,

2.1.5. Engagements with funders and Government are still ongoing. As at the publication date of this report, no funding has yet been received and operations remain suspended.

2.2. Impact of COVID-19

2.2.1.1. Other than the repatriation and cargo charters, no commercial operations took place during the month of September 2020.

2.3. Litigation

2.3.1. Legal Proceedings – SA Airlink (Pty) Limited (“Airlink”)

2.3.1.1. Affected persons are referred to paragraph 14.4.1.1 of the business rescue plan for the background relating to the proceedings instituted by Airlink against the Company.

2.3.1.2. Pursuant to Airlink having delivered its notice of appeal, the appeal was heard by the Supreme Court of Appeal on 4 September 2020.

2.3.1.3. The parties are awaiting judgment. Once received, affected persons will be notified of the outcome of the appeal and a copy of the judgment will be made available at <https://matusonassociates.co.za/saa/>

3. Proof of Claims

3.1. Many claims have been lodged with the BRPs for proof but there still remains a large number of claims outstanding and creditors who have yet to submit their claims are encouraged to do so before the publication of the plan.

3.2. Claims can be submitted via the online form, which can be found on www.matusonassociates.co.za/saa. A claim form has been provided ([Manual Claim Form](#)) for those unable to complete the online form.

3.3. A mechanism for the resolution of disputed claims will be included in the plan, unless any dispute can be resolved between the BRPs and the creditor.