

Absolute Entertainment Limited (Interim Liquidators Appointed)

Interim Liquidators' First Report

1 INTRODUCTION AND APPOINTMENT

Absolute Entertainment Limited ("the company") was placed into interim liquidation by the High Court at Auckland pursuant to Section 241(4)(d) of the Companies Act 1993 ("the Act") on 12 November 2015 upon the application of Sherif Abdelhaleem Saeed Elkholy. Peri Micaela Finnigan and Boris van Delden, Insolvency Practitioners of Auckland, were appointed as joint and several interim liquidators of the company.

2 RESTRICTIONS

In preparing this report and its appendices we have relied upon information provided to us. We have not independently verified or audited that information. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

3 ATTACHMENTS

The following documents are attached to this report:

- Appendix 1: Statement of Affairs setting out the company's estimated financial position
- Appendix 2: Schedule of company creditors' names and addresses
- Appendix 3: Notice of Interim Liquidators' decision to dispense with meeting of creditors
- Appendix 4: Notice to creditors to prove debts or claims
- Appendix 5: Creditors claim form

4 COMPANY STRUCTURE AND BACKGROUND

| | |
|------------------------|---|
| Date of incorporation: | 24 March 2015 |
| Company number: | 5648628 |
| Date ceased trading: | 12 November 2015 |
| Nature of business: | 7D Cinema Operation |
| Trading address: | Westfield St Lukes, 80 St Lukes Road, St Lukes, Auckland 1346 |
| Trading name: | Absolute Entertainment 7D Cinema |
| Share capital: | 100 Shares |

MCDONALD VAGUE LIMITED

Level 10, 52 Swanson Street, Auckland CBD

PO Box 6092, Wellesley St, Auckland 1141, New Zealand.

Telephone 09 303 0506, Facsimile 09 303 0508, insol@mvp.co.nz, www.mvp.co.nz

Member of Insol International. Consultants to the Accounting and Legal Professions.

| | |
|----------------|--|
| Share capital: | 100 Shares |
| Shareholders: | Sherif Abdelhaleem Saeed Elkholy – 50 Shares Bassel Mahmoud Mohamed Fayed – 50 Shares |
| Directors: | Sherif Abdelhaleem Saeed Elkholy Bassel Mahmoud Mohamed Fayed |

Prior to the appointment of interim liquidators by the High Court the company had come to an agreement with Westfield St Lukes to lease 2 parking spaces to operate a 7D cinema from commencing in July 2015. Following this agreement they commenced construction of the cinema that they had purchased from China. Over the course of the build, a number of issues developed leading to a delay in the scheduled opening of the cinema. These delays and lead to additional cost.

Trading operations ran from on 8 October 2015 to the date of liquidation. Over this time a dispute arose between the shareholders as to how the business should be operated moving forward.

5 STATEMENT OF AFFAIRS

A Statement of Affairs showing the company's estimated financial position as at the date of our appointment is provided at Appendix 1.

6 ASSETS AND PROPOSALS FOR CONDUCTING THE INTERIM LIQUIDATION

We have secured all available assets. An application has been made to the court for an order to sell the assets of the company. If any creditor is interested or knows of any other party who may be interested in purchasing any of the assets, please advise us urgently.

We will complete a thorough review of the company's books, records and affairs to:

- ensure that all assets have been properly accounted for,
- determine if there are any other avenues of recovery for creditors,
- determine if the company's officers have properly carried out their duties, and take appropriate steps where necessary.

If there are funds available for distribution to creditors we will verify creditors' claims and make a distribution. We will then complete the interim liquidation.

7 LIABILITIES AND CREDITOR CLAIMS

7.1 Secured Creditors

As at the date of interim liquidation there are no secured parties that have registered security interests against the company on the Personal Property Securities Register.

Personal Property Securities Act / Reservation of Title

Should any creditor believe that they are entitled to any goods, or proceeds from realisation of goods, due to holding a Purchase Money Security Interest, they should contact us immediately.

If any creditor believes that they have a Reservation of Title over goods and they have not perfected their interest, they should also contact us immediately.

7.2 Preferential Creditors

We estimate that there is approximately \$1,306 owing to former employees for wages, holiday pay and redundancy pay.

The Inland Revenue Department has not yet provided us with a creditor's claim form. It is uncertain if there are amounts due in respect of GST, PAYE and other payroll deductions given that the records of the company are minimal and it appears that the employees were paid in cash with no formal payroll records being provided to date.

7.3 Unsecured Creditors

From our review of the company's accounting records and other information we estimate that the amount due to unsecured creditors is approximately \$6,000. To date no creditors other than those advised by the directors have contacted the interim liquidators to file a claim in the liquidation. Scentre Shopping Centre Management (NZ) Limited have not quantified the full quantum of their claim following the default on the licence agreement. A schedule of known creditors and their addresses is provided at Appendix 2, as required by Section 255(2)(c) of the Act.

8 CREDITORS' MEETING / INTERIM LIQUIDATION COMMITTEE

A notice of the Interim Liquidators' decision to dispense with the meeting of creditors is provided at Appendix 3.

Pursuant to Section 314 of the Companies Act 1993, creditors are advised that at any time in the course of the interim liquidation the Interim Liquidator shall, at the request in writing of any creditor or shareholder, call a meeting for the purpose of appointing an interim liquidation committee.

9 FURTHER INFORMATION

If you are aware of any information that would assist the Interim Liquidators, please set the details out in writing, attach any supporting evidence and send it to us. Please note that the Interim Liquidators are more able to act on written information.

If any creditor wishes to receive the six monthly reports by email as and when they are published, please ensure that an email address is provided on the attached creditor claim form. This report and all subsequent reports will be available on the Interim Liquidators' website at www.mvp.co.nz

10 ESTIMATED DATE OF COMPLETION

It is currently too early to estimate a date of completion for the interim liquidation.

11 CONTACT DETAILS

Enquiries should be directed to Keaton Pronk on DDI (09) 969 1518 or by email to kpronk@mvp.co.nz.

The Interim Liquidators can be contacted at:

McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

P O Box 6092
Wellesley Street
Auckland 1141


PERI M FINNIGAN
INTERIM LIQUIDATOR

DATED this 9 day of December 2015

Absolute Entertainment Limited (Interim Liquidators Appointed)

Schedule of Creditors' Names and Addresses

Pursuant to Section 255(2)(c) of the Companies Act 1993

| Creditor Names | Address 1 | Address 2 | Address 3 |
|---|-------------------------------|------------------------|-----------------|
| Bassel Mahmoud Mohamed Fayed | 52/241 Hinemoa Street | Birkenhead | Auckland 0626 |
| Chris Papa | | | |
| Eftpos NZ Limited | P O Box 3457 | WELLINGTON 6140 | |
| Inland Revenue Department | P O Box 39 010 | Wellington Mail Centre | LOWER HUTT 5045 |
| Jatin Walia | | | |
| Nitin Bashar | | | |
| Oli Preston | | | |
| Paige | | | |
| Scentre Shopping Centre Management (NZ) Limited | P O Box 109 280 | Newmarket | AUCKLAND 1149 |
| Sherif Abdelhaleem Saeed Elkholy | Flat 1 - 121 Shakespeare Road | Milford | AUCKLAND 0620 |
| Tony Hoskins | | | |

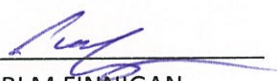
Notice of Liquidators' Decision to Dispense with Meeting of Creditors

After having regard to the assets and liabilities of Absolute Entertainment Limited (Interim Liquidators Appointed) and the likely result of the liquidation, it is proposed to dispense with a meeting of creditors pursuant to Section 245 of the Companies Act 1993.

We do not, however, wish to preclude creditors from expressing their views. Please contact Keaton Pronk of this office on DDI (09) 969 1518 if you have any specific enquiries.

You are advised that should you desire a creditor's meeting, notice in writing is required within 10 working days of receiving this notice.

At the time of giving notice you must also state the reason you require a meeting so that an agenda can be prepared and advertised and creditors can be given the opportunity to vote on any issue by voting letter.


PERI M FINNIGAN
INTERIM LIQUIDATOR

DATED this 9 day of December 2015


IN THE MATTER of The Companies Act 1993

and

IN THE MATTER of Absolute Entertainment Limited (Interim Liquidators Appointed)

Notice to Creditors to Prove Debts or Claims

Notice is hereby given that the undersigned, the interim liquidator of Absolute Entertainment Limited (Interim Liquidators Appointed) ("the company"), does hereby fix Friday, the 18th day of December 2015, as the day on or before which the company's creditors are to make their claims, and to establish any priority their claims may have under Section 312 of the Companies Act 1993. Creditors not having made a claim by this date may be excluded from any distribution made.


PERI M FINNIGAN
INTERIM LIQUIDATOR

DATED this 9 day of December 2015

ADDRESS OF INTERIM LIQUIDATOR

McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

PO Box 6092
Wellesley Street
AUCKLAND 1141

Telephone: (09) 303 0506
Facsimile: (09) 303 0508
Website: www.mvp.co.nz

DATE OF INTERIM LIQUIDATION: 12 November 2015

Unsecured Creditor's Claim

(Also for use by Preferential Creditors)

SECTION 304(1) COMPANIES ACT 1993

(For help see www.mvp.co.nz or email
claims@mvp.co.nz)

| | | | | |
|--|--|--|--|--|
| | | | | |
| | | | | |

NAME AND POSTAL ADDRESS OF CREDITOR IN FULL

Telephone Numbers: ()

()

E-Mail

My Reference is:
(if applicable)

* Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.

The information will be used and retained by the liquidators and McDonald Vague and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.

Under Section 304(1) of the Companies Act 1993 any claim by an unsecured creditor against a company in liquidation must be in this prescribed form and must –
(a) Contain full particulars of the claim; and
(b) Identify any documents that evidence or substantiate the claim.

You may have access to and request correction of any personal information.

(*Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993.)

NAME OF COMPANY IN LIQUIDATION:

(IN LIQUIDATION)

(If claim is made on behalf of creditor, specify relationship to creditor and authority)

claim that the company was at the date it was put into liquidation indebted to the abovenamed creditor for the sum of (Amount in words):

STATUS OF CLAIM:

1. **I am an unsecured creditor for**
(Also applicable to secured creditors who hereby surrender their security)

\$

2. **I am a preferential creditor for**
(Refer details on reverse)

\$

3. **My total claim is for**
(State currency if other than \$NZ)

Other
Currency

NZ \$

4. I have claimed retention/reservation of title rights pursuant to rights held by me

Tick if Applicable ☐

Note: If you are a secured creditor contact this office and a Secured Creditors Claim Form will be sent to you. (Refer details on reverse)

Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form.

(The liquidator may require the production of a document under Section 304(2) of the Companies Act 1993. You are **not required to attach any supporting documents** at this stage, but you may attach them now, if you think it would expedite the processing of the claim.)

SIGNED:

Date: / /

WARNING —

It is an offence under Section 304(6) of the Companies Act 1993 to –

Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or

Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

Received
(Date Stamp)

RESERVED FOR OFFICE USE:

Claim admitted/rejected
for voting purposes:
(Delete one)

Signed:

Date: / /

Preferential Claim for:

Ordinary Claim for:

CLAIM REJECTED
FOR PAYMENT:

\$

\$

or
CLAIM ADMITTED
FOR PAYMENT:

Preferential Claim for:

Ordinary Claim for:

\$

\$

Signed
Liquidator:

Date: / /

Note: If the decision to admit or reject a claim is amended, regulation 8 of the Companies Act 1993 Liquidation Regulations 1994 requires that it be recorded in writing.

If the creditor owes money to the company, please give full details.

| Date | Details of Claim and Identification of Documents that Evidence or Substantiate the Claim | Amount \$ |
|------|--|--------------|
| | | |

CLAIMS AGAINST INVENTORY (Romalpa Claims)(Consignment Goods) (Retention of Title) etc.

Please provide details of the basis of the retention of title claim filed by you and/or details of entry on the Personal Property Securities Register.

PREFERENTIAL CLAIMANTS ONLY**Guideline**

The Seventh Schedule of the Companies Act 1993 sets out those claims which are regarded as preferential and shows their extent and order of priority. For example, wages and salary of any employee in respect of services rendered to the company during the four months preceding the commencement of liquidation are preferential AND the total sum to which priority is to be given in the case of any one employee for wages, holiday pay, deductions, redundancy and child support must not exceed \$20,340 or such greater amount as is prescribed at the commencement of the liquidation.

1. Why do you believe you are a preferential creditor?
(eg. employee, GST, etc) _____
2. Details of your claim: _____

If applicable please record here your GST Registration number: _____

and total GST included in your tax invoice: _____

\$