

Gameloft New Zealand Limited (In Liquidation)

Liquidators' Interim Report

1 INTRODUCTION AND APPOINTMENT

Peri Micaela Finnigan and Boris van Delden, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of Gameloft New Zealand Limited ("the company") on 5 February 2016.

The liquidators are issuing this interim report to correct errors contained in the Statement of Affairs (SOA) that was attached to the liquidators' first report, filed with the Registrar of Companies on 16 February 2016.

The information contained in the SOA issued with the first report was based on data obtained from the company's accounting records and direct from Xero software. Since issuing the first report, the liquidators have identified material errors in some of the figures which meant that the estimated deficiency as regards to unsecured creditors was significantly understated. The estimated realisable value of current assets was overstated by at least \$2 million. The HSBC bank balances were unfortunately reported as the current position but actually reflected the position a month earlier and prior to significant payments made to terminated staff.

The first report advised unsecured creditors that if a contingent claim was not lodged or admitted by the liquidators and if the related party creditor subordinated their claim that there was a good chance of full repayment to trade and unsecured creditors. Since then the position has changed significantly following lodgement of claims and the adjustment to realisable assets. There will now be a shortfall to unsecured creditors.

This report is being sent to all shareholders and all known creditors of the company.

An amended Statement of Realisations and Distributions ("SOA") is **attached**.

2 RESTRICTIONS

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 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

The sale of the company's computer equipment and other assets is still being negotiated with interested parties. To avoid prejudicing those negotiations the liquidators have withheld certain information on the anticipated realisation value of those assets. We can report however that the licences held are either not transferable or ownership is held by the parent. No value will be recovered for licences. The assets to be realised include office equipment and computers/laptops and servers.

4 INVESTIGATIONS

The liquidators are continuing their investigations into the books, records and affairs of the company. The liquidators are satisfied that the movement in the bank balances reported in the accounting software, and the actual bank balance at date of liquidation, relate predominantly to payments to employees for termination payments.

5 CREDITORS' CLAIMS

5.1 *Secured Creditors*

There are no known secured creditors

5.2 *Preferential Creditors*

Preferential wages, holiday pay and redundancy amounting to \$191,891 have been paid to former employees. The large majority of preferential employee claims were paid prior to the appointment of liquidators and following formal termination. On appointment only eleven staff were remaining. These termination pays have since been paid.

The Inland Revenue Department has advised the liquidators that they have no preferential claim.

5.3 *Unsecured Creditors*

As at the date of preparing this report nine unsecured creditor claim forms have been received totalling \$6,746,833. This figure includes claims filed by the shareholder Gameloft SE (France) for unsecured advances, and Callaghan Innovation as identified in the attached SOA for advances made under a funding agreement.

The claim filed by Callaghan Innovation is disputed by the company directors and the liquidators are seeking legal advice in relation to that claim.

In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting other creditors' claims until such time as we are in a position to pay a distribution.

6 FUNDS / LIKELY OUTCOME

It is anticipated that there will be funds available for unsecured creditors, however at this stage it is too early to determine the level of that distribution. The distribution will be significantly less than the sum indicated in the first SOA which included out of date bank balances.

7 FURTHER REPORTING

The liquidators' next report is due 6 months after the date of appointment.

8 CONTACT DETAILS

Enquiries should be directed to Colin Sanderson on DDI (07) 838 0908 or by email to CSanderson@mvp.co.nz.

The 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
LIQUIDATOR

DATED this 3 day of March 2016

Gameloft New Zealand Limited Amended Statement of Affairs

Statement of Affairs for the above named company as at 5 February 2016 showing assets at estimated realisable values and liabilities expected to rank.

ASSETS SPECIFICALLY PLEDGED	<i>Estimated to Realise</i>	<i>Due to Secured Creditor</i>	<i>Deficiency Ranking as Unsecured</i>	<i>Surplus</i>	
<i>Securities registered on the Personal</i>					
<i>Property Securities Register</i>					
Ricoh Finance - Afficio Copier	-	-	-	-	
Estimated surplus / (deficiency) as regards specifically pledged assets	\$ -	\$ -	\$ -	\$ -	
ASSETS AVAILABLE FOR PREFERENTIAL CREDITORS			<i>Book Value</i>	<i>Estimated to Realise</i>	<i>Interim Report Amended Position</i>
Accounts receivable			2,500	-	
Bank account balances			2,337,975	2,337,975	299,848
Other Debt Receivable (see note 3 below)			1,074,723	Unknown	
Prepayments			18,457	-	
Total			3,433,655	2,337,975	299,848
<i>Less preferential creditors</i>					
Employees (holiday pay / wages / redundancy) Inland Revenue Department				131,782	191,891
Total				131,782	191,891
Estimated surplus as regards preferential creditors				\$2,206,193	\$107,957
ASSETS AVAILABLE FOR GENERAL SECURITY AGREEMENT HOLDER/S			<i>Book Value</i>	<i>Estimated to Realise</i>	
Estimated surplus from assets specifically pledged				-	
Estimated surplus as regards preferential creditors				2,206,193	107,957
Computer software & equipment (See note 4 below)			393,119	Withheld	withheld
Furniture & fittings (See note 4 below)			183,231	Withheld	withheld
Licences (See note 5 below)			62,269	-	-
Prepaid Tax			44,405	44,405	44,405
Total			683,024	2,250,598	152,362
LESS GENERAL SECURITY AGREEMENT HOLDER/S none registered				-	
Estimated surplus as regards General Security Agreement holders				\$2,250,598	\$152,362
Less deficiency as regards preferential creditors				-	
Surplus available for unsecured				2,250,598	152,362

AVAILABLE FOR UNSECURED CREDITORS	2,250,598	152,362
LESS UNSECURED CREDITORS (all rank equally on pro rata basis)		
Estimated deficiency as regards Secured Creditors	-	-
Estimated deficiency as regards General Security Agreement holders	-	-
Estimated deficiency as regards preferential creditors	-	-
Trade creditors	138,252	138,252
Shareholder advances - Gameloft SA France	2,039,359	3,034,964
Income Tax Liability	22,467	22,467
Callaghan Innovation (See note 6 below)	2,900,000	3,638,132
<i>Estimated (deficiency) as regards unsecured creditors</i>	<u>(\$2,849,480)</u>	<u>(\$6,681,453)</u>

Notes:

1. There is no unpaid capital liable to be called up.
2. The above estimates are subject to costs.
3. The amount owed may be subject to set off.
4. Estimated value withheld as its release may prejudice sale negotiations.
5. All licences and intellectual property are held by Gameloft SE France.
6. The liquidators are seeking legal advice on the admissibility of this claim.

Disclaimer of Liability:

The information contained in the Statement of Affairs has been supplied by the company. We have not verified the information supplied. The Statement of Affairs has been prepared for the purpose of the liquidation and we do not accept any responsibility on any grounds whatsoever, including liability in negligence, to any party.