

MOTION BUSINESS SOLUTIONS (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER G918/07:

REPORT OF THE JOINT LIQUIDATORS JOHANNES FREDERICK KLOPPER, PAUL DANEEL KRUGER & EDWIN RAMAPUPUTLA, IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS, MEMBERS & CONTRIBUTORIES TO BE HELD BEFORE THE MASTER OF THE HIGH COURT JOHANNESBURG ON TUESDAY 15 JULY 2008 AT 10:00AM

ORDER OF THE COURT AND MEETINGS

Nature of Liquidation	Application to Court
Date of liquidation	31 August 2007
Date of provisional Order	N/A
Date of Final Order	31 October 2007
Provisional appointees	JF Kloppe, PD Kruger & E Ramapuputla
Date of 1 st meeting of creditors	30 November 2007
Final appointees	JF Kloppe, PD Kruger & E Ramapuputla

GENERAL AND STATUTORY INFORMATION

Registrar of Companies

- 1 According to the Registrar of Companies the company was incorporated under registration number 1998/023014/07.

Registered Address

- 2 The registered address of the company is 145 9th Street Parkmore Sandton.

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Directors

3 It appears from my investigations the following persons consented to serve as directors:

3.1 Brett Le Strange Furlong

Share Capital

4 According to the records at our disposal the authorised share capital of the company is R1000,00 divided into 1000 ordinary shares par value shares of R1 each.

5 The issued share capital of the company is 100 ordinary par value shares of R1 each.

6 It appears from information on hand that the shareholding as at the date of liquidation was as follows:

6.1 100% - Brett Le Strange Furlong

Business of the Company

7 The main business of the company was the supply and maintenance of automated office equipment.

Auditors

8 The auditors of the company are George Kaidos CA SA.

STATEMENT OF AFFAIRS

9 We have not been place in possession of a Statement of Affairs as required in terms of Section 363 of the Companies Act No 61 of 1973

SECTION 402(a)

FINANCIAL STATEMENT OF ASSETS AND LIABILITIES

10 The following represents the assets and liabilities of the company at date of liquidation. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof.

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ASSETS

IMMOVABLE PROPERTY	NOTES	AMOUNT	AMOUNT
None			
MOVABLE ASSETS			
Motor vehicles	(a)		350,000.00
Office furniture and Equipment	(b)		1,500,000.00
Debts-claims against 3 rd parties (historical accounts receivable)	(c)		450,000.00
Loan to related companies	(d)		5,000,000.00
Service base- future income	(e)		3,100,000.00
Trademark	(f)		10,000.00
Capitalised rental book	(g)		2,000,000.00
Debtors- collections post liquidation	(h)		400,000.00
Stock in trade	(i)		420,000.00
TOTAL ASSETS			13,230,000.00
LIABILITIES			
Secured			
Mustek/CGIC	(c)(e)(g)(h)	1,350,000.00	
FNB	(c)(e)(g)(h)	3,950,000.00	
Preferent Creditors			
Receiver of Revenue (unknown)			
Salaries		2,500,000.00	
Concurrent Creditors			
Trade Creditors (estimated)	(j)	30,000,000.00	
TOTAL LIABILITIES		37,800,000.00	
DEFICIT			24,570,000.00

NOTES

The statement of assets and liabilities must be read in conjunction with the following notes:

Motor Vehicles

- (a) According to the company's records it appeared that the company owned a number of motor vehicles, whilst it transpired upon investigation that most of these vehicles are in fact not assets of the company. The value reflected above is the value of the vehicles which the liquidators have identified as assets of the company.

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Office Furniture & Equipment

- (b) The liquidators have obtained a formal valuation of the office furniture and equipment and in terms of the agreement of sale, referred to in (j) below these assets will be acquired at the stated value.

Historical service book debts collected

- (c) This item specifically refers to amounts that were due to the company in liquidation as at the date of liquidation. It should be noted that the records of the company reflected different information regarding the amounts receivable and accordingly the liquidators employed the services of an outside consultant to evaluate the "recoverability" of these historical debtors.

The report received indicated that it was highly unlikely that any of the debts are recoverable.

In terms of the agreement of sale referred to in (j) below the purchaser will acquire all rights in and to these claims for the stated value and will collect them for its own account.

Loans to related companies

- (d) The audited financial statements of the company as at 28 February 2006 (the last audited statements) indicate loans to related companies amounting to R11, 008,700.00. It is unlikely that the liquidators will be able to recover these amounts in full and estimate recovery at best at R5, 000,000.00.

Service Base-agreement

- (e) Shortly prior to liquidation the company disposed of all its rights and obligations in respect of a number of Service level Agreements to OEP Office Equipment Products (Pty) Ltd ("OEP"). The liquidators duly informed OEP that they consider the agreement to be null and void.

OEP have agreed to acquire these rights from the liquidators in terms of the agreement of sale referred to in (j) below at the stated value.

Trade Mark

- (f) OEP have agreed to acquire these rights from the liquidators in terms of the agreement of sale referred to in (j) below at the stated value.

Capitalised Rental book

- (g) This asset was fairly valued by Absa at R2, 000,000.00. OEP have agreed to acquire these rights from the liquidators in terms of the agreement of sale referred to in (j) below at the stated value.

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Debts collected

- (h) The liquidators have collected R400, 000.00 from a variety of debtors.

Stock in trade

- (i) OEP have agreed to acquire the stock, fairly valued, from the liquidators in terms of the agreement of sale referred to in (j) below at the stated value.

Proposed sale

- (j) The liquidators have received an offer from Terence McClintock to acquire the following assets of the company:
- Trademark
 - Capitalised rental Book
 - Movable assets (excluding vehicles)
 - Stock in trade
 - Outstanding debtors
 - Service Base

For a total purchase consideration of R7, 480,000.00. The liquidators are confident that the offer is for value and intend accepting the offer once authorised to do so by creditors.

*These figures do not take into account any costs of administration and are
subject to change and/or modification.*

SECTION 402 (b)

CAUSES OF THE COMPANY'S FAILURE

- 11 The Managing Director attributes the failure of the company to the fact that the company was unable to effectively administer its business. Its "back office" support was simply inadequate and accordingly management was unable to manage the company.

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The liquidators are of the view that the business model of the company was fundamentally flawed and management's aggressive marketing and "sign the client up at all cost"- approach could simply not be sustained.

It would appear from our investigations that the business was badly managed in that no proper books and records were kept. An example of such bad management was that the company's bank account had for instance not been reconciled since 2005.

The liquidators were confronted with debtors listings varying from R9,000,000.00 to as little as a few Hundred Thousand rand, making the collection of the debtors impossible.

It should be noted that an full audit of the company's financial statements as at February 2006, were signed off by both the director and auditor, in spite of the apparent lack of proper books and records.

SECTION 402(c)

REPORT TO THE MASTER IN TERMS OF SECTION 400(2) OF THE COMPANIES ACT

- 12 Considering what is stated above a report in terms of this section will be submitted to the Master of the High Court.

SECTION 402(d)

PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

- 13 At this stage it is not known whether the former director or officer of the company can be held personally liable for the debts of the company.
- 14 It might be that the company's affairs were conducted in reckless manner and a report will be submitted, should it become necessary.

SECTION 402 (e)

LEGAL PROCEEDINGS

- 15 We have no knowledge of any legal proceedings pending by or against the company, save for normal debt collection and CCMA actions.

SECTION 402(f)

ENQUIRY

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- 16 Based on information at our disposal at present the liquidators do not intend to hold an enquiry. Creditors will be informed if the liquidators decide to proceed with an enquiry into the affairs of the company.

SECTION 402(g)

BOOKS AND RECORDS

- 17 The books and records found at the offices of the company do not comply with the provisions of the Act.
- 18 The company's banking account had not been reconciled for many months before the company's liquidation. The last reconciliation had been done in September 2005.

SECTION 402 (h)

PROGRESS AND PROSPECTS OF WINDING UP

- 19 The liquidators intend concluding the sale of the assets of the company referred to above pursuant to the adoption of the resolutions referred to below and will continue to investigate claims the company may have against 3rd parties.

ESTIMATED DIVIDEND

- 20 At present it appears that only the secured and preferent creditors are likely to receive dividends.
- 21 The joint liquidators will advise concurrent creditors if the prospect of a dividend herein arises. This all depends on the extent of the liquidators' recovery of the claims against related companies and 3rd parties as a consequence of which concurrent creditors may receive a small dividend

SECTION 402(i)

MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

- 22 Such directions as are required of creditors are contained in the draft resolutions numbers 1 – 13 which is submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

LEASES

- 23 It appears that various lease agreements were entered into. All these lease agreements have been cancelled either explicitly or by operation of law.

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SIGNED at SANDTON on this _____ day of MARCH 200.....

J F KLOPPER

PD KRUGER

E RAMAPUPUTLA

JOINT LIQUIDATORS

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RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MASTER OF THE HIGH COURT, JOHANNESBURG, ON TUESDAY, 15 JULY 2008 at 10 am.

RESOLVED THAT:

- 1 The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidator"), as submitted be received and adopted and all his actions referred to therein be and are hereby confirmed, ratified and approved.
- 2 All actions of whatsoever nature heretobefore taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved.
- 3 The Liquidator be granted the authority and is vested with all the powers mentioned in Section 386(4)(a) – (i) of the Companies Act No 61 of 1973, as amended, such powers to be exercised at his sole and absolute discretion.
- 4 The Liquidator be and is hereby authorised in his sole and absolute discretion to:
 - 4.1 Take legal advice on any question of law affecting the administration and distribution of the company;
 - 4.2 Institute or defend on behalf of the company any action or other legal proceedings of a civil nature for the recovery of monies due to the company or otherwise and subject to the provisions of any law relating to criminal procedure, institute any criminal proceedings;
 - 4.3 Hold any enquiry into the affairs of the company and/or any matter relating thereto;
 - 4.4 Investigate and institute legal proceedings for the recovery of any voidable or undue preferences, voidable dispositions of property or any other impeachable transactions of whatsoever nature and to abandon same at any time;

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- 4.5 Write up the books of the company as may be required, and if necessary, to produce a balance sheet, audited or not, as at the date of liquidation, either for the purpose of investigating the affairs of the company, establishing the claims of creditors, or any other purpose.
- 5 The Liquidator be and is hereby authorised in his sole and absolute discretion to employ and engage the services of attorneys and/or counsel (senior and/or junior) and/or accountants and/or bookkeepers and/or any employee of the insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidator may be of assistance in the winding-up of the company in relation to any matter referred to in 4 above and further to pay all the costs thereof of whatsoever nature out of the estate as costs incurred in the liquidation.
- 6 The Liquidator be and is hereby authorised to collection any debts due to the company and for the purpose thereof to sell or compound or compromise any of these debts for such sum and upon such terms and conditions as he in his sole discretion may deem fit, and to accept any part of the debt in settlement thereof, and to grant an extension of time for the payment of any such debt, and to abandon any debt which he in his sole discretion may deem to be irrecoverable.
- 7 The Liquidator be and is hereby authorised to dispose of any movable and immovable property of the company, whether in his possession or under his control now or to come into his possession or under his control in the future by public auction, private treaty or public tender upon such terms and conditions as he in his sole and absolute discretion shall determine and to abandon any such assets for which he can find no purchaser or abandon them to a secured creditor at the value placed thereon by such creditor or at such value as is agreed upon by the Liquidator and the creditor if such creditor's claim is secured by such assets and to sign all such documents as may be necessary to give effect to such disposition.
- 8 The Liquidator be and is hereby authorised and empowered in his sole discretion to compromise and admit any claim against the company of whatsoever nature and howsoever arising and whether disputed or not and whether actual, contingent, prospective, conditional, unconditional, assessed, unassessed, liquidated or unliquidated as a liquidated claim in terms of Section 78(3) of the Insolvency

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Act No 24 of 1936 as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended, at such amount as may be agreed upon by the Liquidator, provided that proof thereof has been tendered at a meeting of creditors.

- 9 The Liquidator be and is hereby authorised to make application for the destruction of books and records of the estate six months after the confirmation of the Final Liquidation and Distribution Account.
- 10 The Liquidator be and is hereby authorised to perform any act or exercise any power for which he is not expressly required by the Companies Act No 61 of 1973, as amended, to obtain the leave of the Court.
- 11 The Liquidator be and is hereby authorised to submit to the determination of arbitrators any dispute concerning the company or any claim or demand by or upon the company.
- 12 The Liquidator be and is hereby authorised to carry on or discontinue any part of the business of the company insofar as may be necessary for the beneficial winding-up thereof.
- 13 The Liquidator be and is hereby authorised to exercise *mutatis mutandis* the powers conferred upon a Liquidator by Section 35 (uncompleted acquisition of immovable property before liquidation) and 37 (effect of liquidation upon a lease) of the Insolvency Act No 24 of 1936, as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended.
- 14 The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

q.q. CREDITORS