

Yoav Kfir, CPA

Liquidator of Adamind LTD (In voluntary liquidation)

At VAR MANAGEMENT

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To: The shareholders of Adamind Ltd. (in liquidation)

Date: 25 January 2011

Report on liquidation 31.10.2009 – 31.10.2010

According to section 337 (b) of the Israeli Companies' Ordinance (new form) 1983, a liquidator must present to the shareholders of a company in voluntary liquidation a report each year (or sooner) following commencement of the voluntary liquidation process.

This document provides a report on the voluntary liquidation process in the past year.

Adamind Ltd. (in liquidation) (hereinafter '**Company**' or '**Adamind**') commenced liquidation on 27.08.2008. As stated above, the Company is also required to present to its shareholders at least once a year following the commencement of the voluntary liquidation process, a status report. This report on the status of the voluntary liquidation process will therefore be presented to shareholders at the Annual General Meeting which will be held on 25 January 2011.

Future reports will be submitted a year (or sooner) following this report or, upon the completion of the voluntary liquidation process, at the final Extraordinary General Meeting.

Forward Looking Statements

This report contains historical information and forward-looking statements with respect to the business and financial condition of the Company. This report also includes an overview of past operations and status of the Company and an overview of open issues and future tasks, as well as a cash flow analysis for the period 31.10.2009 to 31.10.2010. The words "believe," "expect," "intend," "plan," "should" and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views, assumptions and expectations of the Company and/or liquidator with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these factors or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results of the voluntary liquidation process may vary materially from those described herein as anticipated, believed, estimated, expected, intended, planned or projected. The Company and liquidator do not intend or assume any obligation to update these forward-looking statements.

General overview of winding down process of Company

1. Substantially all of the Company's tangible and intangible assets were sold during April 2007 to Mobixell Networks (Israel) Ltd. (a subsidiary of Mobixell Technologies Inc.) for a consideration of \$5.5M in cash (the "Asset Sale").
2. The Company and certain of its directors and officers were investigated by the Financial Services Authority ("FSA") until September 2007 when the FSA informed the Company that it had decided to discontinue its investigation against, and that it had no intention of taking action against, the Company or any of its officers and directors in relation to the matters underlying such investigation.
3. Company legal structure included an Israeli parent-company traded on the AIM, and United States and Hong Kong wholly-owned subsidiaries. Both subsidiaries were dissolved in late 2007 whereby the Israeli parent company assumed the liabilities of the United States subsidiary.
4. Company commenced with voluntary liquidation process on 27.08.08 and Yoav Kfir, CPA, was nominated as liquidator.
5. An approximate amount of \$19M was distributed to the Company's shareholders during April 2008. An additional amount of \$2.1M was distributed in December 2009
6. Approval to distribute taxes that were withheld from the first distribution was granted in May 2009.

Activities in report period (31.10.09 to 31.10.10)

Major events in the report period include the following:

1. Massive work relating to shareholder issues and Company registrar resulting from the tax distribution of sums withheld at first distribution.
2. Work related to repayment of equity distribution that was declared in November 2009 at a sum of \$2.1M
3. Review, discussion and acquisition on 26.12.2010 of a 1 year insurance policy.
4. Board of directors resigned in November 2009, to save costs of the liquidation process, whereby two past board members, Mr. Rami Guzman and Dr. Orna Berry, were appointed to serve as a special liquidation committee.
5. Money management in bank deposits in both Company banks- HSBC New York and Poalim, Israel –and closure of HSBC account to save ongoing costs.
6. Ongoing bookkeeping and reporting to various tax authorities including work on refunds of past VAT payments related to past periods. Other ongoing issues.

Below you may find a cash flow of operations for the period 31.10.2009 - 31.10.2010

<u>Condensed Statements of Cash Flow for the period from October 31, 2009 through October 31, 2010</u>		
Open balance as of 31/10/2009		\$4,589,193

<u>Received</u>		
VAT		\$42,135
Total received		\$42,135
<u>Payments</u>		
Shareholders		\$1,910,078
Directors		\$97,476
Others & Tax		\$166,215
Insurance		\$158,000
Financial and currency exchange expenses		\$89,641
Total Payments		\$2,421,410
Total cash as of 31/10/2010		\$2,209,918
Cash (\$)		\$1,615,834
Cash (held in Pounds Sterling)*		\$594,083
Total cash		\$2,209,917
Allocated to shareholders from previous distribution		\$485,979
Net balance of cash belonging to Adamind Ltd. as of Oct. 31, 2010		\$1,723,938

<u>Shareholders</u>	
Open Balance	£269,938
Declared Dividend	£1,276,906
Payments to shareholders	-£1,241,120
Total Cash Shareholders 31/10/2010	£305,724

Current status and future operations

1. Past distribution of funds to shareholders:
Due to certain procedural issues and other matters related to specific shareholders, an outstanding sum of \$485,979 from past distributions was not collected by the designated shareholders. The liquidator and liquidation team are working with those shareholders, Capita Registrars, Corfin Public Relations, bookkeepers and legal advisors as well as the liquidation special committee to resolve these issues and enable the distribution of these funds.
2. US tax exposure:
As per previous communications and reporting, the Company has an exposure of approximately \$1M (based on updated analysis prepared by the Company's auditors, Ernest & Young) to the United States tax authorities (IRS) for intercompany transactions between the Israeli entity and United States subsidiary. The Company engaged several other experts to try and either pay or remediate the exposure with no success. The liquidator received a letter from the auditor for Adamind Inc., attached hereto as Appendix A, stating that

the IRS is required to assess tax within 3 years of the date that the tax return was filed. For the final 2007 tax return, the IRS will have until April 8, 2011 to make any assessments for the return.

Should no action be addressed to the Company on or before 08.04.2011, it is the Company's intent to distribute all remaining funds to its shareholders as a return on capital for the final distribution immediately after such date.

The exact amount to be distributed will be determined shortly before the final distribution.

3. Open issues after the final distribution include the following:
 - a. Clearance of all cheques and bank transfers as well as dealing with specific issues that will prevent a speedy clearance thereof
 - b. Payment of all expenses and costs to all vendors and service providers
 - c. Closure of VAT files and other tax files
 - d. Closure of bank account
 - e. Procedures relating to final EGM
 - f. Final EGM and dissolution

The liquidator believes such processes will last for a few months following the final distribution and are projected to be complete before the end of 2011.

Regards,

Yoav Kfir, CPA (Israel),
VAR Business Management Ltd
Liquidator for Adamind Ltd. (in liquidation)

SAGENT
M A N A G E M E N T

698 Tasman Drive • Milpitas, California 95035 • 408.263.1040 *phone* • 408.263.1044 *fax*

November 15, 2010

Re: Company: Adamind Inc.
 FEIN: 30-0283331

To Whom It May Concern:

Adamind Inc. (the "Company") filed its 2007 final tax return on April 8, 2008. The Company concluded all business activities as of December 8, 2008.

Pursuant to Section 6501(a) of the Internal Revenue Code, the IRS is required to assess tax within 3 years of the date the tax return was filed. For the final 2007 tax return, the IRS will have until April 8, 2011 to make any assessments for the return.

Should you have any questions, please contact me at (408) 263-1040.

Yours truly,



Leo Yen
President, CPA

C o m p r e h e n s i v e T a x a n d F i n a n c i a l S e r v i c e s