

Yoav Kfir, CPA –Liquidator of
Backweb Technologies, Ltd. (in voluntary liquidation)
At Var Management

Report by the liquidator of Backweb Technologies, Ltd. (in voluntary liquidation) to the annual shareholders meeting, May 24th, 2018

To: Shareholders of Backweb Technologies, Ltd. (in voluntary liquidation)
(hereinafter: “**the Company**”)

This report is presented to the general meeting of the Company’s shareholders under Article 337(b) of the Companies Ordinance (New Version), 5743-1983 (hereinafter: “**the Ordinance**”), according to which if the liquidation continues for more than one year the liquidator shall convene a general meeting at the end of the first year from the start of the liquidation, and at the end of every year thereafter, and shall present to the meeting a report on its activities and business and the liquidation process during the preceding year.

Background

The Company entered into voluntary liquidation on March 6th, 2014, and the undersigned was appointed as liquidator for the purpose of dissolving the Company and dissolving the subsidiary company in the United States.

The Company ceased its activity in 2011 and up until 2013 it continued with a legal proceeding against the illegal use of the Company’s patents.

The Company is a public company that was previously traded on the NASDAQ Stock Market. Trading ceased on November 7th, 2014.

On March 7th, 2017 a Liquidator Report was submitted for the following period until December 31st, 2016. This Report reflects the period of Jan 1st, 2017 to May 3rd, 2018.

Below is information regarding the Company and the activities carried out since the last meeting:

1. Financial status

1.1 The Company’s cash flow statement is attached hereto as **Appendix A**.

- 1.2 As specified in the previous report of the liquidator of the Company:
 - 1.2.1 The Company filed financial statements and a tax adjustment statement with the tax authorities up to and including 2014.
 - 1.2.2 The Company underwent an assessment audit by the Income Tax Authority for 2011-2014.
 - 1.2.3 As part of the contacts with the Income Tax Authority conducted by the Deloitte, Company's auditors and the liquidator's office, an assessment agreement was signed, whereby Company losses were offset and cleared, and losses totaling NIS 1 million were carried over to 2015. In addition, The Company's liquidator signed the agreement in light of its approval by the Deloitte that there should not be an additional tax liability in respect of those years.
- 1.3 During the period of this report, the Company's liquidator was conducting discussions with the tax assessment office in order to close the file. If necessary, audited reports will be submitted on behalf of the Company, for the years 2015-2018.

2. Distribution to shareholders

- 2.1 During 2015 the Company's liquidator distributed to shareholders the sum of \$9 million, which constituted \$0.27 per share.
- 2.2 On April 12th, 2018, the Company's liquidator issued a notice to the shareholders regarding the final distribution which is expected to take place during September 2018, whereby the shareholders of the Company are expected to receive \$ 0.014 per share.
- 2.3 Shareholders that did not receive their funds during the previous distribution for various reasons, will receive their funds in this distribution along with funds from the current distribution.

3. The office of the Chief Scientist

- 3.1 In the course of its activity a file was opened for the Company with the Temura Fund of the Office of the Chief Scientist in the Ministry of Justice (hereinafter, "**the OCS**"), and the Company was awarded grants in accordance with Israel's R&D Law.
- 3.2 After a long process on behalf of the Liquidator to close the company's file, the OCS demanded an amount of \$150K. Following long communications with the OCS an understanding has been reached that a final authorization on Company's file closure will be granted after

receiving the Liquidators' final report. Attached as **Appendix B** the correspondence with the OCS regarding the |Company's file closure.

4. Subsidiary

- 4.1 The US wholly owned subsidiary registered in the State of Delaware filed final reports with the relevant authorities.
- 4.2 With the assistance a local attorney, the undersigned acted to dissolve the subsidiary and to its files in additional states where it operated – California, New York, Texas and New Jersey.
- 4.3 As specified in the previous liquidator report. The US subsidiary was dissolved in Delaware on April 3rd, 2015, as well as in the States of California and New York.
- 4.4 During the period of this report the US subsidiary was liquidated also in the States of Texas and New Jersey, Attached as **Appendix C (1-3)** is a confirmation of the company's liquidation in Texas and New Jersey.

Respectfully yours,

Yoav Kfir, CPA

Company Liquidator

Backweb Technologies, Ltd.

(In voluntary liquidation)