

Ad hoc release

Metis Capital Ltd.: Metis receives Statement of Claim from Mirage and Liquidation Application for Ofakim by Moni Harel

Tel Aviv/ Israel – June 02, 2008 – Metis Capital Ltd. (Prime Standard: EIC; TASE: MTSC) hereby announces the following:

1. In the Company's immediate report of the 4th of February 2008, Metis Capital Ltd. announced that Mr. Gad Ze'evi and Mirage Israel Development Ltd., a company under Ze'evi's control, had approached Mr. Amnon Barzilai, controlling owner of Metis Capital Ltd., with various claims from which it could be understood that the association between Barzilai and Shimon (Moni) Harel, as stated in the immediate report of the 10th of January 2008, allegedly constitutes a breach of the provisions of the agreement between Barzilai and between Ze'evi and Mirage Development of the 27th of February 2007, and therefore, they are interested in the appointment of an arbitrator to arbitrate the differences of opinion.
2. On the 1st of June 2008, Metis Capital Ltd. received a Statement of Claim filed before the arbitrator, according to which Ze'evi and Mirage Development are suing Barzilai and the Company for enforcement of the agreement, the disclosure of documents, and financial compensation totaling NIS 192.1 million.

In accordance with the Statement of Claim, Ze'evi and Mirage Development repeat the claims that the association between Barzilai and Mr. Shimon (Moni) Harel constitutes a breach of the provisions of the agreement between Barzilai and Ze'evi and Mirage development of the 27th of February 2007. Furthermore, Mirage and Ze'evi claim that the Defendants caused the thwarting of the capital raising proceedings at Japan Auto Holdings Ltd., a subsidiary company (50%) of the Company, totaling some NIS 150 million, a significant part of which was intended to pay off ownership loans that the Plaintiffs made available to Japan Auto Holdings, totaling some NIS 47 million, and which would have brought additional significant growth in the value of the Plaintiff's holdings in Japan Auto Holdings.

3. Barzilai and the Company gave the Statement of Claim to their legal counsel representing them in these arbitration proceedings to handle.
4. In the Company's estimation, there is no substance to the claims raised against it in the Statement of Claim and it will relate to it in the framework of the arbitration proceedings.

5. In its immediate reports dated May 15 2008, Metis Capital Ltd. announced that a business dispute existed between the Company's controlling parties, Amnon Barzilai and Shimon (Moni) Harel, who control the Company indirectly through a private company known as Ofakim Capital Ltd.
6. On June 1 2008, Barzilai informed Metis Capital Ltd. of the liquidation application submitted to the Tel-Aviv-Yafo District Court, according to which Harel and S. Harmon Holdings and Assets Ltd., a private company controlled by Harel holding a portion of Ofakim's shares (98 out of 198 shares), intend to order the liquidation of Ofakim, based on the claim that Ofakim failed to uphold its obligation to repay a loan granted by Harel and that it is insolvent, as well as from reasons of justice and honesty and due to the loss of trust between Barzilai and Harel.
7. Alternatively, a request was submitted to the Tel-Aviv-Yafo district court by Harel and S. Harmon to order an elicitation between Ofakim's controlling parties, in which the entirety of Ofakim's shares will be sold to the highest bidder.
8. Concurrent with the liquidation application, Harel and S. Harmon have presented the Tel-Aviv-Yafo District Court with a request for a temporary restraining order instructing Barzilai and SMS (Schiffer Marketing Services) Investments Ltd., a private company controlled by Barzilai holding 100 of Ofakim's shares, to refrain from selling any of the Company's shares, encumbering them or disposing of them in any other irreversible manner, as well as making any changes in Ofakim's procurators. In addition, the Court was asked to rule that any disposition and/or change in the Company's shares occurring after the application was submitted and until a decision was reached on the subject be declared void and legally invalid.
9. Barzilai believes that Harel's claims are baseless, and he will respond to the Court's request via legal counsel.

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