

## Ad hoc release

### **Metis Capital Ltd.: Put Option for shares in Japan Auto**

**Tel Aviv/ Israel; April 16, 2008 – Metis Capital Ltd.** (Prime Standard: EIC; TASE: MTSC) is announcing that it and Mirage Development Israel Ltd. signed, on April 15, 2008, an agreement relating to Japan Auto Holdings Ltd., a subsidiary in which the Company and Mirage Development each hold 50% of the issued and paid up share capital, whereby:

- a. The parties will take joint action to convene a meeting of the Board of Directors of Japan Auto by April 15, 2008, on the agenda of which will appear the matter of the offering of Japan Auto on the basis of its financial statements as of December 31, 2007, and the distribution of dividend in the maximum amount possible, according to the undertakings that were given to the holders of the Debentures (Series A) of Japan Auto.
- b. The parties will support the passing of resolutions and the implementation thereof, to the extent they pertain to any of them or require the approval thereof to the extent the resolutions are for the benefit of the Company and its shareholders, and subject to any law.
- c. In the event of the dividend mentioned being distributed and an offering of share capital, option warrants and debentures of the Company being offered to the public, the Company will be granted a put option whereby the Company will be entitled to obligate Mirage Development by the end of a period of 18 months from the date of the making of the offering to which the sub-paragraph (a) relates, to purchase from it all the Company's holdings in Japan Auto according to a company value of 380 million NIS provided that from the date of the signature of this agreement until the date of the exercise of the Option, no shares of Japan Auto will be sold by the Company which are held by it and/or will be transferred to any third party whatsoever. Such value of Japan Auto will be adjusted in circumstances where a distribution of dividend will be made (except for the dividend to which sub-paragraph (a) above relates) in Japan Auto and/or in circumstances in which a change in the capital structure of Japan Auto occurs.
- d. On the date of the completion of the Option transaction, Mirage Development will acquire the balance of the owner's loan of the Company to Japan Auto, in the sum that will appear in Japan Auto's books for the time being.

- e. The monies that will be raised under the offering to the public will be applied in repaying to the maximum the owner's loan according to the terms of the Debentures (Series A) of the Japan Auto, as determined by the general meeting of the holders of the Debentures of Japan Auto, of December 30, 2007.

Pursuant to the foregoing, the Board of Directors of Japan Auto approved, on April 15, 2008, the filing of an up-to-date draft prospectus with the Securities Authority on the basis of financial statements as of December 31, 2007. In addition, the Board of Japan Auto approved the distribution of dividend to its shareholders in the sum of 16,384,000 NIS, on April 29, 2008, constituting 18.29796% of the issued and paid-up share capital of Japan Auto.

The Company and Mirage Development undertook to grant Japan Auto, prior to effecting the actual distribution, promissory notes according to which, to the extent Japan Auto will need in the future further financial resources in order to meet its future obligations, they will provide the necessary monies to Japan Auto immediately upon its demand, up to the amount of the dividend that has been distributed to them, pro rata, as a loan on the conditions of the existing owners' loans. To the extent Japan Auto raises capital from an offering of its shares by prospectus to the public, the promissory notes will be cancelled and returned to the Company and Mirage Development.

The balance of Japan Auto's profits before the distribution, as defined in section 302 of the Companies Law, 5759-1999, is the sum of: 56,422,000 NIS.

The balance of Japan Auto's profits after the distribution, as defined in section 302 of the Companies Law, 5759-1999, is the sum of 40,038,000 NIS.

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