

Ad hoc release

Metis Capital Ltd.: Negotiations to sell holdings in Japanauto and G.T. Spare Parts Trading

Tel Aviv/ Israel – August 28, 2008 – Metis Capital Ltd. (Prime Standard: EIC; TASE: MTSC) hereby announces that it has signed a document of understanding between it and Granite Hacarmel Investments Ltd. ("Granite"), pursuant to which the parties agree to conduct negotiations with a view to reaching an agreement, according to which Granite would acquire from the Company its holdings in the shares of Japanauto Holdings Ltd. ("Japanauto Holdings") and G.T. Spare Parts Trading Ltd. ("G. T.") (which are held by the Company at a rate of 50% each), in return for the amount of 230 million NIS and for full repayment of the loans from shareholders, which the Company has made available to Japanauto Holdings (whose balance as of 30.6.08 stands at a total of about 55 million NIS), and all by 30.9.08. The consideration, as well as the entry into an engagement by the above agreement, shall be subject to the results of the due diligence examinations that shall be performed by Granite and also in accordance with the final terms of the agreement and to the approval of the parties' boards of directors. Should said due diligence examinations not be completed and/or if a detailed agreement should not be signed by 30.9.08, the times shall be extended till 31.10.08. Should such detailed agreement not be signed up until the dates mentioned above, neither of the parties shall raise any grievances towards each other. The Company warranted that during the interim period it would not conduct negotiations with any third party for the purpose of selling the shares of Japanauto Holdings and G. T. held by it, all or some of those, concerning any investment in their capital or with a view to a merger.

The transaction shall be subject to the right of first refusal and the right conferred upon Mirage Israel Development Ltd. to join the transaction pursuant to the shareholders' agreement entered into between the Company and Mirage Israel Development Ltd.

For further information, please contact:

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