

Metis Capital Ltd.: Applications from Barzilay

Tel Aviv/ Israel; July 23, 2008 – Metis Capital Ltd. (Prime Standard: EIC; TASE: MTSC) announces that on July 22nd, 2008 the Company and Japan Auto Holdings Ltd. - a subsidiary, in which Metis holds half of the issued capital share, the other half is held by Mirage Development Israel Ltd. - received separate applications from Amnon Barzilay, the Chairman of the board of directors of Metis, as well as its controlling shareholder and the Chairman of the Japan Auto's board of directors.

Attached to those applications was a copy of the statement of claim filed by Gad Zeevi and Mirage Development Israel Ltd. against Metis Capital Ltd. and Barzilay as part of an arbitration procedure, as indicated in the immediate report dated June 1st, 2008. The claim is, among others, for a financial compensation in the amount of about 192 million NIS.

By Barzilay's account, false pretenses are made against him in said statement of claim, which are included under the letters of exemption and indemnification delivered to him from Metis and Japan Auto, and he is consequently entitled to receive indemnification from both on account of this procedure. Barzilay accordingly requests Metis and Japan Auto, each separately, to do the following:

1. To give notice to the insurance company where it took out its directors and officers policy, pursuant to which the above-mentioned lawsuit was brought against him.
2. Without derogating from the insurance arrangement and the policy terms - to indemnify him for all the expenses, costs and claims that he is required or shall be required to pay in the future.

As the Company pointed out in the Annual Report 2007 the Company's audit committee and board of directors as well as the General Meeting of the Company approved in 2005 the grant of exemption to the Company's directors and officers (including the Chairman of the Board of Directors), as well approved the giving of an undertaking to indemnify directors and officers in the Company up to the amount of 10 million dollars and the issue of letters of indemnification to directors and officers of the Company, and all subject to the provisions of the Companies Law.

The Company's audit company and board of directors approved in 2006 the acquisition of directors and officers liability policy on account of any liability that would be imposed upon them as a result of an act, omission or any action they had performed or would perform by virtue of their position as officers in the Company, in its subsidiaries and/or the companies held by it with regard to all the directors and officers in the Company, including the Chairman of the Company's board of directors, Amnon Barzilay. The insurance cover in the Policy Thus Acquired is for the maximum limit amount of up to 15 million dollars per claim, whereby said amount limit shall also be calculated cumulatively for the entire insurance period.

At the same time an application from Mirage Development Israel Ltd. was received at Japan Auto, according to which it was asserted that a considerable part of the provisions of the statement of claim against Metis and Amnon Barzilay had no bearing at all upon Barzilay's term in the office as Chairman of Japan Auto's board of directors. With regard to the rest of the lawsuit he was not entitled to any indemnification from Japan Auto. Nonetheless, it does not object to Barzilay's letter being forwarded and brought to attention of the insurance company, together with the response given by Mirage.

The Company is currently examining Barzilay's application and weighing its own response to it.

For further information, please contact:

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