

Metal-Tech Ltd

2008 H1 Results

A Year of Transformation

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What we do

- We produce Tungsten, Molybdenum & other specialty metals and metal powders. These are used in the:
 - Stainless steel and specialty steel alloys
 - Cutting tool industries
- We convert low grade raw materials and industrial waste through hydrometallurgical processes into higher added value metal oxides & metal powders
- We are an international business with significant sales in Europe, Korea, USA, Japan and other parts of the world



Strategic Re-alignment and Focus

- Focus on:
 - Metal production from low grade raw material (Moly / Tungsten)
 - Metal recovery from slag dumps and other waste streams
 - Strategy for increasing tungsten scrap recycling under development
 - Recycling of metal contained in spent oil refining catalysts
- Exit from non-core businesses:
 - Mine development
 - Metal trading
- De-risking by diversifying its current business development activities to include the Americas
- Focused attention on transformational business opportunities



2008 H1 Overview

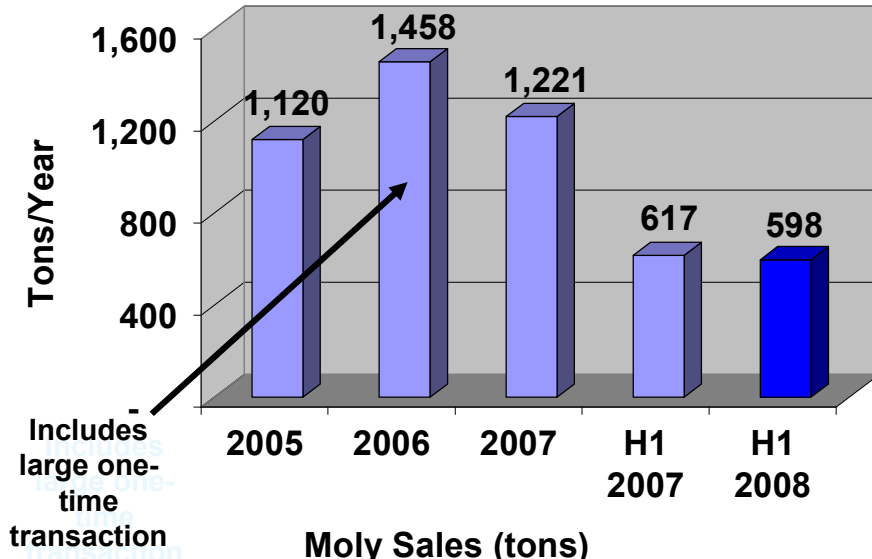
- Building management team for growth
- Focus on leveraging proprietary technology
- Increased R&D investment, in support of new business initiatives
- Higher than expected costs in Mongolian plant
- Transformational business opportunities progressing well
- Moly, Tungsten markets continued to be strong

Preparing company for increased growth

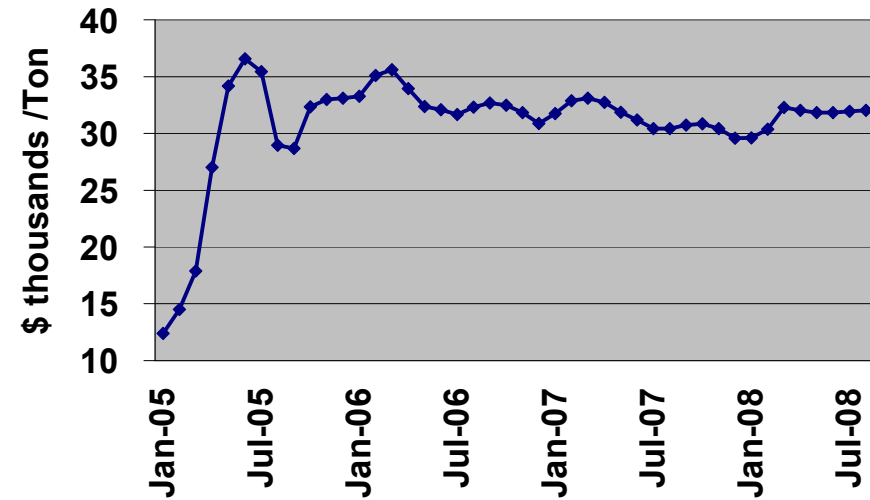


Markets

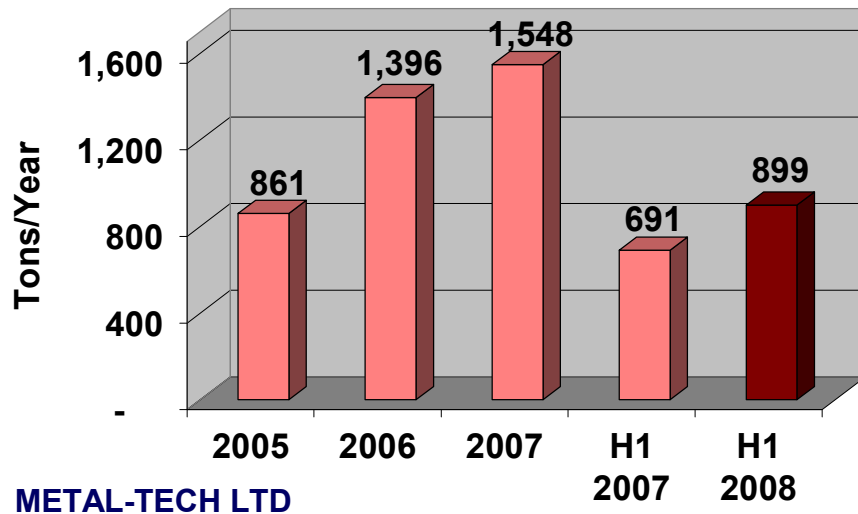
Tungsten Sales (tons)



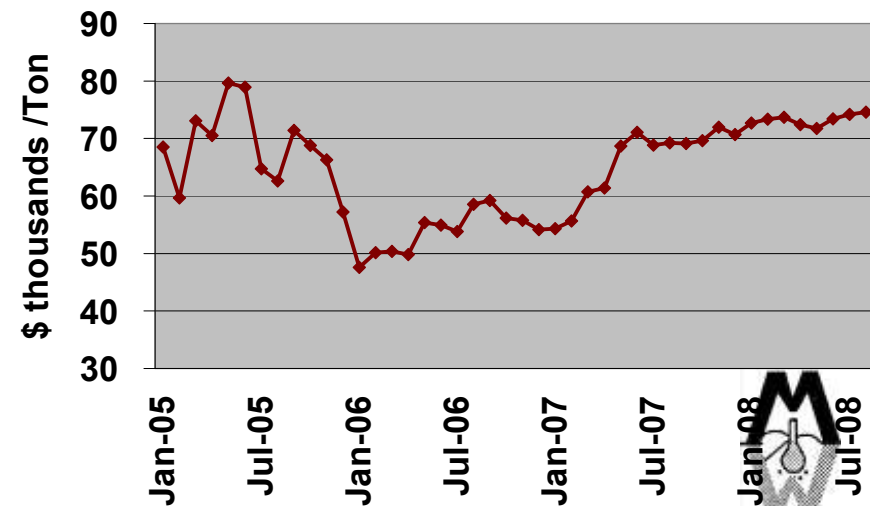
Tungsten Price



Moly Sales (tons)



Moly Price



METAL-TECH LTD

Management changes

- Process of re-invigoration started in 2007, still continuing
- Building a team capable of delivering Metal-Tech's true potential
- Management additions in 2008 all with international, larger company track record:

<u>Position</u>	<u>Credentials</u>
CEO	Previous CFO of Bateman Engineering N.V., internationally recognized metals and mining engineering firm.
VP Bus. Dev.	Previously Head of M&A at Bateman Engineering N.V., prior experience at US investment banks
VP Eng.	Head of Project Management at global process manufacturer, oversees \$100m annually in plant expansions (to be announced)
VP R&D & Technology	R&D Management at global companies, five MSc. degrees (to be announced)
VP & General Counsel	Previously General Counsel at global Israeli company with operations in 130 markets. Specialty in Intellectual Property and International Business.



R&D: Transformation to a technology-driven company

- Increased investment in R&D to support the development of additional proprietary technologies and know-how
- Metal recovery from spent oil refining catalysts:
 - Industrial scale pilot well advanced
 - Evaluating the potential for the establishment of a processing plant
- Metal recovery from waste streams (slag dumps and tailings):
 - Innovative hydrometallurgy process for slag (Codelco) to begin pilot testing
- Multi elements hydrometallurgy recovery process
 - Industrial pilot in operation

**Developing and leveraging proprietary technology
and know-how**



Mongolia

- Mongolian plant has experienced operational challenges
 - Impacted the quantity produced, relative to the plant's designed capacity
 - Negatively impacted quality
- Progress being made on resolving these issues
- Cost inflation
- September production returning to normal

Plant performance returning to normal



Codelco Slag Project

- Development of an economically attractive technological process to treat Codelco's slags
- 1 of 5 parties qualified as technology developers
- Significant commercial potential from the recovery of Copper and Molybdenum from over 2.7 million tons of slag annually
- Involves the implementation of a ~18 month technological development program
- Terms of JV agreed with Elecmetal; amply recognizes the contribution of its technology

Significant technology risk but highly rewarding opportunity

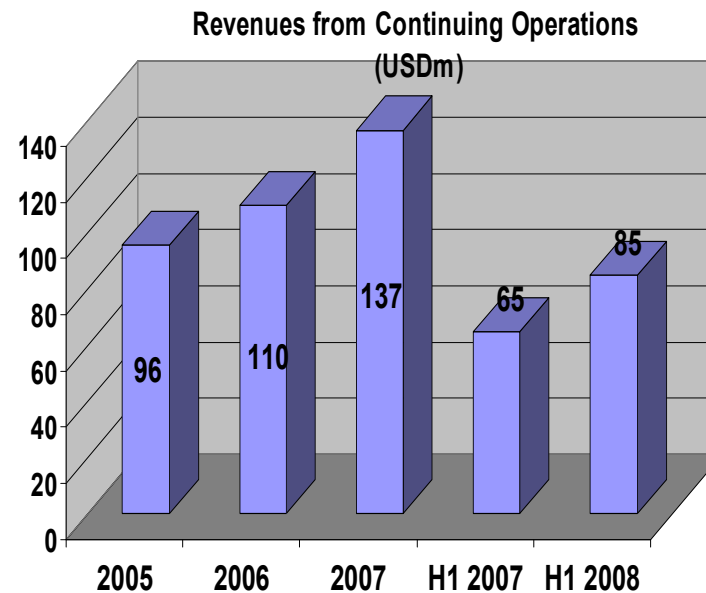
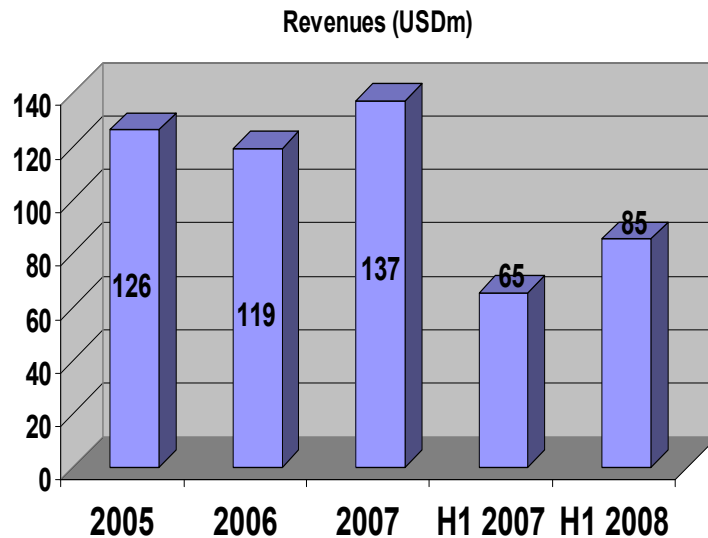


Financials



Financial Overview

- Revenue increased 31% to \$85.2M (H1 2007: \$65.1M)
- Gross profit margin 14.5%, down from 20.1% in H1 2007 but on par with 14.4% for all of 2007
- Operating income decreased 24% to \$7.2M (H1 2007: \$9.5M)
- Net income of \$3.8M (H1 2007: \$8.3M)
- Cash provided by operations \$4.5M (H1 2007: \$4.8M)
- Unencumbered cash at June 30 \$9.2M (31 Dec. 2007: \$5.9M)
- EPS of \$0.10 (H1 2007: \$0.21)



Main features of financial statements

- Revenue increase due to strong demand and stable prices
- Gross profit affected by several factors:
 - Cost escalation (labor, raw materials, energy)
 - Higher than expected costs in Mongolia
 - FX - USD declined 13% against NIS since year-end 2007
- G&A expense increased 25% from \$2.5M to \$3M due to:
 - Increased investment in business development
 - Recruitment costs and new management additions
- Balance sheet structural improvement underway
 - Strong drive to convert inventory into cash
 - Alignment of payment and purchase terms



Income Statement

	USD '000		
	6 months ended June 30,		12 months ended Dec.31,
	2008	2007	2007
Revenues	85,151	65,079	136,713
COGS	72,833	52,028	116,971
Gross profit	12,318	13,051	19,742
Gross profit %	14.5%	20.1%	14.4%
Research and development expenses, net	851	721	1,991
Selling and Marketing expenses	535	370	775
General and administrative expenses	3,749	2,462	4,661
Total operating expenses	5,135	3,553	7,427
Operating profit (EBIT)	7,183	9,498	12,315
EBIT %	8.4%	14.6%	9.0%
Financial expenses, net	2,617	256	2,294
Other income (expenses)	(79)	(13)	219
Share of Income (losses) of joint venture	499	(203)	(6,891)
Profit before taxes on income	4,986	9,026	3,349
Taxes on income	1,211	742	4,084
Net profit (loss)	3,775	8,284	(735)
Net profit %	4.4%	12.7%	-0.5%
Attributable to:			
Minority interests	1,106	361	1,273
Profit (losses) Attributable to equity holders of the company	2,669	7,923	(2,008)
	3,775	8,284	(735)



Balance Sheet (Assets)

- Strong drive to convert inventory into cash
- \$11M increase in receivables due in part to increased sales
- Unencumbered cash increased by \$3.3M to \$9.2M
- Investment in fixed assets of \$3.6M (H1 2007 : \$3.7M)

	USD'000	
	<u>June 30, 2008</u>	<u>Dec. 31, 2007</u>
ASSETS		
Cash and cash equivalents	9,177	5,939
Short-term restricted cash	6,561	6,561
Trade receivables	22,373	10,543
Inventories	57,644	69,527
Other current assets	4,584	10,068
Total current assets	100,339	102,638
Investment in joint ventures	4,842	4,183
Other non current assets	828	943
Property, plant and equipment, net	28,170	26,022
Total non-current assets	33,840	31,148
TOTAL ASSETS	134,179	133,786



Balance Sheet (Liabilities)

- Decrease in inventory financed the reduction in Trade Payables and an increase in Account Receivable.
- Strong drive to reduce Trade Payables in line with inventory

	USD'000	
	<u>June 30, 2008</u>	<u>Dec. 31, 2007</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade payables	23,616	26,044
Current liabilities	45,040	45,457
Non-current liabilities	7,162	7,366
Equity	58,361	54,919
Total Liabilities and Equity	<u>134,179</u>	<u>133,786</u>



Cash Flow

- Cash flow at similar level as H1 2007

	USD'000		
	6 months ended June 30, 2008	2007	12 months ended Dec. 31,2007
Cash Flow from Operating Activities			
Profit for the period	3,775	8,274	(735)
Adjustments required to reflect cash flow from operating activities	719	(3,427)	(9,211)
Net Cash Provided by(used in) Operating	4,494	4,847	(9,946)
Cash flow from Investment Activities			
Purchase of fixed assets,net	(3,539)	(3,734)	(7,193)
Other current assets	-	(485)	(5,282)
Net Cash used in Investing Activities	(3,539)	(4,219)	(12,475)
Cash Flow from Financing Activities:			
Long and short term debt, net	2,327	(1,293)	11,795
Short term bank credit, net	(44)	3918	810
Net Cash Provided by Financing Activities	2,283	2,625	12,605
Increase (Decrease) in Cash	3,238	3,253	(9,816)
Cash at the beginning of the period	5,939	15,755	15,755
Cash at the end of the period	9,177	19,008	5,939



Summary

- 2008 is a year of transformation
- New management team is reinvigorating the business
- Strong R&D commitment and drive
- Focus on high impact opportunities
- Extensive business review completed and conclusions implemented
- Markets and prices remain robust and relatively stable, but recent economic turmoil might have impact

