

# Regulatory Announcement

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<b>Company</b>	Metal-Tech Ltd
<b>TIDM</b>	MTT
<b>Headline</b>	Grant of Options
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Metal-Tech Ltd  
22 November 2007

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Metal-Tech Ltd.  
(the "Company")

## Voluntary Report - Grant of Options (the "Options")

Pursuant to Israeli law, the Company sought an exemption from the publication of a prospectus in Israel with regard to the issuance of options from the Israeli Securities Authority (the "ISA"). This exemption was secured on 8 March 2007 and consequently the Company was required to disclose the following information with respect to the Company's option terms and shares.

The Company hereby announces that it has adopted the 2007 Israeli Share Option Plan (the "Option Plan"). The documents listed as Exhibits in this report will be available for inspection for one month following the date of the announcement at the Company's registered office at Metal-Tech Ltd., Ramat Hovav, PO Box 2412, Beer Sheva 84874, Israel and at Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA.

### 1. General - Background

1.1. The Company is registered in Israel and its shares were admitted to trading on AIM ("AIM"), a market operated by the London Stock Exchange plc, on 13 May 2005.

1.2. On 8 March 2007, the Company received from the Israeli Securities Authority an exemption in accordance with Section 15D of the Israeli Securities Law 5728-1968 from the publication of a prospectus in Israel in connection with the grant of options to employees under a share option plan (the "Exemption"), subject to the publication of this report.

1.3. On 30 May 2007, in accordance with previous resolutions adopted by the Company's board of directors (the "Board"), the Board resolved to approve the Option Plan.

1.4. On 11 October 2007, the Option Plan was also approved in the 2007 annual general meeting of the Company.

1.5. Under the Option Plan, the Company is entitled to grant, without consideration, to certain employees, directors, consultants, service providers and any other person and/or entity whose services are considered valuable to the Company (the "Optionee(s)"), up to an aggregate number of 1,918,846 options (the "Options"), not registered for trading on AIM, convertible into up to 1,918,846 ordinary shares of NIS 0.2 each in the capital of the Company (the "Share(s)").

1.6. The Options will be granted to Optionees at the discretion of the Company's appropriate corporate organs and subject to each Optionee entering into an option agreement with the Company (the "Option Agreement").

1.7. The Options will be granted to certain Optionees pursuant to Section 102 of the Israeli Income Tax Ordinance (New Version) 1961 ("Section 102" and the "Ordinance", respectively). The Company has therefore entered into a management and trust agreement (the "Trust Agreement") with ESOP Management & Trust Services Ltd. and ESOP Trust Company (the "Trustee") dated 17 June 2007 (attached to this report as Exhibit II) whereby the Trustee has been appointed as trustee of the Options as required by Section 102 and as further detailed in the Trust Agreement.

1.8. The Option Plan is intended as an incentive to retain in the employ and/or service of the Company and its affiliates persons of training, experience and ability, to attract employees and/or any other person whose services are considered valuable by the Board, to encourage the sense of proprietorship of these persons and to stimulate the active interest of these persons in the development and success of the Company by providing them with opportunities to purchase shares of the Company.

1.9. The Options will not be registered for trading on AIM. Following the exercise of Options, the Company is required to apply to AIM for the admission to trading on AIM of the relevant Shares.

1.10. The Option Plan will terminate on 30 May 2017.

## 2. Consents and Approvals

2.1. By a shareholders' resolution dated 9 May 2005, it was resolved that the directors of the Company be authorised to allot 1,918,846 ordinary shares of the Company upon the exercise of options and warrants to be granted to certain employees and third party service providers pursuant to a share option plan to be adopted by the Company following admission of the Company's shares to trading on AIM and subject to obtaining certain relevant regulatory approvals. This authority expires on 12 May 2010 (but the Company is entitled, before such expiry date, to make an offer or agreement which would or might require shares to be allotted after such expiry date).

2.2. As stated above, the Israeli Securities Authorities granted the Exemption to the Company on 8 March 2007 subject to the publication of this report and to certain other conditions.

2.3. As stated above, the Option Plan was approved by the Board on 30 May 2007 and by the shareholders of the Company on 11 October 2007.

2.4. The Options will be granted pursuant to Section 102. The Option Plan therefore requires the approval of the Israeli Income Tax Authority which the Company received on 8 July 2007.

2.5. The issuance of options requires the approvals detailed in the Option Plan which include the approval of the Board or of the remuneration committee. It also requires the execution by the Company and the Optionee of an Option Agreement.

2.6. Upon the issuance of the relevant Shares, the Company is required to submit an application to AIM for admission of those Shares to trading on AIM.

### 3. Details of the Option Plan

The following is a short summary of the main terms of the Option Plan. Capitalised terms used herein but not separately defined have the meaning ascribed to them in the Option Plan:

3.1. The Options are not registered for trading on AIM and, subject to the adjustment mechanisms set out below, are convertible into Shares in consideration for the payment in cash of 130 pence per Share or any other price determined by the Board in accordance with the Option Plan and set out in each Optionee's Option Agreement.

3.2. Assuming the full exercise of the maximum number of Options to be granted under the Option Plan, the Shares issued shall constitute 5% of the issued share capital and voting rights of the Company on a fully diluted basis.

3.3. The Company may designate Options granted to employees pursuant to Section 102 and any regulations promulgated under it as Options granted pursuant to Section 102(b) of the Ordinance (the "Approved 102 Options") or pursuant to Section 102(c) of the Ordinance (the "Unapproved 102 Options").

3.4. Approved 102 Options may be designated by the Company as a Capital Gain Option ("CGO") or as an Ordinary Income Option ("OIO").

3.5. The designation of Approved 102 Options as CGO or OIO (the "Election") must be filed with the Israeli Tax Authority prior to the date of the grant of an Approved 102 Option. The Election will become effective on the date of the first grant of an Approved 102 Option and will remain in effect at least until the end of the year following the year during which the Company first granted the Approved 102 Options. Pursuant to the Election, the Company will be obliged to grant only the type of Approved 102 Option it has elected and this will apply to all Optionees who are granted Approved 102 Options during the period indicated in the Election, all in accordance with the provisions of Section 102(g) of the Ordinance. The Election will not prevent the Company from granting Unapproved 102 Options.

3.6. All Approved 102 Options must be held in trust by a Trustee, as described and/or contemplated by Section 102.

3.7. With regard to Approved 102 Options, the provisions of the Option Plan and of the Option Agreements are subject to the provisions of Section 102 and of the Tax Assessing Officer's permit (the "Permit") which are deemed an integral part of the Option Plan and of the Option Agreements. Any provision of Section 102 and/or of any regulations promulgated under it and/or of the Permit which is necessary in order to receive and/or to maintain any tax benefit pursuant to Section 102, which is not expressly specified in the Option Plan or the Option Agreement, is binding upon the Company and the Optionees.

3.8. Approved 102 Options, Shares allocated or issued upon exercise of the Approved 102 Options and other shares received subsequently following any realisation of rights, including bonus shares, will be allocated or issued to the Trustee and held for the benefit of the Optionees for the period required by Section 102 (the "Holding Period"). If the requirements for Approved 102 Options are not met, the Approved 102 Options may be treated as Unapproved 102 Options, including in relation to any tax implications related to the grant or exercise of the Options.

3.9. The Trustee will not release Approved 102 Options or Shares allocated or issued upon exercise of Approved 102 Options prior to the full payment of the Optionee's tax liabilities in connection with such Options or prior to making satisfactory arrangements for the payment of such tax liability.

3.10. Subject to the provisions of Section 102, an Optionee must not sell or release from trust any Share received upon the exercise of an Approved 102 Option and/or any share subsequently received following any realisation of rights, including bonus shares, until the lapse of the Holding Period. Notwithstanding the above, if any sale or release occurs during the Holding Period, the sanctions under Section 102 and under any rules, regulation, orders or procedures promulgated under it will apply to and be borne by the Optionee.

3.11. The Optionees' rights to purchase Shares under the Option Plan may be adjusted as follows:

(i) Subject to the terms of the Option Plan, in the event of a Transaction and subject to the applicable transaction documents, the unexercised Options outstanding under the Option Plan may be assumed or substituted with an appropriate number of shares of each class of shares or other securities of the Successor Company (or a parent or subsidiary of the Successor Company) as were distributed to the shareholders of the Company in connection with the Transaction and appropriate adjustments will be made to the Purchase Price per share. Subject to the determination of the Board, all other terms and conditions of the Option Agreements will remain unchanged, including the vesting schedule.

(ii) Notwithstanding the above and subject to any applicable law, the Board may insert in certain Option Agreements a clause instructing that, if in any Transaction the Successor Company (or parent or subsidiary of the Successor Company) does not agree to assume or substitute the Options, the vesting dates will be accelerated so that any unvested Option or any portion thereof will be immediately vested on the date which is ten days prior to the effective date of the Transaction or as otherwise determined in the Option Agreement.

(iii) If the Company is voluntarily liquidated while unexercised Options are outstanding under the Option Plan, the Company must notify all unexercised Option holders of such liquidation and the Option holders may exercise any unexercised Vested Option within 10 days of the notice. Upon the expiration of such ten-day period, all remaining outstanding Options will terminate.

(iv) If the outstanding Shares of the Company are changed or exchanged by declaration of a share dividend, share split, combination or exchange of shares, recapitalization or any other like event by or of the Company, the number, class and kind of Shares subject to the Option Plan or subject to any Options granted and the Purchase Prices, will be adjusted so as to maintain the proportionate number of Shares without changing the aggregate Purchase Price except that no adjustment will be made by reason of the distribution of subscription rights (right offering) on outstanding shares. Upon happening of any of the above, the class and aggregate number of Shares issuable pursuant to the Option Plan, in respect of which Options have not yet been exercised, will be adjusted, all as determined by the Board whose determination will be final.

3.12. Options are exercised by the Optionee giving written notice to the Company and/or to any third party designated by the Company (the "Representative") and, when applicable, the Trustee in accordance with the requirements of Section 102. The exercise will be effective upon receipt of the notice by the Company and/or the Representative and the payment of the Purchase Price at the Company's or the Representative's principal office. The notice must specify the number of Shares with respect to which the Option is being exercised.

3.13. To the extent not previously exercised, options will terminate upon the earlier of: (i) the date set forth in the Option Agreement; and (ii) the expiration of any extended period in any of the events set forth in section 3.16 below (the "Expiration Date").

3.14. The Options may be exercised by the Optionee in whole or in part (to the

extent that they are vested) prior to the Expiration Date, subject to the provisions of section 3.16 below and provided that the Optionee is an employee or a service provider of the Company or any of its Affiliates at all times during the period beginning with the grant of the Option and ending upon the date of exercise.

3.15. Subject to the provisions of Section 3.16 below, if the Optionee's employment or service with the Company or any of its Affiliates terminates, all Options granted to him, her, or it (vested and unvested) will expire at the effective date of the termination.

3.16. Notwithstanding the above, an Option may be exercised after the date of termination of an Optionee's employment or service with the Company or any Affiliate of the Company (unless such termination is for Cause as provided for herein) during an additional period of time beyond the effective date of such termination, but only with respect to the number of vested options at the effective date of such termination according to the vesting dates of the Options, if:

(i) prior to the effective date of termination, the Company has authorized an extension of the terms of all or part of the Options beyond the date of termination for a period not to exceed the period during which the Options would otherwise have been exercisable; or

(ii) termination is without Cause, in which event any Options still in force and unexpired may be exercised within a period of ninety (90) days from the date of such termination, but only with respect to the number of shares purchasable at the time of such termination, according to the vesting dates of the Options; or

(iii) termination is the result of death or disability of the Optionee, in which event any Options still in force and unexpired may be exercised within a period of twelve (12) months from the date of termination, but only with respect to the number of Options already vested at the time of such termination according to the vesting dates of the Options.

3.17. The Optionees do not have any of the rights or privileges of shareholders of the Company in respect of the Shares purchasable upon the exercise of an Option, nor shall they be deemed to be a class of shareholders or creditors of the Company for the purpose of the operation of sections 350 and 351 of the Companies Law 5759-1999 (the "Companies Law"), prior to the registration of the Optionee as holder of the Shares in the Companies' register of shareholders upon exercise of the Option in accordance with the provisions of the Option Plan, but in case of Options and Shares held by the Trustee, subject to the provisions of section 3(h) of the Option Plan.

3.18. Any form of Option Agreement authorized by the Option Plan may contain such other provisions as the Company may deem advisable, all in accordance with and subject to the provisions of Section 102 and subject to the payment of any taxes due under any applicable law by the Optionee in connection with the Options.

3.19. With respect to Unapproved 102 Option, if the Optionee ceases to be employed by the Company or any Affiliate, the Optionee must provide the Company and/or its Affiliate security or guarantees for the payment of any tax due at the time of the sale of the Shares, all in accordance with the provisions of Section 102 and the rules, regulation or orders promulgated under it.

3.20. With respect to all Shares (excluding unexercised Options) allocated or issued upon the exercise of Options and held by the Optionee or by the Trustee, as the case may be, the Optionee is entitled to receive dividends, subject to the Company's Articles of Association (and amendments thereto) (the "Articles"), to any applicable taxation on distribution of dividends and to the provisions of

Section 102 and the rules, regulations or orders promulgated under it.

3.21. Except as specifically allowed under the Option Plan, no Options or rights with respect to Options, whether fully paid or not, shall be assignable, transferable or given as collateral to any third party other than by will or laws of inheritance. However, in the event of the death or incapacity of an Optionee and subject to the provisions of Section 3.16 above and of the Articles, the heirs or the administrator or guardian (as the case may be) may exercise an Optionee's rights under the Option Plan.

3.22. For so long as Options and/or Shares are held by the Trustee on behalf of an Optionee, all rights that the Optionee may have or possesses in connection with the Shares are personal, cannot be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution or by an act of law.

3.23. Any tax consequences arising from the grant or exercise of an Option, from the payment for Shares or from any other event or act (of the Company and/or its Affiliates, the Trustee or the Optionee), is to be borne solely by the Optionee. The Company and/or its Affiliates and/or the Trustee are permitted to withhold and/or pay taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Optionee agrees to indemnify the Company and/or its Affiliates and/or the Trustee and holds them harmless against and from any and all liability for any such tax or interest or penalty, including liabilities relating to the necessity to withhold any tax from any payment made to the Optionee.

3.24. The Option Plan is governed by the laws of the State of Israel.

#### 4. Rights attached to the Shares

Below is a summary of the main terms of the Articles relating to the rights attached to the Shares:

4.1. As of the date of this Report the authorised share capital of the Company consists of NIS 20,000,000 divided into 100,000,000 ordinary shares of NIS0.2 each. The issued and fully paid up share capital of the Company consists of 38,376,923 ordinary shares divided into NIS0.2 each.

4.2. Subject to the provisions of the Companies Law, the terms of any shareholders' resolution creating new shares and the provisions referred to in Section 4.3 below, the unissued shares forming part of the authorised share capital of the Company shall be under the control of the Board which is entitled to allot them for cash or non-cash consideration on such terms and at such times as the Board deems fit.

4.3. Subject to the terms of any shareholders' resolution, the Company shall not allot its shares (other than shares issued under share option schemes) to any person for cash unless it shall first have made an offer to each shareholder to allot to him on the same or more favorable terms a proportion of those shares which is as nearly as practical equal to the proportion in nominal value of the shares held by him on the record date for any such allotment of the aggregate of all such shares, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in their exclusive discretion to deal with fractional entitlements or legal or practical problems under the laws or the requirements of any regulatory authority or stock exchange in any jurisdiction.

4.4. Subject to the restrictions referred to in Section 4.5 below, every shareholder who is present in person or by proxy shall have one vote for each share held by him on every resolution whether voting on a show of hands, by a written ballot or by any other means. A corporate member may authorize any

person to be its representative at a general or class meeting and such person shall be entitled to exercise such powers as the corporate member could exercise if it was an individual member.

4.5. A shareholder shall not be entitled to vote or count as part of the quorum at any general meeting unless all calls and others sums then payable by him in respect of his shares in the Company have been paid.

4.6. Any member may transfer all or any of his shares by submitting to the Company a written instrument of transfer in any customary form or in any other form satisfactory to the Board, together with the share certificate(s) or such other evidence of title as the Board may reasonably require. The Board has an absolute discretion to refuse to register a transfer of any share, which is not fully paid up or upon which the Company has a lien without giving a reason, but they must provide the transferee with a notice of the refusal within two months after the date on which the transfer was lodged. Such discretion may not be exercised to prevent dealings in such shares taking place on an open and proper basis.

4.7. By resolution and subject to relevant legislation, the Company may:

(i) increase or reduce its share capital;

(ii) consolidate and divide all or any of its share capital, whether issued or unissued, into shares of larger amounts;

(iii) sub-divide all or any of its share capital, whether issued or unissued, into shares of smaller amounts; and/or

(iv) cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any persons.

4.8. Unless otherwise provided by the terms of issue, the rights attached to any class of shares for the time being issued may be varied only with the consent of a resolution passed at a separate general meeting of the holders of those shares. The rights attached to shares of any class shall not be deemed to be varied, modified or abrogated by the creation or issue of further shares.

4.9. All general meetings shall be held at such time (being, in the case of annual general meetings, not more than 15 months after the previous annual general meeting) and place as the Board may determine provided that, for so long as the shares of the Company are solely listed on a stock exchange or investment exchange in the United Kingdom and not on a stock exchange or investment exchange outside the United Kingdom, all general meetings must be held in the United Kingdom.

4.10. The quorum for general meetings is one or more shareholders present in person or by proxy (or deemed by the Companies Law to be present) and holding in aggregate at least 25 per cent. of the voting rights in the issued share capital of the Company.

4.11. Subject to the Companies Law, any shareholder or shareholders holding at least 1 per cent. of the voting rights in the issued share capital of the Company may request in writing, in accordance with the requirements as to form and content set out in the Articles, that the Board includes a subject in the agenda of a general and/or class meeting and such request must be delivered to the secretary of the Company:

(i) in the case of a resolution to be considered and, if thought fit, passed at

an annual general meeting of the Company, not less than 90 days and not more than 120 days prior to (but excluding) the date of the first anniversary of the immediately preceding annual general meeting;

(ii) in the case of a resolution to be considered and, if thought fit, passed at an extraordinary general or class meeting of the Company, not less than 90 days and not more than 120 days prior to (but excluding) the date of such meeting provided that, where such meeting has been convened on less than 90 days' prior notice, such notice must be received by the secretary of the Company not later than 5pm Israel time on the tenth day following (but excluding) the day on which notice of such meeting was given.

4.12. The Articles authorize the chairman of a general or class meeting to take such action as he thinks fit to promote the orderly conduct of the business of the meeting, including asking any person(s) to leave the meeting and, if necessary, having such person(s) excluded from the meeting. The Articles also authorize the Board to make such arrangements as it shall in its absolute discretion consider to be appropriate in relation to general or class meetings, including arrangements in order to regulate attendance, ensure the safety of people attending and facilitate attendance.

4.13. Subject to any special or restricted rights conferred upon shareholders as to dividends, any dividend paid by the Company must be allocated among the shareholders in proportion to the sums paid up or credited as paid up on account of the nominal value of their respective holdings in respect of which such dividend is being paid, but without taking into account the premium paid up on these shares. A decision regarding the payment of a dividend shall be taken by the Board. The Board may prevent the distribution of a dividend in respect of shares which have not been fully paid up. The Board may also:

(i) deduct from any dividend payable to any shareholder all sums (if any) presently payable by such shareholder to the Company on account of calls or otherwise in relation to the shares of the Company;

(ii) retain any dividend or other monies payable or property distributable in respect of a share upon which the Company has a lien and may apply that dividend in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

4.14. Any dividend unclaimed after a period of two years from the date of declaration of the dividend (and any other money payable in respect of a share which is unclaimed after a like period) shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend (or any other money payable in respect of a share) into a separate account shall not constitute the Company a trustee in respect of it.

4.15. If the Company is wound up, then (subject to applicable law and to the rights of any holders of shares with special rights upon a winding up) the assets of the Company available for distribution among the shareholders shall be distributed to them in proportion to the nominal value of their respective holdings of the shares in respect of such distribution is being made.

4.16. Unless altered by a shareholders' resolution of the Company, the minimum number of directors of the Company is four and the maximum number is nine.

4.17. Subject to Israeli law and (in the case of statutory external directors) to the extent to which the Company adopts the provisions of Israeli law relating to the fixed remuneration of statutory external directors, the directors shall be paid remuneration by the Company for their services to the extent that such remuneration has been approved by a general meeting of the Company. Any such fee shall be distinct from any other remuneration or other amounts payable to a director under any other provisions of the Articles. In addition (but subject to the prior approval of a general meeting of the Company), the Board may grant special remuneration to any director who serves on any committee or who otherwise performs any special or extra services to or at the request of the

Company. Subject to Israeli law the directors may be paid all reasonable travel, hotel and incidental expenses properly incurred in the performance of their duties as directors including expenses incurred in attending Board or committee meetings or general or class meetings.

4.18. Subject to the Articles, in relation to the appointment of directors (other than a statutory external director), the Company may, by a resolution in general meeting, appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

4.19. At each annual general meeting, any director (other than a statutory external director) who has been (a) appointed by the Board since the previous general meeting or (b) selected to retire by rotation shall retire from office. In addition, at each annual general meeting (but excluding for these purposes statutory external directors):

(i) one-third of the directors (or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that, if there are fewer than three directors who are subject to retirement by rotation, one shall retire); and

(ii) any director who is not required to retire by rotation in accordance with the requirement referred to above, but who has been in office for three years or more since his appointment or his last reappointment or who would (but for the operation of this provision) have held office at not less than three consecutive annual general meetings without retiring, shall retire from office.

A director retiring in accordance with the aforesaid shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with the provisions of the Articles referred to below) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at the meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

4.20. Subject to complying with applicable legal requirements, the Company in general meeting may remove a director (including, in certain specific circumstances, a statutory external director) by a resolution of shareholders and elect another person in his place. In addition, the office of any director who is not a statutory external director shall be vacated if:

(a) the director dies;

(b) the director is found to be legally incompetent;

(c) the director becomes bankrupt;

(d) the director is prevented by applicable law from serving as a director of the Company;

(e) the Board terminates the director's office in accordance with Section 231 of the Companies Law upon the occurrence of certain circumstances relating to criminal acts, bankruptcy and/or breach of fiduciary duty;

(f) a court order is given in respect of that director in accordance with Section 233 of the Companies Law;

(g) the director is removed from office by a resolution of the general meeting of the Company approved by shareholders;

(h) the director's period of office has terminated in accordance with the Articles; or

(i) the director resigns in writing.

A director shall not be required to hold any shares in the Company.

4.21. Subject to the provisions of the Companies Law and the Articles, the Company may enter into any contract or otherwise transact in any business with: (i) any director where such a director has a personal interest (directly or indirectly); and (ii) any third party where a director has a personal interest (directly or indirectly). Except in accordance with the provisions of the Companies Law and the Articles, a director shall neither participate in deliberations concerning, nor vote upon a resolution approving a transaction with the Company in which he has a personal interest.

4.22. The Company may borrow or secure the payment of any sum(s) of money for the purposes of the Company and may secure or provide for the repayment of such sum(s) in such manner, at such times and upon such terms and conditions as it thinks fit. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to any subsidiaries so as to secure (so far, as regards any subsidiary, as by such exercise they can secure) that the aggregate principal amount outstanding at any time in respect of all monies borrowed by the group (exclusive of any intra-group borrowings), but less cash deposited, shall not, without the previous sanction of a shareholders' resolution, exceed an amount equal to three times the aggregate of the Company's share capital and consolidated reserves.

4.23. Subject to the provisions of the Companies Law, the Company may exculpate an officer in advance from all or some of that officer's liability resulting from his/her breach of his/her duty of care to the Company.

4.24. Subject to the Companies Law, the Company may enter into a contract to insure against any liability on the part of an officer of the Company that may be imposed upon him as a result of an action carried out while an officer in each of the following circumstances: (i) a breach of duty of care towards the Company or towards another person; (ii) a breach of fiduciary duty towards the Company provided that the officer acted in good faith and had reasonable grounds to assume that the action would not harm the interests of the Company; and (iii) a financial liability imposed upon him in favour of a third party.

4.25. Subject to the provisions of the Companies Law, the Company may undertake to indemnify in advance an officer of the Company in respect of any of the following liabilities or expenses which are imposed upon him as a result of an action taken in his capacity as an officer and which arise from the categories of events listed in section 4.24 (i) and (ii) above (and in respect of amounts which the directors may, at any time of the giving of such undertaking to indemnify, deem to be reasonable) or which arise from an event that occurred prior to the giving of such indemnity:

(i) a financial liability imposed upon him in favour of a third party by a judgement, including a settlement or a decision of an arbitrator which is given the force of a judgement by court order;

(ii) reasonable litigation expenses, including legal fees, which the officer has expended or is obliged to pay by a court in proceedings commenced against him by the Company or in its name or by any other person or pursuant to a criminal charge in respect of which he is acquitted or a criminal charge in respect of which he is convicted of an offence which did not require proof of criminal intent.

4.26. The Company shall have the power to issue redeemable shares and redeem the same all in accordance with, and subject to, the provisions of the Companies Law.

4.27. Without prejudice to and in addition to any obligation to disclose under Israeli law, where a shareholder either:

(i) to his knowledge acquires a notifiable interest in shares of the Company or, ceases to have a notifiable interest in such shares; or

(ii) becomes aware that he has acquired a notifiable interest in shares of the Company or that he has ceased to have a notifiable interest in shares of the Company in which he has previously had a notifiable interest;

such shareholder shall notify the Company of his interest within the period of 5 days following the day on which the obligation arises.

4.28. Under the Articles, a shareholder has a notifiable interest at any time he has an interest, whether direct or indirect, in 3 percent or more of the shares of the Company (excluding any dormant shares (as defined in the Companies Law)). The obligation to disclose in section 4.27 above also arises where there is an increase or a decrease in the percentage level of a shareholder's notifiable interest.

4.29. The Board may by notice in writing require any person whom the Board knows or has reasonable cause to believe to be interested in shares in the Company to indicate whether or not it is the case and, where that person holds any interest in any such shares, to give such further information as may be required by the Board.

4.30. If the holder of, or any person appearing to be interested in the shares, has been served with such notice (the "Disclosure Notice") and, in respect of such shares (the "Default Shares"), has been in default (in whole or in part) for the relevant period in supplying the Company with the information required by the Disclosure Notice, subject to Israeli law and notwithstanding anything to the contrary in the Articles, the following restrictions shall apply:

(i) if the Default Shares represent less than 0.25 per cent. of the issued shares in the Company, the holders shall not be entitled to vote in respect of these Default Shares at a general meeting of the Company, either personally or by proxy; or

(ii) if the Default Shares represent at least 0.25 per cent. of the issued shares in the Company, with respect to the Default Shares only, the holder shall not have the right to:

(a) attend and vote at a general meeting of the Company either personally or by proxy;

(b) receive any dividend (including bonus shares/stock dividend), which shall be set aside by the Company and distributed to the holders of the relevant Default Shares promptly upon such holders supplying the Company with the information required by the Disclosure Notice; or

(c) transfer or agree to transfer any such Default Shares or any rights in them.

The foregoing restrictions shall not prejudice the right of either the shareholder holding the Default Shares or, if different, any person having a power of sale over such Default Shares to sell or agree to sell such Default Shares under an arm's length transfer.

4.31. Those restrictions shall cease to apply the trading day after the earlier of:

- (i) due compliance to the satisfaction of the Board with the Disclosure Notice;
- (ii) receipt by the Company of a notice that the shareholding has been sold to a third party under an arm's length transfer; or
- (iii) the decision of the Board to waive those restrictions in whole or in part.

## 5. Additional Details

### 5.1. Non Commitment to future employment

The Option Plan and the form of Option Agreement do not impose any obligation on the Company or an affiliate of the Company to continue to employ or retain the services of any Optionee. In addition, nothing in the Option Plan or in any Option granted pursuant to it confers upon the Optionees the right to continue to be employed by or to provide services to the Company or an affiliate of the Company or restricts the right of the Company or an affiliate of the Company to terminate such employment or services at any time.

### 5.2. Information about the Company's Share Price

The table below sets out the highest and lowest closing price of the Company's share traded on AIM in UK pounds in the years 2005, 2006 and 2007 until the date of this report (if the closing price was the same for a few trading days the first trading day is noted).

Period	Highest Price		Lowest Price	
	Rate	Date	Rate	Date
2005	269.0	13/12/2005	122.5	24/06/2005
2006	253.0	03/01/2006	134.0	07/08/2006
2007	160.0	03/01/2007	93.5	17/08/2007

Ariel (Aik) Rosenberg

For and on behalf of

Metal-Tech Ltd.

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