

SCOPE METALS GROUP LTD.

AND ITS SUBSIDIARIES

**SUMMARY OF ANNUAL BALANCE SHEET AND STATEMENT OF
INCOME FOR THE YEAR ENDED DECEMBER 31, 2008**

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SCOPE METALS GROUP LTD.**BALANCE SHEET****Consolidated****December 31st****2008** **2007**
Audited **Audited****In Thousands of US dollars****CURRENT ASSETS**

Cash and cash equivalents	33,524	9,122
Marketable securities	13,358	19,061
Trade receivables, net	83,481	108,760
Other receivables	10,800	11,928
Inventory	<u>221,982</u>	<u>238,238</u>
	363,145	387,109
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LONG -TERM ASSETS

Prepaid rental payments	11,103	9,398
Property and equipment, net	71,830	67,542
Goodwill	3,570	3,604
Intangible assets, net	4,296	4,001
Deffered taxes	<u>7,506</u>	<u>2,790</u>
	98,305	87,335
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	461,450	474,444
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The amounts were translated into US \$ at a rate of 3.802 NIS =1 US\$

SCOPE METALS GROUP LTD.**STATEMENT OF INCOME****Consolidated**

	For the year ended December 31 <u>2008</u> <u>Audited</u>	For the year ended December 31 <u>2007</u> <u>Audited</u>
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**In Thousands of US dollars (except
Earnings (Loss) Per Share data)**

Revenues	349,513	337,873
Cost of goods sold	265,660	244,074
Provision for reduction in inventory value (*)	<u>11,205</u>	<u>-</u>
Total cost of goods sold	276,865	244,074
Gross profit	72,648	93,799
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Warehouse, delivery, seling and marketing expenses	43,374	37,766
General and administrative expenses	17,958	13,068
Other expenses, net	<u>70</u>	<u>1,170</u>
Operating income	11,246	41,795
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Finance income	1,620	2,173
Finance expenses	<u>20,294</u>	<u>22,436</u>
Income (Loss) before taxes on income	(7,428)	21,532
Income Taxes (Tax Benefit)	<u>(2,424)</u>	<u>7,359</u>
Net income (Loss)	(5,004)	14,173
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<u>Net income (Loss) per share attributed to the company's shareholders (NIS)</u>		
Basic Earnings (Loss) per share	<u>(0.46)</u>	<u>1.31</u>
Deluted Earnings (Loss) per share	<u>(0.46)</u>	<u>1.27</u>
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(*) Primarily as a result of the decline in metals prices.