

SCOPE METALS GROUP LTD.
AND ITS SUBSIDIARIES

SUMMERY OF ANNUAL BALANCE SHEET AND STATEMENT OF
INCOME FOR THE YEAR ENDED DECEMBER 31st, 2010

CONTENTS

	<u>Page</u>
Balance Sheet – consolidated	2-3
Statement of income – consolidated	4

SCOPE METALS GROUP LTD.**BALANCE SHEET****Consolidated****December 31st****2010** **2009**
Audited **Audited****In Thousands of US dollars****CURRENT ASSETS**

Cash and cash equivalents	56,241	69,670
Marketable securities	8,405	2,536
Trade receivables, net	73,876	74,977
Other receivables	3,515	5,999
Inventory	<u>158,433</u>	<u>187,595</u>
	300,470	340,777
	-----	-----

NON CURRENT ASSETS

Prepaid rental payments	293	60
Employees benefits assets	221	247
Property and equipment	82,497	85,475
Goodwill	3,653	3,839
Intangible assets	4,212	4,207
Deffered taxes	<u>7,405</u>	<u>7,876</u>
	98,281	101,704
	-----	-----
	398,751	442,481
	=====	=====

The amounts were translated into US \$ at a rate of 3.549 NIS =1 US\$

SCOPE METALS GROUP LTD.**BALANCE SHEET****Consolidated****December 31st**

	<u>2010</u>	<u>2009</u>
	<u>Audited</u>	<u>Audited</u>

In Thousands of US dollars**CURRENT LIABILITIES**

Short - term credit from banks and others	47,898	62,672
Current maturities of debentures	23,638	13,670
Trade payables	28,055	28,083
Other payables	<u>9,507</u>	<u>8,912</u>
	109,098	113,337
	-----	-----

NON CURRENT LIABILITIES

Long - term loans from banks and others	86,212	88,435
Debentures	42,892	64,923
Deferred taxes	<u>7,216</u>	<u>6,535</u>
	136,320	159,893
	-----	-----

TOTAL LIABILITIES

	245,418	273,230
	-----	-----

EQUITY

Share capital	4,149	4,149
Premium and capital funds	96,343	96,343
Warrants	6,369	6,369
Retained earnings	52,034	64,158
Foreign currency translation fund	<u>(5,562)</u>	<u>(1,768)</u>
	153,333	169,251
	-----	-----

	398,751	442,481
	=====	=====

March 31th 2011

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

	For the year ended December 31st <u>2010</u> <u>Audited</u>	For the year ended December 31st <u>2009</u> <u>Audited</u>	For the year ended December 31st <u>2008</u> <u>Audited</u>
<u>In Thousands of US dollars (except Earnings (Loss) Per Share data)</u>			
Sales turnover	274,030	244,835	374,429
Cost of goods sold	<u>203,615</u>	<u>187,898</u>	<u>296,602</u>
Gross profit	70,415 -----	56,937 -----	77,827 -----
Selling and marketing expenses	38,538	37,550	46,466
General and administrative expenses	14,452	12,851	19,238
Other expenses (income), net	(311)	123	75
Reorganisation expenses	<u>538</u>	=	=
Operating income	17,198 -----	6,413 -----	12,048 -----
Finance income	2,515	2,236	1,735
Finance expenses	<u>11,732</u>	<u>13,082</u>	<u>21,741</u>
Income (Loss) before taxes on income	7,981	(4,433)	(7,958)
Taxes on income (Tax Benefit)	<u>3,133</u>	<u>(385)</u>	<u>(2,597)</u>
Net income (Loss)	4,848 -----	(4,048) -----	(5,361) -----
<u>Net income (Loss) per share attributed to the company's shareholders (NIS)</u>			
Basic income (Loss) per share	0.45 =====	(0.37) =====	(0.49) =====
Deluted income (Loss) per share	0.45 =====	(0.37) =====	(0.49) =====