

**SCOPE METALS GROUP LTD.**  
**AND ITS SUBSIDIARIES**

**SUMMERY OF INTERIM BALANCE SHEET AND STATEMENT OF**  
**INCOME FOR THE THREE MONTHS ENDED MARCH 31<sup>st</sup>, 2010**

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**SCOPE METALS GROUP LTD.****BALANCE SHEET****Consolidated**

|  | <u>March 31<sup>st</sup></u> |                  | <u>December 31<sup>st</sup></u> |
|--|------------------------------|------------------|---------------------------------|
|  | <u>2010</u>                  | <u>2009</u>      | <u>2009</u>                     |
|  | <u>Unaudited</u>             | <u>Unaudited</u> | <u>Audited</u>                  |

**In Thousands of US dollars****CURRENT ASSETS**

|                           |                |                |                |
|---------------------------|----------------|----------------|----------------|
| Cash and cash equivalents | 62,921         | 36,827         | 66,593         |
| Marketable securities     | 2,490          | 1,876          | 2,424          |
| Trade receivables, net    | 73,508         | 71,206         | 71,665         |
| Other receivables (*)     | 6,925          | 10,344         | 5,734          |
| Inventory                 | <u>167,380</u> | <u>216,399</u> | <u>179,309</u> |
|                           | 313,224        | 336,652        | 325,725        |
|                           | -----          | -----          | -----          |

**NON CURRENT ASSETS**

|                                |              |              |              |
|--------------------------------|--------------|--------------|--------------|
| Prepaid leasing payments (*)   | 81           | 68           | 57           |
| Employees benefits assets, net | 281          | 203          | 236          |
| Property and equipment (*)     | 80,266       | 84,925       | 81,700       |
| Goodwill                       | 3,612        | 3,935        | 3,670        |
| Intangible assets              | 3,926        | 4,380        | 4,022        |
| Deffered taxes                 | <u>7,574</u> | <u>8,240</u> | <u>7,527</u> |
|                                | 95,740       | 101,751      | 97,212       |
|                                | -----        | -----        | -----        |
|                                | 408,964      | 438,403      | 422,937      |
|                                | =====        | =====        | =====        |

The amounts were translated into US \$ at a rate of 3.713 NIS =1 US\$

(\*) Comparative figures were reclassified

**SCOPE METALS GROUP LTD.****BALANCE SHEET****Consolidated**

|  | <u>March 31<sup>st</sup></u> |                  | <u>December 31<sup>st</sup></u> |
|--|------------------------------|------------------|---------------------------------|
|  | <u>2010</u>                  | <u>2009</u>      | <u>2010</u>                     |
|  | <u>Unaudited</u>             | <u>Unaudited</u> | <u>Unaudited</u>                |

**In Thousands of US dollars****CURRENT LIABILITIES**

|   |              |          |          |
|---|--------------|----------|----------|
| Short - term credit from banks and others | 57,286       | 71,835   | 59,904   |
| Current maturities of debentures          | 21,880       | 12,494   | 13,066   |
| Trade payables                            | 25,134       | 22,709   | 26,842   |
| Other payables                            | 6,016        | 6,655    | 8,519    |
| Dividends payables                        | <u>7,335</u> | <u>-</u> | <u>-</u> |
|   | 117,651      | 113,693  | 108,331  |
|   | -----        | -----    | -----    |

**NON CURRENT LIABILITIES**

|   |              |              |              |
|---|--------------|--------------|--------------|
| Long - term loans from banks and others | 85,593       | 90,482       | 84,529       |
| Debentures                              | 43,352       | 62,824       | 62,056       |
| Deferred taxes                          | <u>6,437</u> | <u>7,159</u> | <u>6,246</u> |
|   | 135,382      | 160,465      | 152,831      |
|   | -----        | -----        | -----        |

**TOTAL LIABILITIES**

|  |         |         |         |
|--|---------|---------|---------|
|  | 253,033 | 274,158 | 261,162 |
|  | -----   | -----   | -----   |

**EQUITY**

|                                   |                |            |                |
|-----------------------------------|----------------|------------|----------------|
| Issued share capital              | 3,966          | 3,966      | 3,966          |
| Premium and capital funds         | 92,088         | 88,881     | 92,088         |
| Warrants                          | 6,088          | 9,294      | 6,088          |
| Retained earnings                 | 56,636         | 61,312     | 61,324         |
| Foreign currency translation fund | <u>(2,847)</u> | <u>792</u> | <u>(1,691)</u> |
|                                   | 155,931        | 164,245    | 161,775        |
|                                   | -----          | -----      | -----          |
|                                   | 408,964        | 438,403    | 422,937        |
|                                   | =====          | =====      | =====          |

May 30<sup>th</sup>, 2010

**SCOPE METALS GROUP LTD.****STATEMENT OF INCOME****Consolidated**For the three Months ended  
March 31For the year ended  
December 312010  
Unaudited2009  
Unaudited2009  
Unaudited**In Thousands of US dollars (except Earnings (Loss) Per Share data)**

|   |                 |                  |                  |
|---|-----------------|------------------|------------------|
| Sales turnover  | 64,560          | 59,048           | 234,021          |
| Cost of goods sold  | <u>47,944</u>   | <u>46,861</u>    | <u>179,599</u>   |
| Gross profit  | 16,616<br>----- | 12,187<br>-----  | 54,422<br>-----  |
| Selling and marketing expenses  | 8,973           | 9,386            | 35,892           |
| General and administrative expenses   | 3,483           | 3,497            | 12,283           |
| Other expenses (income), net  | <u>(315)</u>    | <u>48</u>        | <u>117</u>       |
|   | 12,141          | 12,931           | 48,292           |
| Operating income (loss)   | 4,475<br>=====  | (744)<br>=====   | 6,130<br>=====   |
| Finance income  | 1,147           | 2,022            | 2,138            |
| Finance expenses  | <u>2,254</u>    | <u>5,338</u>     | <u>12,504</u>    |
|   | 1,107           | 3,316            | 10,366           |
| Income (Loss) before taxes on income  | 3,368           | (4,060)          | (4,236)          |
| Taxes on income (Tax Benefit)   | <u>721</u>      | <u>(180)</u>     | <u>(368)</u>     |
| Net income (Loss)   | 2,647<br>=====  | (3,880)<br>===== | (3,868)<br>===== |
| <u>Net income (Loss) per share attributed<br/>to the company's shareholders (NIS)</u> |                 |                  |                  |
| Basic and Deluted income (Loss) per share   | 0.24<br>=====   | (0.36)<br>=====  | (0.36)<br>=====  |