

SCOPE METALS GROUP LTD.
AND ITS SUBSIDIARIES

SUMMARY OF ANNUAL BALANCE SHEET AND STATEMENT OF
INCOME FOR THE YEAR ENDED DECEMBER 31st, 2011

CONTENTS

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

SCOPE METALS GROUP LTD.**BALANCE SHEET****Consolidated****December 31st****2011**
Audited**2010**
Audited**In Thousands of US dollars****CURRENT ASSETS**

Cash and cash equivalents	39,655	52,237
Marketable securities	1,891	7,806
Trade receivables, net	73,639	68,617
Other receivables	3,598	3,265
Inventory	<u>138,841</u>	<u>147,156</u>
	257,624	279,081
	-----	-----

NON CURRENT ASSETS

Prepaid rental payments	197	272
Employee benefits assets	-	205
Property and equipment	76,768	76,625
Goodwill	1,153	3,393
Intangible assets	3,650	3,912
Deferred taxes	<u>4,228</u>	<u>6,878</u>
	85,996	91,285
	-----	-----
	343,620	370,366
	=====	=====

The amounts were translated into US \$ at a rate of 3.821 NIS =1 US\$

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

	<u>2011</u>	<u>2010</u>
	<u>Audited</u>	<u>Audited</u>

In Thousands of US dollars**CURRENT LIABILITIES**

Short - term credit from banks and others	44,883	44,488
Current maturities of debentures	12,886	21,956
Trade payables	23,254	26,058
Other payables	<u>10,081</u>	<u>8,829</u>
	91,104	101,331
	-----	-----

NON CURRENT LIABILITIES

Long - term loans from banks and others	78,442	80,075
Debentures	26,066	39,838
Employee benefits liabilities	3	-
Deferred taxes	<u>9,401</u>	<u>6,703</u>
	113,912	126,616
	-----	-----

TOTAL LIABILITIES

	205,016	227,947
	-----	-----

EQUITY

Share capital	3,853	3,853
Premium and capital funds	95,400	95,400
Retained earnings	42,924	48,331
Foreign currency translation fund	(3,518)	(5,165)
Treasury stock	<u>(55)</u>	=
	138,604	142,419
	-----	-----

	343,620	370,366
	=====	=====

March 29th 2012

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

	<u>Consolidated</u>		
	For the year ended December 31st <u>2011</u> <u>Audited</u>	For the year ended December 31st <u>2010</u> <u>Audited</u>	For the year ended December 31st <u>2009</u> <u>Audited</u>
<u>In Thousands of US dollars (except Earnings (Loss) Per Share data)</u>			
Sales turnover	274,610	254,523	227,407
Cost of goods sold	<u>205,108</u>	<u>189,120</u>	<u>174,523</u>
Gross profit	69,502 -----	65,403 -----	52,884 -----
Selling and marketing expenses	37,278	35,795	34,877
General and administrative expenses	<u>13,059</u>	<u>13,423</u>	<u>11,936</u>
Operating income before other expenses	19,165 -----	16,185 -----	6,071 -----
Other expenses, net	2,553	211	114
Operating income	16,612 -----	15,974 -----	5,957 -----
Finance income	1,211	1,875	2,076
Finance expenses	<u>11,504</u> 10,293	<u>10,436</u> 8,561	<u>12,150</u> 10,074
Income (Loss) before taxes on income	6,319	7,413	(4,117)
Taxes on income (Tax Benefit)	<u>6,026</u>	<u>2,910</u>	<u>(358)</u>
Net income (Loss)	293 -----	4,503 -----	(3,759) -----
<u>Net income (Loss) per share attributed to the company's shareholders (NIS)</u>			
Basic income (Loss) per share	0.03 =====	0.41 =====	(0.35) =====
Deluted income (Loss) per share	0.03 =====	0.41 =====	(0.35) =====

SCOPE METALS GROUP LTD.**NET INCOME NOT INCLUDING ONE - TIME EXPENSES****Consolidated**

	For the year ended December 31st <u>2011</u>	For the year ended December 31st <u>2010</u>
--	--	--

In Thousands of US dollars

Net income including one - time expenses	<u>293</u>	<u>4,503</u>
Amortization of goodwill	2,262	-
Finance expense due to tax settlement	163	-
Deferred tax expense due to increase in Israeli corporate tax rate	2,078	-
Amortization of deferred tax loss	1,309	-
Deferred tax expenses due to tax settlement	398	497
	-----	-----
Net income not including one - time expenses	6,503	5,000