

SCOPE METALS GROUP LTD.
AND ITS SUBSIDIARIES

SUMMARY OF INTERIM BALANCE SHEET AND STATEMENT OF
INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30th, 2018

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

| | <u>September 30th</u> | | <u>December 31st</u> |
|--|----------------------------------|------------------|---------------------------------|
| | <u>2018</u> | <u>2017</u> | <u>2017</u> |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Audited</u> |

In Thousands of US dollars**CURRENT ASSETS**

| | | | |
|---------------------------|----------------|----------------|----------------|
| Cash and cash equivalents | 75,989 | 57,896 | 53,841 |
| Short-term investments | 8,125 | 7,793 | 12,522 |
| Marketable securities | 2,208 | 5,003 | 5,212 |
| Trade receivables, net | 72,076 | 91,648 | 80,066 |
| Other receivables | 5,080 | 4,719 | 5,011 |
| Inventory | <u>139,247</u> | <u>119,942</u> | <u>120,972</u> |
| | 302,725 | 287,001 | 277,624 |
| | ----- | ----- | ----- |

NON CURRENT ASSETS

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Long-term investments | 1,879 | 2,757 | 4,136 |
| Prepaid leasing payments | 254 | 263 | 252 |
| Employees benefits assets, net | 293 | 538 | 246 |
| Property and equipment | 93,535 | 90,410 | 90,526 |
| Goodwill | 1,162 | 1,154 | 1,159 |
| Intangible assets | 2,762 | 2,667 | 2,681 |
| Deffered taxes | <u>2,570</u> | <u>2,541</u> | <u>2,443</u> |
| | 102,455 | 100,330 | 101,443 |
| | ----- | ----- | ----- |
| | 405,180 | 387,331 | 379,067 |
| | ===== | ===== | ===== |

The amounts were translated into US \$ at a rate of 3.627 NIS =1 US\$

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

| | <u>September30th</u> | | <u>December 31st</u> |
|--|---------------------------------|------------------|---------------------------------|
| | <u>2018</u> | <u>2017</u> | <u>2017</u> |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> |

In Thousands of US dollars**CURRENT LIABILITIES**

| | | | |
|--|--------------|---------------|---------------|
| Short-term credit from banks | 3,007 | 3,762 | 1,435 |
| Current maturities of long-term loans from banks, and others | 67,061 | 63,551 | 62,203 |
| Trade payables | 24,781 | 25,720 | 21,131 |
| Other payables | <u>9,604</u> | <u>11,072</u> | <u>12,438</u> |
| | 104,453 | 104,105 | 97,207 |
| | ----- | ----- | ----- |

NON CURRENT LIABILITIES

| | | | |
|---------------------------------------|--------------|--------------|--------------|
| Long-term loans from banks and others | 169,673 | 162,894 | 155,908 |
| Other long- term payables | 1,753 | - | 505 |
| Deferred taxes | <u>7,086</u> | <u>7,279</u> | <u>7,238</u> |
| | 178,512 | 170,173 | 163,651 |
| | ----- | ----- | ----- |

TOTAL LIABILITIES

| | | | |
|--|---------|---------|---------|
| | 282,965 | 274,278 | 260,858 |
| | ===== | ===== | ===== |

EQUITY

| | | | |
|-----------------------------------|-----------------|-----------------|-----------------|
| Share capital | 4,060 | 4,060 | 4,060 |
| Premium and capital funds | 100,533 | 100,533 | 100,533 |
| Retained earnings | 28,801 | 22,997 | 28,214 |
| Foreign currency translation fund | <u>(11,179)</u> | <u>(14,537)</u> | <u>(14,598)</u> |
| | 122,215 | 113,053 | 118,209 |
| | ----- | ----- | ----- |

| | | | |
|--|---------|---------|---------|
| | 405,180 | 387,331 | 379,067 |
| | ===== | ===== | ===== |

November 26th, 2018

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

| | For the nine Months ended September 30th | | For the three Months ended September 30th | | For the year ended December 31st |
|--|--|-------------------------|---|-------------------------|--|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2017</u> |
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> | <u>Unaudited</u> | <u>Audited</u> |

In Thousands of US dollars (Except Earnings (Loss) Per Share Data)

| | | | | | |
|---|----------------|----------------|---------------|---------------|----------------|
| Sales turnover | 242,271 | 254,644 | 76,400 | 82,158 | 331,280 |
| Cost of goods sold | <u>161,894</u> | <u>179,557</u> | <u>50,526</u> | <u>57,221</u> | <u>232,178</u> |
| Gross profit | 80,377 | 75,087 | 25,874 | 24,937 | 99,102 |
| | ----- | ----- | ----- | ----- | ----- |
| Selling and marketing expenses | 33,676 | 32,844 | 11,196 | 10,722 | 43,578 |
| General and administrative expenses | <u>14,703</u> | <u>12,138</u> | <u>4,694</u> | <u>3,993</u> | <u>16,933</u> |
| Operating income before other expenses | 31,998 | 30,105 | 9,984 | 10,222 | 38,591 |
| | ----- | ----- | ----- | ----- | ----- |
| Other expenses (income), net | (1,589) | 658 | 183 | 147 | 823 |
| Operating income | <u>33,587</u> | <u>29,447</u> | <u>9,801</u> | <u>10,075</u> | <u>37,768</u> |
| | ----- | ----- | ----- | ----- | ----- |
| Finance income | 492 | 591 | 347 | 232 | 862 |
| Finance expenses | <u>5,355</u> | <u>6,545</u> | <u>1,855</u> | <u>1,924</u> | <u>8,528</u> |
| | 4,863 | 5,954 | 1,508 | 1,692 | 7,666 |
| Income before taxes on income | 28,724 | 23,493 | 8,293 | 8,383 | 30,102 |
| Taxes on income | <u>4,109</u> | <u>3,001</u> | <u>1,273</u> | <u>1,666</u> | <u>4,127</u> |
| Net income | <u>24,615</u> | <u>20,492</u> | <u>7,020</u> | <u>6,717</u> | <u>25,975</u> |
| | ----- | ----- | ----- | ----- | ----- |
| <u>Net income per share attributed to the company's shareholders (NIS)</u> | | | | | |
| Basic and diluted income per share | 2.26 | 1.88 | 0.65 | 0.62 | 2.38 |
| | ===== | ===== | ===== | ===== | ===== |