

## Appendix 4D

### Sims Metal Management Limited ABN 69 114 838 630

#### Half Year Report

#### Results for announcement to the market

**Half year ended: 31 December 2011**

Previous corresponding period: 31 December 2010

| <b>Results</b>                                                   |      |          |    | <b>A\$m</b> |
|------------------------------------------------------------------|------|----------|----|-------------|
| Revenue from ordinary activities                                 | Up   | 16.0%    | to | 4,586.9     |
| Loss from ordinary activities after tax attributable to members* | Down | 1,228.8% | to | (556.5)     |
| Net loss for the period attributable to members*                 | Down | 1,228.8% | to | (556.5)     |
| * Includes A\$593.7 million non-cash goodwill impairment charge  |      |          |    |             |

| Dividends for the half year period                                                                                                                                                                                                    | Cents per Security | % Franked per Security (1) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------|
| Current period interim dividend                                                                                                                                                                                                       | 10.0               | 0%                         |
| Previous corresponding period interim dividend                                                                                                                                                                                        | 12.0               | 42%                        |
| Record date                                                                                                                                                                                                                           | 22 March 2012      |                            |
| Payment date                                                                                                                                                                                                                          | 10 April 2012      |                            |
| (1) The entire unfranked portion of the dividend is declared to be nil conduit foreign income. Accordingly the entire unfranked portion payable to non-residents will be subject to a 15% non-resident shareholders' withholding tax. |                    |                            |

| <b>Net tangible assets</b>      | <b>31 December 2011</b> | <b>31 December 2010</b> |
|---------------------------------|-------------------------|-------------------------|
| Net tangible asset per security | A\$8.51                 | A\$8.51                 |

For further explanation of the above figures, please refer to the Directors' Report, press release and market presentations filed with the Australian Securities Exchange Limited ("ASX").

The remainder of the information required by Listing Rule 4.2A is contained in the attached additional information.

The half year financial report is based on accounts which have been subject to an independent review and are not subject to dispute or qualification.

## CONTENTS

|                                                        | <u>Page</u> |
|--------------------------------------------------------|-------------|
| <b>Directors' Report</b>                               | <b>1</b>    |
| <b>Auditor's Independence Declaration</b>              | <b>3</b>    |
| <b>Consolidated Income Statements</b>                  | <b>4</b>    |
| <b>Consolidated Statements of Comprehensive Income</b> | <b>5</b>    |
| <b>Consolidated Statements of Financial Position</b>   | <b>6</b>    |
| <b>Consolidated Statements of Changes in Equity</b>    | <b>7</b>    |
| <b>Consolidated Statements of Cash Flows</b>           | <b>8</b>    |
| <b>Notes to the Consolidated Financial Statements</b>  | <b>9</b>    |
| <b>Directors' Declaration</b>                          | <b>21</b>   |
| <b>Independent Auditor's Review Report</b>             | <b>22</b>   |

## Directors' report

Your directors present their report on the consolidated entity (the "Group") consisting of Sims Metal Management Limited (the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2011.

## Directors

The following persons listed below were directors of the Company during the half year and up to the date of this report:

| <b><u>Name</u></b>              | <b><u>Title</u></b>                                    |
|---------------------------------|--------------------------------------------------------|
| <b>Executive Director:</b>      |                                                        |
| Daniel W Dienst                 | Executive Director and Group Chief Executive Officer   |
| <b>Non-Executive Directors:</b> |                                                        |
| Paul J Varello                  | Chairman and Independent Non-Executive Director        |
| Norman R Bobins <sup>1</sup>    | Independent Non-Executive Director                     |
| Geoffrey N Brunson <sup>2</sup> | Deputy Chairman and Independent Non-Executive Director |
| John T DiLacqua <sup>3</sup>    | Independent Non-Executive Director                     |
| J Michael Feeney                | Independent Non-Executive Director                     |
| Robert Lewon <sup>4</sup>       | Independent Non-Executive Director                     |
| Gerald E Morris <sup>1</sup>    | Independent Non-Executive Director                     |
| Christopher J Renwick           | Independent Non-Executive Director                     |
| Heather Ridout <sup>3</sup>     | Independent Non-Executive Director                     |
| M Paul Sukagawa                 | Non-Independent, Non-Executive Director                |
| James T Thompson                | Independent Non-Executive Director                     |

<sup>1</sup> Messrs Bobins and Morris were re-elected as Independent Non-Executive Directors at the Company's annual general meeting on 10 November 2011.

<sup>2</sup> Mr Brunson was appointed Deputy Chairman on 1 September 2011.

<sup>3</sup> Mr DiLacqua and Ms Ridout were appointed to the Board of Directors on 1 September 2011 and were re-elected as Independent Non-Executive Directors at the Company's annual general meeting on 10 November 2011.

<sup>4</sup> Mr Lewon retired from the Board of Directors on 10 November 2011.

## Review of Operations

A review of the operations of the Group during the half year and the results of those operations are set out in the press release announcing the results for the half year as lodged with the ASX.

## Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

## Rounding of Amounts

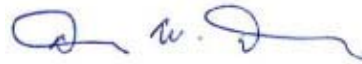
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest one hundred thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'P J Varello', with a long horizontal flourish extending to the right.

P J Varello  
Chairman

Houston  
16 February 2012

A handwritten signature in blue ink, appearing to read 'D W Dienst', with a long horizontal flourish extending to the right.

D W Dienst  
Group Chief Executive Officer

Sydney  
17 February 2012



## Auditor's Independence Declaration

As lead auditor for the review of Sims Metal Management Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sims Metal Management Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Andrew J Parker'.

Andrew J Parker  
Partner  
PricewaterhouseCoopers

Sydney  
17 February 2012

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

**Sims Metal Management Limited**  
**Consolidated Income Statements**  
**For the half year ended 31 December 2011**

|                                                                                     |             | <b>Half year ended<br/>31 December</b> |                      |
|-------------------------------------------------------------------------------------|-------------|----------------------------------------|----------------------|
|                                                                                     | <b>Note</b> | <b>2011<br/>A\$m</b>                   | <b>2010<br/>A\$m</b> |
| <b>Revenue</b>                                                                      | 2           | <b>4,586.9</b>                         | 3,954.3              |
| Other income                                                                        | 4           | 36.9                                   | 18.4                 |
| Raw materials used and changes in inventories                                       |             | (3,575.2)                              | (2,936.4)            |
| Freight expense                                                                     |             | (341.7)                                | (343.5)              |
| Employee benefits expense                                                           |             | (226.7)                                | (200.0)              |
| Depreciation and amortisation expense                                               | 4           | (64.3)                                 | (66.5)               |
| Repairs and maintenance expense                                                     |             | (61.3)                                 | (59.0)               |
| Other expenses                                                                      |             | (289.9)                                | (286.9)              |
| Goodwill impairment charge                                                          | 9           | (556.8)                                | -                    |
| Finance costs                                                                       |             | (12.0)                                 | (12.1)               |
| Impairment of goodwill in jointly controlled entity                                 | 10          | (57.5)                                 | -                    |
| Share of pre-tax (loss)/profit of investments accounted for using the equity method | 10          | <u>(1.4)</u>                           | <u>3.8</u>           |
| <b>(Loss)/profit before income tax</b>                                              |             | <b>(563.0)</b>                         | 72.1                 |
| Income tax benefit/(expense)                                                        | 5           | <u>6.5</u>                             | <u>(22.8)</u>        |
| <b>(Loss)/profit for the half year</b>                                              |             | <b><u>(556.5)</u></b>                  | <b><u>49.3</u></b>   |
| <b>(Loss)/earnings per share:</b>                                                   |             | <b>A¢</b>                              | <b>A¢</b>            |
| Basic                                                                               | 3           | <b>(270.0)</b>                         | 24.1                 |
| Diluted                                                                             | 3           | <b>(270.0)</b>                         | 24.0                 |

The consolidated income statements should be read in conjunction with the accompanying notes.

**Sims Metal Management Limited**  
**Consolidated Statements of Comprehensive Income**  
**For the half year ended 31 December 2011**

|                                                                               | <b>Half year ended</b> |                |
|-------------------------------------------------------------------------------|------------------------|----------------|
|                                                                               | <b>31 December</b>     |                |
|                                                                               | <b>2011</b>            | <b>2010</b>    |
| <b>Note</b>                                                                   | <b>A\$m</b>            | <b>A\$m</b>    |
| <b>(Loss)/profit for the half year</b>                                        | <b>(556.5)</b>         | <b>49.3</b>    |
| <b>Other comprehensive income/(loss)</b>                                      |                        |                |
| Changes in the fair value of other financial assets, net of tax               | -                      | 0.8            |
| Changes in the fair value of derivatives held as cash flow hedges, net of tax | <b>(0.6)</b>           | 2.0            |
| Exchange differences on translation of foreign operations, net of tax         | <b>96.2</b>            | (419.6)        |
| Actuarial (loss)/gain on defined benefit plans, net of tax                    | <b>(5.2)</b>           | <b>2.6</b>     |
| <b>Other comprehensive income/(loss) for the half year, net of tax</b>        | <b>90.4</b>            | <b>(414.2)</b> |
| <b>Total comprehensive loss for the half year</b>                             | <b>(466.1)</b>         | <b>(364.9)</b> |

The consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

**Sims Metal Management Limited**  
**Consolidated Statements of Financial Position**  
**As at 31 December 2011**

|                                                   | <b>Note</b> | <b>31 December<br/>2011<br/>A\$m</b> | <b>30 June<br/>2011<br/>A\$m</b> |
|---------------------------------------------------|-------------|--------------------------------------|----------------------------------|
| <b>ASSETS</b>                                     |             |                                      |                                  |
| <b>Current assets</b>                             |             |                                      |                                  |
| Cash and cash equivalents                         |             | 121.4                                | 165.5                            |
| Trade and other receivables                       |             | 539.8                                | 606.7                            |
| Inventory                                         |             | 983.4                                | 978.5                            |
| Other financial assets                            |             | 24.1                                 | 15.8                             |
| <b>Total current assets</b>                       |             | <b>1,668.7</b>                       | <b>1,766.5</b>                   |
| <b>Non-current assets</b>                         |             |                                      |                                  |
| Receivables                                       |             | 7.6                                  | 9.6                              |
| Investments accounted for using the equity method | 10          | 262.6                                | 310.3                            |
| Other financial assets                            |             | 2.3                                  | 2.7                              |
| Property, plant and equipment                     |             | 939.1                                | 865.5                            |
| Retirement benefit assets                         |             | -                                    | 0.9                              |
| Deferred tax assets                               |             | 102.3                                | 99.4                             |
| Goodwill                                          | 9           | 507.2                                | 988.7                            |
| Other intangible assets                           |             | 134.8                                | 136.2                            |
| <b>Total non-current assets</b>                   |             | <b>1,955.9</b>                       | <b>2,413.3</b>                   |
| <b>Total assets</b>                               |             | <b>3,624.6</b>                       | <b>4,179.8</b>                   |
| <b>LIABILITIES</b>                                |             |                                      |                                  |
| <b>Current liabilities</b>                        |             |                                      |                                  |
| Trade and other payables                          |             | 594.1                                | 747.3                            |
| Borrowings                                        |             | 0.2                                  | 0.5                              |
| Other financial liabilities                       |             | 1.8                                  | 5.8                              |
| Current tax liabilities                           |             | 14.9                                 | 32.6                             |
| Provisions                                        |             | 26.9                                 | 37.1                             |
| <b>Total current liabilities</b>                  |             | <b>637.9</b>                         | <b>823.3</b>                     |
| <b>Non-current liabilities</b>                    |             |                                      |                                  |
| Payables                                          |             | 4.9                                  | 3.7                              |
| Borrowings                                        |             | 445.2                                | 291.2                            |
| Deferred tax liabilities                          |             | 115.5                                | 119.6                            |
| Provisions                                        |             | 21.1                                 | 18.6                             |
| Retirement benefit obligations                    |             | 7.2                                  | 2.9                              |
| <b>Total non-current liabilities</b>              |             | <b>593.9</b>                         | <b>436.0</b>                     |
| <b>Total liabilities</b>                          |             | <b>1,231.8</b>                       | <b>1,259.3</b>                   |
| <b>Net assets</b>                                 |             | <b>2,392.8</b>                       | <b>2,920.5</b>                   |
| <b>EQUITY</b>                                     |             |                                      |                                  |
| Contributed equity                                | 11          | 2,817.2                              | 2,817.9                          |
| Reserves                                          |             | (339.5)                              | (446.3)                          |
| Retained (deficit)/earnings                       |             | (84.9)                               | 548.9                            |
| <b>Total equity</b>                               |             | <b>2,392.8</b>                       | <b>2,920.5</b>                   |

The consolidated statements of financial position should be read in conjunction with the accompanying notes.

**Sims Metal Management Limited**  
**Consolidated Statements of Changes in Equity**  
**For the half year ended 31 December 2011**

|                                                              | <u>Note</u> | <u>Contributed equity<br/>A\$m</u> | <u>Reserves<br/>A\$m</u> | <u>Retained (deficit)/<br/>earnings<br/>A\$m</u> | <u>Total equity<br/>A\$m</u> |
|--------------------------------------------------------------|-------------|------------------------------------|--------------------------|--------------------------------------------------|------------------------------|
| <b>Balance at 1 July 2011</b>                                |             | 2,817.9                            | (446.3)                  | 548.9                                            | 2,920.5                      |
| Loss for the half year                                       |             | -                                  | -                        | (556.5)                                          | (556.5)                      |
| Other comprehensive income                                   |             | -                                  | 95.6                     | (5.2)                                            | 90.4                         |
| <b>Total comprehensive (loss)/income for the half year</b>   |             | -                                  | 95.6                     | (561.7)                                          | (466.1)                      |
| <b>Transactions with owners in their capacity as owners:</b> |             |                                    |                          |                                                  |                              |
| Dividends provided for or paid                               | 6           | -                                  | -                        | (72.1)                                           | (72.1)                       |
| Share-based payments                                         |             | 1.5                                | 11.2                     | -                                                | 12.7                         |
| Buy-back of ordinary shares                                  | 11          | (25.6)                             | -                        | -                                                | (25.6)                       |
| Dividend reinvestment plan                                   | 6           | 23.4                               | -                        | -                                                | 23.4                         |
|                                                              |             | <u>(0.7)</u>                       | <u>11.2</u>              | <u>(72.1)</u>                                    | <u>(61.6)</u>                |
| <b>Balance at 31 December 2011</b>                           |             | <u>2,817.2</u>                     | <u>(339.5)</u>           | <u>(84.9)</u>                                    | <u>2,392.8</u>               |
| <b>Balance at 1 July 2010</b>                                |             | 2,795.2                            | 58.1                     | 425.5                                            | 3,278.8                      |
| Profit for the half year                                     |             | -                                  | -                        | 49.3                                             | 49.3                         |
| Other comprehensive income                                   |             | -                                  | (416.8)                  | 2.6                                              | (414.2)                      |
| <b>Total comprehensive (loss)/income for the half year</b>   |             | -                                  | (416.8)                  | 51.9                                             | (364.9)                      |
| <b>Transactions with owners in their capacity as owners:</b> |             |                                    |                          |                                                  |                              |
| Dividends provided for or paid                               | 6           | -                                  | -                        | (46.9)                                           | (46.9)                       |
| Share-based payments                                         |             | 3.7                                | 10.1                     | -                                                | 13.8                         |
| Dividend reinvestment plan                                   | 6           | 11.5                               | -                        | -                                                | 11.5                         |
|                                                              |             | <u>15.2</u>                        | <u>10.1</u>              | <u>(46.9)</u>                                    | <u>(21.6)</u>                |
| <b>Balance at 31 December 2010</b>                           |             | <u>2,810.4</u>                     | <u>(348.6)</u>           | <u>430.5</u>                                     | <u>2,892.3</u>               |

The consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

**Sims Metal Management Limited**  
**Consolidated Statements of Cash Flows**  
**For the half year ended 31 December 2011**

|                                                                           |             | <b>Half year ended 31<br/>December</b> |               |
|---------------------------------------------------------------------------|-------------|----------------------------------------|---------------|
|                                                                           |             | <b>2011</b>                            | <b>2010</b>   |
|                                                                           | <b>Note</b> | <b>A\$m</b>                            | <b>A\$m</b>   |
| <b>Cash flows from operating activities</b>                               |             |                                        |               |
| Receipts from customers (inclusive of goods and services tax)             |             | 4,700.7                                | 4,052.0       |
| Payments to suppliers and employees (inclusive of goods and services tax) |             | (4,635.3)                              | (3,944.4)     |
| Interest received                                                         |             | 1.6                                    | 1.9           |
| Interest paid                                                             |             | (10.4)                                 | (9.7)         |
| Dividends received from associates and jointly controlled entities        |             | 2.9                                    | 1.9           |
| Insurance recoveries                                                      |             | 2.7                                    | -             |
| Income taxes paid                                                         |             | (45.2)                                 | (27.7)        |
| <b>Net cash inflow from operating activities</b>                          |             | <b>17.0</b>                            | <b>74.0</b>   |
| <b>Cash flows from investing activities</b>                               |             |                                        |               |
| Payments for property, plant and equipment                                |             | (68.6)                                 | (79.6)        |
| Payments for acquisition of subsidiaries, net of cash acquired            | 8           | (64.3)                                 | (42.9)        |
| Proceeds from sale of property, plant and equipment                       |             | 3.6                                    | 2.3           |
| Payments for other financial assets                                       |             | (0.8)                                  | (27.7)        |
| Proceeds from sale of other financial assets                              |             | 0.3                                    | 54.4          |
| Return of capital from associates and jointly controlled entities         |             | 0.3                                    | -             |
| Loan to third parties                                                     |             | (15.4)                                 | (6.0)         |
| Proceeds from repayment of third party loans                              |             | 6.2                                    | 0.1           |
| <b>Net cash outflow from investing activities</b>                         |             | <b>(138.7)</b>                         | <b>(99.4)</b> |
| <b>Cash flows from financing activities</b>                               |             |                                        |               |
| Proceeds from borrowings                                                  |             | 1,039.7                                | 1,437.7       |
| Repayment of borrowings                                                   |             | (894.2)                                | (1,389.8)     |
| Fees paid for loan facilities                                             |             | (0.1)                                  | (1.0)         |
| Proceeds from issue of shares                                             |             | 1.5                                    | 3.7           |
| Payments for shares bought back                                           | 11          | (25.2)                                 | -             |
| Dividends paid                                                            | 6           | (48.7)                                 | (35.4)        |
| <b>Net cash inflow from financing activities</b>                          |             | <b>73.0</b>                            | <b>15.2</b>   |
| Net decrease in cash and cash equivalents                                 |             | (48.7)                                 | (10.2)        |
| Cash and cash equivalents at the beginning of the half year               |             | 165.5                                  | 132.3         |
| Effects of exchange rate changes on cash and cash equivalents             |             | 4.6                                    | (16.1)        |
| <b>Cash and cash equivalents at the end of the half year</b>              |             | <b>121.4</b>                           | <b>106.0</b>  |

The consolidated statements of cash flows should be read in conjunction with the accompanying notes.

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 1 – Summary of significant accounting policies**

*(a) Reporting entity*

Sims Metal Management Limited (the “Company”) is a company domiciled in Australia. The consolidated financial statements for the half year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates, jointly controlled entities and joint venture operations. The consolidated financial statements are presented in Australian dollars (A\$), which is the Group’s presentational currency.

*(b) Basis of preparation*

The half year financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards Board (“AASB”) 134 *Interim Financial Reporting* and the requirements of the *Corporations Act 2001*.

The half year financial report does not include all the notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by the Company during the half year ended 31 December 2011 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

*Compliance with IFRS*

International Financial Reporting Standards form the basis of Australian Accounting Standards adopted by the AASB. The half year financial report also complies with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”).

*Critical accounting estimates*

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1(c) of the annual financial report for the year ended 30 June 2011.

*Reclassifications*

Certain reclassifications have been made to prior period amounts to conform to the current period financial statement presentation with no significant impact effect on the previously reported consolidated financial statements.

*(c) Accounting policies*

There are a number of new and amended accounting standards issued by the AASB and IASB which are applicable for reporting periods beginning on or after 1 July 2011. The Group has adopted all the mandatory new and amended accounting standards issued that are relevant to its operations and effective for the current reporting period. There was no material impact on the half year financial report as a result of the new and amended accounting standards adopted.

Other than the policy discussed below, the Group’s significant accounting policies have remained unchanged from the annual financial report for the year ended 30 June 2011.

*Contributed equity*

When the Group purchases any of its equity instruments, for example as a result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from contributed equity and any reacquired shares are cancelled upon their purchase.

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 2 – Segment information**

*(a) Description of segments*

The Group is principally organised geographically and then by line of business. While the CEO evaluates results in a number of different ways, the geographical areas of operation is the primary basis for which the allocations of resources and financial results are assessed. The major geographic areas of operations are as follows:

- **North America** - comprising the United States of America and Canada.
- **Australasia** - comprising Australia, New Zealand, Papua New Guinea, India, Singapore, Hong Kong and South Africa.
- **Europe** - comprising the United Kingdom, Sweden, Belgium, the Netherlands, Germany, Poland, the Czech Republic, Hungary, Austria and Croatia.

The Group also reports revenues by the following product groups:

- **Ferrous secondary recycling** - comprising the collection, processing and trading of iron and steel secondary raw material.
- **Non-ferrous secondary recycling** - comprising the collection, processing and trading of other metal alloys and residues, principally aluminum, lead, copper, zinc and nickel bearing materials.
- **Secondary processing** - comprising value-added processes involving the melting, refining and ingoting of certain non-ferrous metals and the reclamation and reprocessing of plastics.
- **Recycling solutions** - comprising the provision of environmentally responsible solutions for the disposal of post- consumer electronic products, including IT assets recycled for commercial customers. The Group offers fee-for-service business opportunities in the environmentally responsible recycling of negative value materials including refrigerators, electrical and electronic equipment.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit before income tax since 30 June 2011.

*(b) Information about reportable segments*

|                                         | North<br>America<br>A\$m | Austral-<br>asia<br>A\$m | Europe<br>A\$m | Total<br>A\$m  |
|-----------------------------------------|--------------------------|--------------------------|----------------|----------------|
| <b>Half year ended 31 December 2011</b> |                          |                          |                |                |
| Total sales revenue                     | 3,044.1                  | 639.2                    | 900.6          | 4,583.9        |
| Other revenue                           | 0.3                      | 2.3                      | 0.4            | 3.0            |
| <b>Total segment revenue</b>            | <b>3,044.4</b>           | <b>641.5</b>             | <b>901.0</b>   | <b>4,586.9</b> |
| <b>Segment EBIT</b>                     | <b>(577.8)</b>           | <b>34.1</b>              | <b>(8.9)</b>   | <b>(552.6)</b> |
| Interest income                         |                          |                          |                | 1.6            |
| Finance costs                           |                          |                          |                | (12.0)         |
| <b>Loss before income tax</b>           |                          |                          |                | <b>(563.0)</b> |

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 2 – Segment information (continued)**

*(b) Information about reportable segments (continued)*

|                                         | North<br>America<br>A\$m | Austral-<br>asia<br>A\$m | Europe<br>A\$m | Total<br>A\$m  |
|-----------------------------------------|--------------------------|--------------------------|----------------|----------------|
| <b>Half year ended 31 December 2010</b> |                          |                          |                |                |
| Total sales revenue                     | 2,575.4                  | 679.4                    | 696.1          | 3,950.9        |
| Other revenue                           | 0.4                      | 2.8                      | 0.2            | 3.4            |
| <b>Total segment revenue</b>            | <u>2,575.8</u>           | <u>682.2</u>             | <u>696.3</u>   | <u>3,954.3</u> |
| <b>Segment EBIT</b>                     | <u>26.6</u>              | <u>19.3</u>              | <u>36.4</u>    | 82.3           |
| Interest income                         |                          |                          |                | 1.9            |
| Finance costs                           |                          |                          |                | (12.1)         |
| <b>Profit before income tax</b>         |                          |                          |                | <u>72.1</u>    |

Segment asset information is as follows:

|                     | 31 December<br>2011<br>A\$m | 30 June<br>2011<br>A\$m |
|---------------------|-----------------------------|-------------------------|
| North America       | 2,157.3                     | 2,656.0                 |
| Australasia         | 650.4                       | 633.0                   |
| Europe              | 816.9                       | 890.8                   |
| <b>Total assets</b> | <u>3,624.6</u>              | <u>4,179.8</u>          |

*(c) Revenue by product*

|                                 | Half year ended<br>31 December<br>2011<br>A\$m | 2010<br>A\$m   |
|---------------------------------|------------------------------------------------|----------------|
| Ferrous secondary recycling     | 3,183.5                                        | 2,663.0        |
| Non-ferrous secondary recycling | 840.9                                          | 796.8          |
| Secondary processing            | 62.6                                           | 100.1          |
| Recycling solutions             | 496.9                                          | 391.0          |
| <b>Total sales revenue</b>      | <u>4,583.9</u>                                 | <u>3,950.9</u> |

**Note 3 – Earnings per share**

|                                                                         | Half year ended<br>31 December<br>2011 | 2010           |
|-------------------------------------------------------------------------|----------------------------------------|----------------|
| <b>(Loss)/earnings per share (in cents)</b>                             |                                        |                |
| Basic                                                                   | (270.0)                                | 24.1           |
| Diluted                                                                 | (270.0)                                | 24.0           |
| <b>Weighted average number of shares used in the denominator ('000)</b> |                                        |                |
| <b>Basic shares</b>                                                     | 206,103                                | 204,175        |
| Dilutive effect of share based awards                                   | -                                      | 1,111          |
| <b>Diluted shares</b>                                                   | <u>206,103</u>                         | <u>205,286</u> |

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 3 – Earnings per share (continued)**

Due to the loss after tax for the half year ended 31 December 2011, the dilutive effect of share-based awards, which was approximately 1,674,000 shares, was not included as the result would have been anti-dilutive.

**Note 4 – (Loss)/profit before income tax**

(Loss)/profit before income tax includes the following items whose disclosures are relevant to explaining the financial performance of the Group:

|                                                                                                                           | <b>Half year ended<br/>31 December</b> |                    |
|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------|
|                                                                                                                           | <b>2011</b>                            | <b>2010</b>        |
|                                                                                                                           | <b>A\$m</b>                            | <b>A\$m</b>        |
| <i>(a) Other income</i>                                                                                                   |                                        |                    |
| Net gain on held for trading commodity derivatives                                                                        | 26.7                                   | -                  |
| Net gain on held for trading currency derivatives                                                                         | 1.8                                    | -                  |
| Net gain on disposal of property, plant and equipment                                                                     | 1.5                                    | 0.9                |
| Insurance recoveries                                                                                                      | 2.7                                    | -                  |
| Government grants                                                                                                         | 0.3                                    | 0.4                |
| Third party commissions                                                                                                   | 2.4                                    | 1.0                |
| Gain on sale of other financial assets                                                                                    | -                                      | 11.0               |
| Commercial settlement                                                                                                     | -                                      | 3.0                |
| Net foreign exchange gain                                                                                                 | -                                      | 0.4                |
| Other                                                                                                                     | <u>1.5</u>                             | <u>1.7</u>         |
|                                                                                                                           | <u><b>36.9</b></u>                     | <u><b>18.4</b></u> |
| <i>(b) (Loss)/profit before income tax includes the following specific expenses</i>                                       |                                        |                    |
| <i>Depreciation and amortisation:</i>                                                                                     |                                        |                    |
| Depreciation expense                                                                                                      | 51.4                                   | 51.7               |
| Amortisation expense                                                                                                      | <u>12.9</u>                            | <u>14.8</u>        |
|                                                                                                                           | <u><b>64.3</b></u>                     | <u><b>66.5</b></u> |
| Net loss on held for trading currency derivatives                                                                         | -                                      | 1.1                |
| Net loss on held for trading commodity derivatives                                                                        | -                                      | 39.1               |
| Net foreign exchange loss                                                                                                 | <b>2.8</b>                             | -                  |
| <i>(c) (Loss)/profit before income tax includes the following expenses which are included due to their size or nature</i> |                                        |                    |
| <i>Impairment losses/(reversals):</i>                                                                                     |                                        |                    |
| Impairment of goodwill (Note 9)                                                                                           | 556.8                                  | -                  |
| Impairment of goodwill in jointly controlled entity (Note 10)                                                             | 57.5                                   | -                  |
| Impairment of trade receivables <sup>1</sup>                                                                              | 4.9                                    | 0.3                |
| Reversal of impairment of property, plant and equipment                                                                   | (3.0)                                  | -                  |
| Write-down of inventories to net realisable value                                                                         | 7.7                                    | 0.7                |
| Natural disaster related expenses                                                                                         | 1.6                                    | -                  |
| Transaction costs related to business combinations                                                                        | 1.2                                    | 0.4                |
| Equity-settled share-based payments expense <sup>2</sup>                                                                  | 14.0                                   | 6.9                |
| Cash-settled share-based payments expense                                                                                 | <b>0.3</b>                             | 0.1                |

<sup>1</sup>2011 amount includes A\$4.4 million provision related to a receivable that was partially impaired as a result of a customer bankruptcy.

<sup>2</sup>2011 amount includes A\$6.0 million of expense associated with non-recurring long term incentive expense.

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 5 – Income tax**

The prima facie income tax on (loss)/profit before income tax differs from the income tax in the consolidated income statement and is reconciled as follows:

|                                                                    | <b>Half year ended<br/>31 December</b> |             |
|--------------------------------------------------------------------|----------------------------------------|-------------|
|                                                                    | <b>2011</b>                            | <b>2010</b> |
|                                                                    | <b>A\$m</b>                            | <b>A\$m</b> |
| <b>(Loss)/profit before income tax</b>                             | <b>(563.0)</b>                         | <b>72.1</b> |
| Tax at the standard Australian rate of 30%                         | <b>(168.9)</b>                         | 21.6        |
| Effect of tax rates in other jurisdictions                         | <b>(4.6)</b>                           | 2.6         |
| Non-deductible impairment of goodwill                              | <b>154.1</b>                           | -           |
| Non-deductible impairment of goodwill in jointly controlled entity | <b>11.7</b>                            | -           |
| Non-deductible expenses                                            | <b>3.7</b>                             | 0.8         |
| Share-based payments                                               | <b>1.0</b>                             | (0.5)       |
| Losses not tax effected                                            | <b>0.3</b>                             | 0.3         |
| Non-assessable income                                              | <b>(1.6)</b>                           | (0.3)       |
| Adjustments for prior years                                        | <b>(1.2)</b>                           | (0.2)       |
| Other                                                              | <b>(1.0)</b>                           | (1.5)       |
| <b>Income tax (benefit)/expense</b>                                | <b>(6.5)</b>                           | <b>22.8</b> |

**Note 6 – Dividends**

Details of dividends paid are as follows:

|                                                    | <b>Half year ended<br/>31 December</b> |               |
|----------------------------------------------------|----------------------------------------|---------------|
|                                                    | <b>2011</b>                            | <b>2010</b>   |
|                                                    | <b>A\$m</b>                            | <b>A\$m</b>   |
| <b>Cents per share</b>                             |                                        |               |
| Final 2011                                         | 35.0                                   | -             |
| Final 2010                                         | 23.0                                   | 46.9          |
| <b>Total dividends paid</b>                        | <b>72.1</b>                            | <b>46.9</b>   |
| Shares issued under the dividend reinvestment plan | <b>(23.4)</b>                          | <b>(11.5)</b> |
| <b>Total cash dividends paid</b>                   | <b>48.7</b>                            | <b>35.4</b>   |

Since the end of the half year, the directors have determined the payment of an unfranked interim dividend of 10.0 cents per share. The estimated amount of the dividend expected to be paid on 10 April 2012 out of consolidated retained earnings, but not recognised as a liability at the end of the half year, is approximately A\$20.6 million. On 17 February 2012, the directors resolved to suspend the dividend reinvestment plan. As a consequence, the dividend reinvestment plan will not operate for this distribution payment.

**Note 7 – Contingencies**

In the ordinary course of business, the Group is required to provide guarantees and letters of credit in respect of the performance of contracts and workers compensation insurance. The amounts of the guarantees provided by the Group as at 31 December 2011 and 30 June 2011 were A\$46.6 million and A\$64.5 million, respectively.

As at 30 June 2011, the Group had a legal provision of A\$9.8 million related to a dispute involving a breach of contract (refer to Note 22c in the annual financial report for the year ended 30 June 2011). During the half year ended 31 December 2011, the Group paid A\$9.8 million in settlement of the dispute.

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 8 – Business combinations**

*Summary of acquisitions*

- In July 2011, the Group purchased certain assets and the business of Goldman Metals, Inc. This business is a ferrous and non-ferrous scrap processor located in New Bern, North Carolina in the United States.
- In August 2011, the Group purchased certain assets and the business of Laurence Scrap Metals. This business is a ferrous and non-ferrous scrap processor located in Perth, Australia.
- In August 2011, the Group purchased certain assets and the business of Ace Auto Parts, Inc. This business is a ferrous and non-ferrous scrap processor located in Camden, New Jersey in the United States.
- In August 2011, the Group purchased the issued capital of Deane Wood Export Limited. This business is a ferrous and non-ferrous scrap processor located in Aldershot, England in the United Kingdom.
- In September 2011, the Group purchased certain assets and the business of F E Mottram Ltd. This business is a non-ferrous scrap processor located in Sheffield, England in the United Kingdom.
- In September 2011, the Group purchased the issued capital of S3 Interactive Limited (S3i). S3i, which is located in Glasgow, Scotland in the United Kingdom, specialises in the recovery, repair and refurbishment of mass market mobile devices.
- In October 2011, the Group purchased certain assets and the business of Promet Marine Services Corporation Limited. This business is a deep sea export facility located in Providence, Rhode Island in the United States.

Had the above acquisitions occurred on 1 July 2011, there would not have been a material change to the Group's revenue and net profit. Additionally, revenue and net profit contribution by the above acquisitions to the Group post acquisition was not material.

Purchase consideration for the above acquisitions and cash outflow were as follows:

|                                         | <u>A\$m</u>        |
|-----------------------------------------|--------------------|
| Cash paid for current year acquisitions | 69.1               |
| Cash acquired                           | <u>(4.8)</u>       |
| <b>Cash outflow for acquisitions</b>    | <b><u>64.3</u></b> |

The Group has provisionally recognised the fair values of the identifiable assets and liabilities of the above acquisitions based upon the best information available as of the reporting date. The provisional fair values were as follows:

|                               | <u>A\$m</u>        |
|-------------------------------|--------------------|
| Cash                          | 4.8                |
| Trade and other receivables   | 3.1                |
| Inventory                     | 1.4                |
| Property, plant and equipment | 27.7               |
| Identified intangible assets  | 4.4                |
| Trade and other payables      | (4.2)              |
| Current tax liabilities       | (0.1)              |
| Deferred tax liabilities      | <u>(0.3)</u>       |
| <b>Net assets acquired</b>    | <b><u>36.8</u></b> |

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 8 – Business combinations (continued)**

Goodwill recognised as a result of the above acquisitions was as follows:

|                                | <u>A\$m</u>        |
|--------------------------------|--------------------|
| Total cash consideration       | 69.1               |
| Deferred cash consideration    | 3.2                |
| Less: net assets acquired      | <u>(36.8)</u>      |
| <b>Goodwill on acquisition</b> | <b><u>35.5</u></b> |

The goodwill is attributable to several factors including site locations, synergies existing in the operations acquired and the assembled workforce, which together contribute to the profitability of the acquired businesses. Some of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs amounting to A\$1.2 million have been excluded from the consideration transferred and have been recognised in the income statement in the period, within the “other expenses” line item.

**Note 9 – Goodwill**

|                                    | <b>31 December<br/>2011<br/>A\$m</b> | <b>31 December<br/>2010<br/>A\$m</b> |
|------------------------------------|--------------------------------------|--------------------------------------|
| <i>(a) Carrying amounts</i>        |                                      |                                      |
| <b>At 1 July</b>                   |                                      |                                      |
| Cost                               | 1,113.3                              | 1,308.7                              |
| Accumulated impairment             | <u>(124.6)</u>                       | <u>(157.0)</u>                       |
| Net book amount                    | <u>988.7</u>                         | <u>1,151.7</u>                       |
| <b>Half year ended 31 December</b> |                                      |                                      |
| Opening net book amount            | 988.7                                | 1,151.7                              |
| Acquisition of subsidiaries        | 35.5                                 | 22.9                                 |
| Impairment charge                  | (556.8)                              | -                                    |
| Foreign exchange differences       | <u>39.8</u>                          | <u>(179.5)</u>                       |
| Closing net book amount            | <u>507.2</u>                         | <u>995.1</u>                         |
| <b>At 31 December</b>              |                                      |                                      |
| Cost                               | 1,197.0                              | 1,126.7                              |
| Accumulated impairment             | <u>(689.8)</u>                       | <u>(131.6)</u>                       |
| Net book amount                    | <u>507.2</u>                         | <u>995.1</u>                         |

*(b) Allocation of goodwill by segment*

|               | <b>31 December<br/>2011<br/>A\$m</b> | <b>30 June<br/>2011<br/>A\$m</b> |
|---------------|--------------------------------------|----------------------------------|
| Australasia   | 34.4                                 | 30.7                             |
| North America | 356.0                                | 815.6                            |
| Europe        | <u>116.8</u>                         | <u>142.4</u>                     |
| <b>Total</b>  | <b><u>507.2</u></b>                  | <b><u>988.7</u></b>              |

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 9 – Goodwill (continued)**

*(c) Allocation of goodwill by CGU*

Goodwill acquired through business combinations has been allocated to groups of cash generating units (“CGUs”) that are expected to benefit from the acquisition. CGUs representing greater than 10% of goodwill are as follows:

| CGU                                    | Segment       | 31 December  | 30 June      |
|----------------------------------------|---------------|--------------|--------------|
|                                        |               | 2011         | 2011         |
|                                        |               | A\$m         | A\$m         |
| North America Metals                   | North America | 267.6        | 731.7        |
| Continental Europe Recycling Solutions | Europe        | 55.0         | 61.1         |
| United States Recycling Solutions      | North America | 52.7         | 49.9         |
| All other CGUs                         |               | 131.9        | 146.0        |
| <b>Total</b>                           |               | <b>507.2</b> | <b>988.7</b> |

*(d) Impairment charges recognised by segment*

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Due to the difficult economic conditions affecting the Group’s industry, changes to the Group’s operating results and forecasts, and a significant reduction in the Group’s market capitalisation, the Group determined a triggering event had occurred as at 31 December 2011 and performed a goodwill impairment test, which resulted in the following impairment charges being recognised:

|                                                 | Half year ended |          |
|-------------------------------------------------|-----------------|----------|
|                                                 | 31 December     |          |
|                                                 | 2011            | 2010     |
|                                                 | A\$m            | A\$m     |
| Australasia (Australia Recycling Solutions CGU) | 3.6             | -        |
| North America (North America Metals CGU)        | 510.8           | -        |
| Europe (U.K. Metals CGU)                        | 42.4            | -        |
| <b>Total</b>                                    | <b>556.8</b>    | <b>-</b> |

The impairment charge related to the Australia Recycling Solutions CGU was due to continued operating losses for this CGU. As a result, the carrying value of goodwill for this CGU exceeded its recoverable amount. After the impairment charge, this CGU had no remaining goodwill.

Results for the North America Metals CGU and U.K. Metals CGU were impacted by weak volumes and margin pressure that was encountered during the last three months of the half year ended 31 December 2011. In October and November 2011, ferrous scrap prices rapidly declined as deep sea ferrous markets became illiquid as economic concerns for Europe and for slowing growth in China became pervasive. These factors adversely impacted the operating results for these CGUs during the half year ended 31 December 2011 which required a reassessment of the future cash flows of these CGUs. As a result, the carrying value of the goodwill for both CGUs was not fully recoverable resulting in the impairment charges for these CGUs. After the impairment charges, remaining goodwill was A\$267.6 million and A\$26.7 million for the North America Metals CGU and U.K. Metals CGU, respectively.

As described in Note 9(f), future changes in any of the key assumptions that are used for goodwill impairment testing may result in additional impairment being recognised in future periods.

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 9 – Goodwill (continued)**

*(e) Goodwill impairment tests and key assumptions*

The recoverable amount of each of the Group's CGUs was determined based on the higher of fair value less costs to sell or value-in-use. The Group believes its methodology is the most meaningful method, in order to reflect the cyclical nature of its business and the volatile nature of commodity markets that can impact its business.

The value-in-use calculations use a 5-year cash flow projection which is based on a 5-year forecast prepared by management. The 5-year forecast is developed using historical averages derived from fiscal 2008 to fiscal 2011 results, half year results through 31 December 2011 and the forecast for the half year ending 30 June 2012. These 5-year projections also incorporate management estimates related to the inherent impact of future volatility in volumes, commodity prices and margins drawn from past experience and factor in current and expected future economic conditions and considers the potential benefits to arise from significant capital investments approved by the Board. A terminal value is determined from the final year of cash flow based on application of the Gordon Growth model. The cash flows are discounted using rates that reflect management's estimate of the time value of money and the risks specific to each CGU that are not already reflected in the cash flows. In determining appropriate discount rates for each CGU, consideration has been given to a weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the CGU.

The cash flow projections are based on management's best estimates, with reference to historical results, to determine income, expenses, capital expenditures and cash flows for each CGU.

The key assumptions used for the value-in-use calculations were as follows:

|                       | <b>Discount rate (pre-tax)</b> |                         | <b>Growth rate</b>          |                         |
|-----------------------|--------------------------------|-------------------------|-----------------------------|-------------------------|
|                       | <b>31 December<br/>2011</b>    | <b>30 June<br/>2011</b> | <b>31 December<br/>2011</b> | <b>30 June<br/>2011</b> |
|                       | <b>%</b>                       | <b>%</b>                | <b>%</b>                    | <b>%</b>                |
| Australasia           | <b>14.0 – 19.9</b>             | 13.3 – 16.9             | <b>2.5</b>                  | 2.5                     |
| North America Metals  | <b>13.4</b>                    | 13.2                    | <b>3.0</b>                  | 3.0                     |
| Rest of North America | <b>13.6 – 14.1</b>             | 12.7 – 13.1             | <b>3.0</b>                  | 3.0                     |
| Europe                | <b>13.3 – 14.8</b>             | 12.6 – 14.6             | <b>1.5 – 2.5</b>            | 1.5 – 2.5               |

*(f) Impact of possible changes in key assumptions*

With regard to the assessment of the value-in-use of each CGU, a sensitivity analysis was conducted on the effect of changes in forecasted cash flows and discount rates. If forecasted cash flows were to decrease by 10% for each CGU, an additional impairment charge of A\$120.0 million and A\$26.7 million would be required for the North America Metals CGU and U.K. Metals CGU, respectively. If discount rates were to increase by 1% for each CGU, an additional impairment charge of A\$144.5 million and A\$26.7 million would be required for the North America Metals CGU and U.K. Metals CGU, respectively.

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 10 – Investments in associates and jointly controlled entities**

| <u>Name of associate or jointly controlled entity</u> | <u>Country of incorporation</u> | <u>Ownership interest %</u> |                  |
|-------------------------------------------------------|---------------------------------|-----------------------------|------------------|
|                                                       |                                 | <u>December 2011</u>        | <u>June 2011</u> |
| SA Recycling LLC                                      | USA                             | 50                          | 50               |
| Metal Management Nashville, LLC                       | USA                             | 50                          | 50               |
| Rondout Iron & Metal LLC                              | USA                             | 50                          | 50               |
| Richmond Steel Recycling Limited                      | Canada                          | 50                          | 50               |
| LMS generation Pty Ltd                                | Australia                       | 50                          | 50               |
| Australia Refined Alloys Pty Limited                  | Australia                       | 50                          | 50               |
| ITL Logistics GmbH                                    | Germany                         | 34                          | 34               |
| Extruded Metals (New Zealand) Limited                 | New Zealand                     | 0                           | 33               |

*(a) Movements in carrying amounts*

|                                                       | <u>Half year ended 31 December</u> |              |
|-------------------------------------------------------|------------------------------------|--------------|
|                                                       | <u>2011</u>                        | <u>2010</u>  |
|                                                       | <u>A\$m</u>                        | <u>A\$m</u>  |
| Balance at the beginning of the period                | 310.3                              | 369.5        |
| Share of (loss)/profit before tax                     | (2.6)                              | 2.5          |
| Associates' share of income tax expense               | (1.0)                              | (0.7)        |
| Accretion of deferred gain to equity accounted profit | 1.2                                | 1.3          |
| Dividends received                                    | (2.9)                              | (1.9)        |
| Return of capital                                     | (0.3)                              | -            |
| Impairment of goodwill in jointly controlled entity   | (57.5)                             | -            |
| Foreign exchange differences                          | 15.4                               | (55.4)       |
| Balance at the end of the period                      | <u>262.6</u>                       | <u>315.3</u> |

*(b) Impairment of goodwill in jointly controlled entity*

On a regular basis, investments in associates and jointly controlled entities are tested for impairment if the Group believes events or changes in circumstances indicate that the carrying value amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value-in-use.

In the half year ended 31 December 2011, SA Recycling LLC recognised an impairment on goodwill, the Group's pre-tax share of which is A\$57.5 million. This has been recognised in the income statement in the period. The impairment represents the portion of SA Recycling LLC's goodwill attributable to the Group which was determined to be not recoverable based on the value in use of the business. Similar to the Group's North America Metals CGU, SA Recycling LLC has been impacted by current economic conditions which have impacted its financial results and future forecasts.

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 10 – Investments in associates and jointly controlled entities (continued)**

*(c) Share of associates' and jointly controlled entities' profit*

|                                                                          | <b>Half year ended<br/>31 December</b> |             |
|--------------------------------------------------------------------------|----------------------------------------|-------------|
|                                                                          | <b>2011</b>                            | <b>2010</b> |
|                                                                          | <b>A\$m</b>                            | <b>A\$m</b> |
| (Loss)/profit before income tax                                          | (1.4)                                  | 3.8         |
| Associates' share of income tax expense                                  | (1.0)                                  | (0.7)       |
| (Loss)/profit after income tax recognised in equity accounted investment | (2.4)                                  | 3.1         |
| Jointly controlled entities' income tax benefit/(expense) <sup>1</sup>   | 0.3                                    | (1.8)       |
| Associates' and jointly controlled entities' (loss)/profit after tax     | (2.1)                                  | 1.3         |

<sup>1</sup>The jointly controlled entities to which this relates are "pass-through" entities for taxation purposes. As such, the Group incurs the income tax expense and associated tax liability on its share of the profit and includes this amount as part of its income tax expense.

**Note 11 – Contributed equity**

On 7 October 2011, the Company announced an on-market share buy-back program which will allow the buy-back of a maximum of 10% of issued capital (20,603,871 ordinary shares) over a 12-month period on the ASX. The buy-back commenced on 24 October 2011. The Company purchased 2,000,000 ordinary shares at an average price of A\$12.78, with prices ranging from A\$11.92 to A\$13.96, under the share buy-back program during the half year ended 31 December 2011. These reacquired shares have been cancelled. The current on-market share buy-back program is ongoing through 23 October 2012.

Movements in the ordinary share balance were as follows:

|                                                             | <b>Half year ended<br/>31 December</b> |                |
|-------------------------------------------------------------|----------------------------------------|----------------|
|                                                             | <b>2011</b>                            | <b>2010</b>    |
|                                                             | <b>'000</b>                            | <b>'000</b>    |
| On issue per share register at the beginning of the period  | 205,394                                | 203,881        |
| Issued under long-term incentive plans                      | 708                                    | 358            |
| Cancelled under long-term incentive plans                   | (24)                                   | -              |
| Issued under the dividend reinvestment plan                 | 1,773                                  | 683            |
| Share buy-back                                              | (2,000)                                | -              |
| <b>On issue per share register at the end of the period</b> | <b>205,851</b>                         | <b>204,922</b> |

**Sims Metal Management Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2011**

**Note 12 – Parent entity financial information**

|                                                            | <b>31 December<br/>2011<br/>A\$m</b>   | <b>30 June<br/>2011<br/>A\$m</b> |
|------------------------------------------------------------|----------------------------------------|----------------------------------|
| <b>Statement of financial position:</b>                    |                                        |                                  |
| Current assets                                             | 51.3                                   | 53.5                             |
| Total assets                                               | 3,145.7                                | 4,285.2                          |
| Current liabilities                                        | 61.3                                   | 71.3                             |
| Total liabilities                                          | 62.0                                   | 72.0                             |
| <i>Shareholders' equity:</i>                               |                                        |                                  |
| Contributed equity                                         | 4,137.9                                | 4,138.6                          |
| Reserves                                                   | 83.0                                   | 71.9                             |
| Retained (deficit)/earnings                                | <u>(1,137.2)</u>                       | <u>2.7</u>                       |
| Total equity                                               | <u>3,083.7</u>                         | <u>4,213.2</u>                   |
|                                                            | <b>Half year ended<br/>31 December</b> |                                  |
|                                                            | <b>2011</b>                            | <b>2010</b>                      |
|                                                            | <b>A\$m</b>                            | <b>A\$m</b>                      |
| <b>(Loss)/profit for the half year<sup>1</sup></b>         | <u><b>(1,067.9)</b></u>                | <u><b>43.6</b></u>               |
| <b>Total comprehensive (loss)/income for the half year</b> | <u><b>(1,067.9)</b></u>                | <u><b>43.6</b></u>               |

The parent entity has current liabilities greater than current assets. The current liabilities primarily represent intercompany balances between entities which are a party to a Deed of Cross Guarantee to which the parent entity is also a party. Refer to Note 28 in the annual financial report for the year ended 30 June 2011.

<sup>1</sup>The parent entity's loss for the half year ended 31 December 2011 included a non-cash impairment charge of A\$1,137.0 million after tax against the parent entity's investment in subsidiaries. In accordance with AASB 136 (IAS 36), the parent entity's investment in subsidiary balance was compared to the higher of its value-in-use or fair market value less costs to sell, and the comparison identified an impairment in the carrying value of the parent entity's investment in subsidiaries. This non-cash charge is reversed on consolidation and does not impact the consolidated financial statements of the Group.

**Note 13 – Events occurring after the balance sheet date**

On 17 January 2012, the Group acquired 16 percent of the existing shares of Chiho-Tiande Group Limited ("CTG"), a Hong Kong listed metals and electronics recycler with operations in the People's Republic of China and Hong Kong. The shares were acquired from founder Chairman Ankong Fang and Delco Participation B.V. (Delco), a Netherlands-based scrap metal company, for total consideration of HK\$750.1 million. Delco has granted an option to the Group to acquire a further 2 percent of CTG. In addition, subject to approval by CTG's independent shareholders, the Group will subscribe for a three-year HK\$316.0 million convertible bond and be issued warrants from CTG.

On 15 November 2011, the Group and Nyrstar NV announced their intention to sell their respective interests in the secondary lead producing facility in Sydney, Australia of Australian Refined Alloys to companies associated with Renewed Metal Technologies for a total sale price of A\$80.0 million. On 8 February 2012, approval for this transaction was granted by the Australian Competition and Consumer Commission. Completion of the sale is still subject to approval of the Foreign Investment Review Board ("FIRB"). Subject to the parties receiving approval from FIRB, the sale is expected to occur by the end of February 2012.

No other matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the Group's operations, the results of those operations, or the state of affairs of the Group in future financial years.

## **Sims Metal Management Limited Directors' Declaration**

In the directors' opinion:

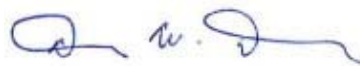
- (a) the financial statements and notes set out on pages 4 to 20 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - ii. giving a true and fair value view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that Sims Metal Management Limited will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the directors.



P J Varello  
Chairman

Houston  
16 February 2012



D W Dienst  
Group Chief Executive Officer

Sydney  
17 February 2012



## **Independent auditor's review report to the members of Sims Metal Management Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Sims Metal Management Limited, which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Sims Metal Management Limited Group (the consolidated entity). The consolidated entity comprises both Sims Metal Management Limited (the company) and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sims Metal Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sims Metal Management Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Andrew J Parker'.

Andrew J Parker  
Partner

Sydney  
17 February 2012