



04

ANNUAL REPORT



SIMS | GROUP

Financial Summary

For the year ending 30th June

	2004	2003	%
	(A\$'000s)	(A\$'000s)	change
Total Operating Revenue	1,879,465	1,609,512	+17
Profit Before Interest and Tax	168,408	114,177	+47
Net Interest Expense	(1,846)	(2,199)	-16
Tax Expense	(54,059)	(36,936)	+46
Operating Profit After Tax	112,503	75,042	+50
Net Profit (After Minority Interests)	112,503	75,042	+50
Net Cash Flows from Operations	91,247	128,507	-29
Earnings Per Share - basic	122.6¢	82.2¢	+49
Earnings Per Share - diluted	122.5¢	82.2¢	+49
Dividends Per Share	86.0¢	54.0¢	+59
Return on Shareholders' Equity	25.1%	18.9%	+33
Current Ratio	1.6:1	1.8:1	-11
Net (Debt) / Cash	(17,943)	70,325	-
Net Tangible Asset Backing per Share	\$3.97	\$3.57	+11

Annual General Meeting

The Annual General Meeting of Sims Group Limited will be held in the James Cook Ballroom, Hotel Inter-Continental, 117 Macquarie Street, Sydney, NSW on Friday 19 November 2004 at 11:00am. A Notice of Meeting and Proxy Form are enclosed with this report.



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Front cover - During 2004 Sims Group acquired Australia's largest tyre recycler and commissioned a tyre recycling plant in the UK.

Chairman's & Chief Executive's review

We are pleased to report Sims Group's fifth successive year of improved earnings with after tax earnings of \$113 million, 50% up on last year's then record profit. Sales revenue was \$1.87 billion, up 19%, EBITDA was \$198 million, up 31% and EBIT was \$168m, up 47%. These figures are after taking into account a \$6.7 million pre-tax write-down in the carrying value of the Company's interest in its Conex joint venture. The result was achieved through handling 5.1 million tonnes of material, slightly above last year. Processed tonnes (i.e. excluding brokerage tonnes) rose by 5% to 4.3 million tonnes.

As a result of a dramatic increase in ferrous prices globally and improved currency exchange rates, the second half of fiscal 2004, in particular, was extremely robust. Our people made a significant contribution in the management of trading opportunities and margin enhancement. This, coupled with the achievement of record production levels, enabled us to maximise the benefit of favourable metal prices and market conditions.

All global business units produced record results, with our North American operation the standout performer, trebling EBIT to US\$41 million. Australia's EBIT also improved, by an impressive 54%. While the UK's full year EBIT only improved 12% to £17 million, this result was against the backdrop of a challenging first half and followed on from a particularly strong performance in fiscal 2003. EBIT was well balanced throughout the Group's global operations with the percentage attributable to the Australian and United Kingdom operations reducing from fiscal 2003, as a result of the strong performance in North America.

Notwithstanding net capital expenditure of \$51 million and business acquisition costs of \$55 million, and increases in working capital of \$71 million, the Group still managed to be in a modest Net Debt/(Net Debt + Equity) position at year end of 4%. This was also despite the Company carrying out a 1.7 million share buy back during the year.





r e v i e w

Paul Mazoudier | Jeremy Sutcliffe

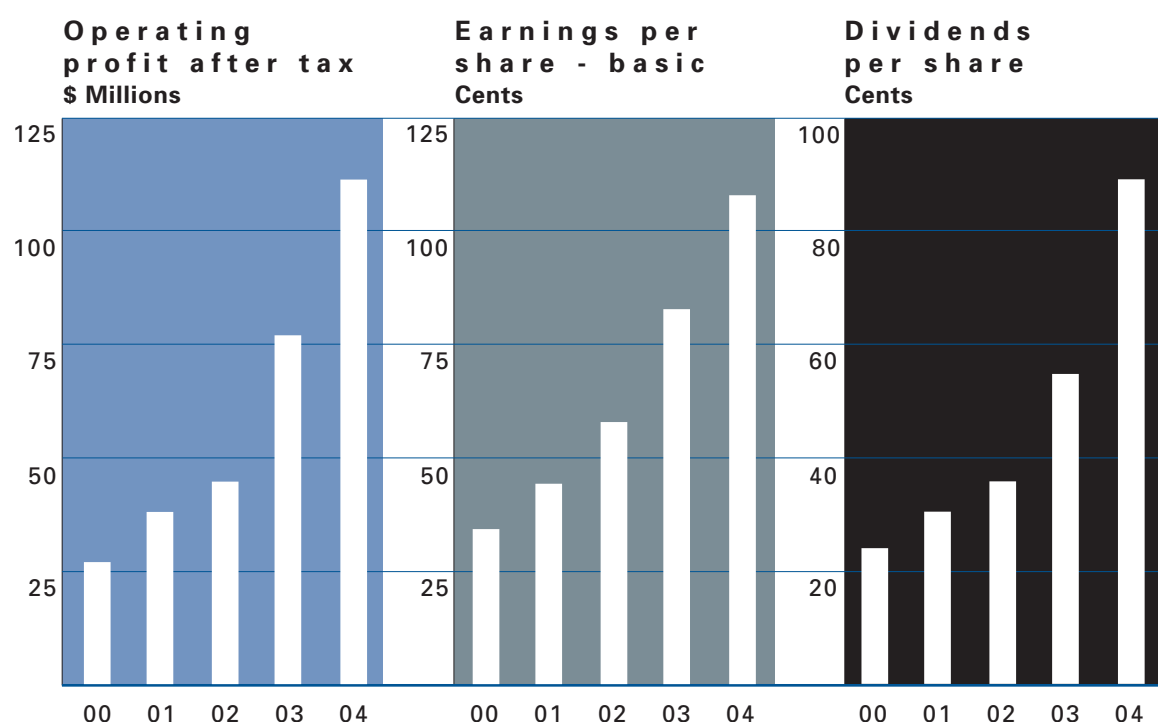
Earnings per share at 122.6¢ were up 49% enabling the directors to declare a final dividend of 40¢ and a special dividend of 20¢, both 48% franked, giving shareholders a record fiscal 2004 total dividend of 86 cents (51% franked), up 59% on the previous year.

Throughout the year, great emphasis was placed on improving operational efficiencies (which led to record shredder production and shredder non ferrous recovery revenues), market growth and the strategic development of both our core metal recycling business and Sims Recycling Solutions.

Critical to the improvement in our business performance was the Company's commitment to the safety of its workforce. This again received particular attention throughout the Group and fiscal 2004 saw a further improvement in our safety performance with a reduction in our global lost time injury frequency rate from 11 to 8 and total lost time injuries from 43 to 34. We are continually endeavouring to improve further on our health and safety performance.

The Board is also committed to ensuring that Sims Group continues to maintain the highest level of corporate governance and compliance. A summary of our corporate governance practices can be found later in this report. Focus on environmental best practices remained a high priority throughout our global operations.

During the year, the directors continued their practice of holding a Board meeting at one of the Group's State operations, this year visiting Brisbane, Queensland which also provided an invaluable opportunity to meet with local management. After year end, the Board visited the UK, inspecting the Company's new investments in Newport and returned via China for an insight into our most important market.



The Board participated again with senior management in annual and mid-year strategic reviews of all the Group's worldwide operations and also supported the enhancement of the Group's human resources development through a series of targeted programmes. The importance of our people and their contribution to the Group's success cannot be understated and the Board would like to extend its congratulations to all employees worldwide for their efforts in helping to achieve this year's record result.

OPERATIONAL RESULTS

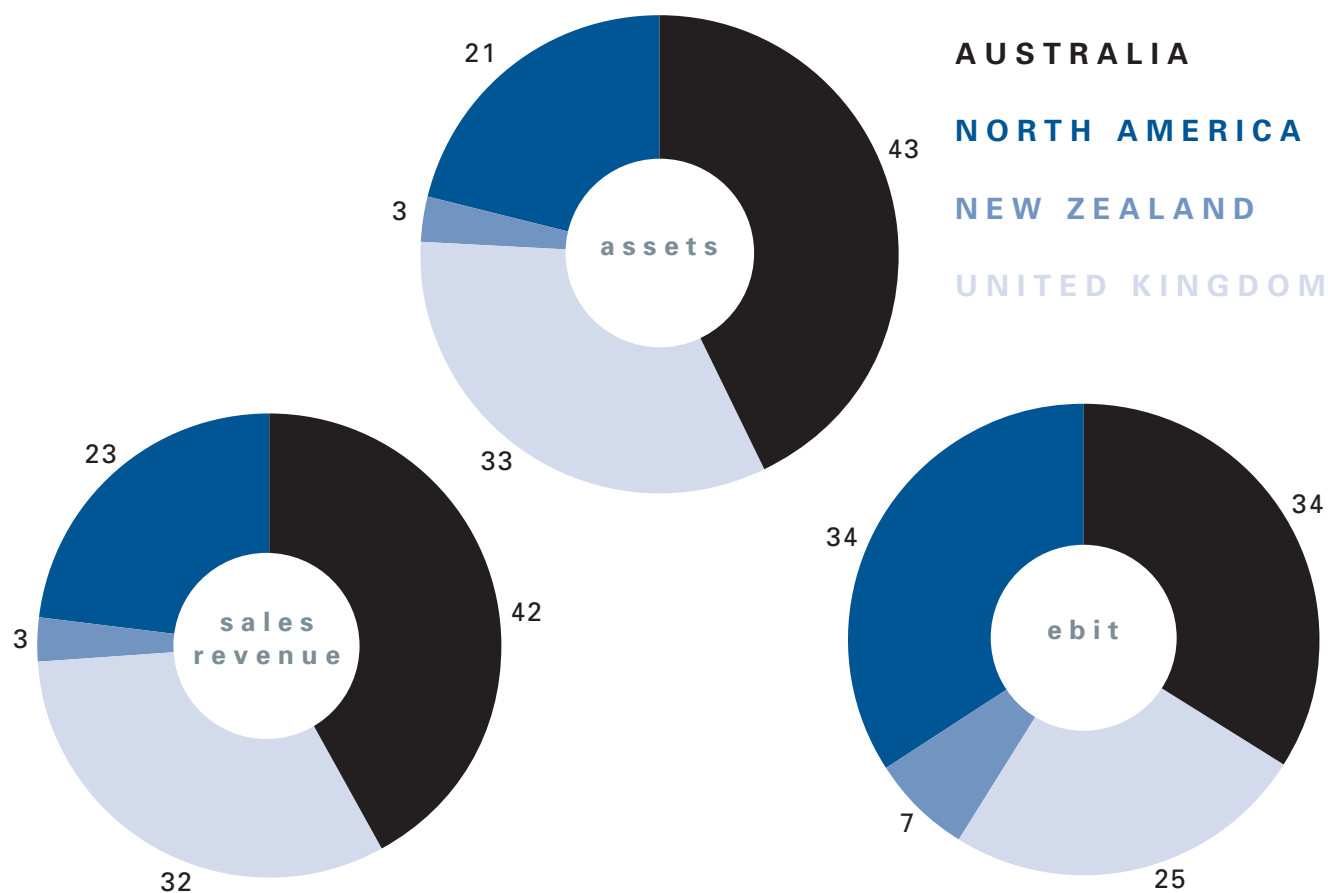
Metal Recycling

The shredding of post consumer and other obsolescent metal products and the recovery of their ferrous and non ferrous content, was the Company's main profit contributor which, together with other ferrous processing operations, accounted for 85% of Group EBIT during the year. At \$179.5 million this was up 41%, or an additional \$52 million, on fiscal 2003. Shredder production, at a record 2.2 million tonnes, was up 4% on the previous year and revenue from non ferrous shredder recoveries at \$133 million was up 2%, another record.

In Australia, the quality and efficiency of our plant and equipment continues to improve, both through investment and modifications. Shredder production increased by 12% and non ferrous yields, shredder utilisation and production rates all increased. Our UK operations adapted to the re-emergence of a resurgent UK domestic steel industry, with ferrous intake volumes up 5%. Our North American operations also increased ferrous intake volumes, up by 6%, albeit offset by lower brokerage tonnes.

This excellent operational performance enabled the Group to take full advantage of strong demand, both in local markets and in the major global consuming markets we service.





Total non ferrous metals handled (including brokerage and non ferrous shredder recoveries) increased 10% to 387,000 tonnes. Non ferrous selling prices did not spike to the same extent as ferrous prices. However, the Group still managed a 24% year-on-year increase in EBIT from the trading of non ferrous metals (excluding metal recovered from shredding operations) on sales tonnes up 9%. Sims International's centralised marketing entity, based in Sydney, completed its first full year of operation and co-ordinated and expanded Group non ferrous sales and third country trading. This centralised entity supports a global network of traders and delivers real time market information flows.

Principally as a result of a rebound in UK domestic steel production and strong demand in Australia, regional domestic sales as a percentage of total sales increased from 38% in fiscal 2003 to 49% in fiscal 2004. Sales into China represented 22% of total sales and 43% of export sales, up from 17% and 27% respectively in fiscal 2003.

Manufacturing and Joint Ventures

Fiscal 2004 was a mixed year for the Group's manufacturing interests. Following its rationalisation in fiscal 2003, our wholly owned secondary aluminium business recorded a \$2.9 million improvement in EBIT during fiscal 2004. ARA, Sims' secondary lead joint venture, made a significantly stronger profit contribution, up 185%. The improvements in these two operations were offset somewhat by the result for Conex, the joint venture in which Sims Group holds a one-third interest, which although EBIT and cash positive, produced a return for the year significantly lower than fiscal 2003. This contributed to the decision to write-down the carrying value of our interest in this business.

Landfill Management Services, in which Sims Group has now injected funding sufficient to enable it to increase its equity interest to 50%, began its evolution from a landfill gas management business to a power generation business. This will transform LMS over the years ahead.

Recycling Solutions

Our Recycling Solutions division made significant headway during the year despite a slightly reduced profit contribution due to the commitment of resources to our Waste from Electrical and Electronic Equipment (WEEE) business unit and commissioning expenses at our UK tyre recycling business. Following the commissioning of our second fridge recycling plant in the UK, this business unit achieved an increase in fridge throughput for fiscal 2004 to 360,000, up nearly 130% on fiscal 2003. Our WEEE business unit continued to position itself favourably for the introduction of the EU WEEE Directive and our research and development into CRT and plastics recycling made great strides. There are opportunities ahead, both organically and through acquisition, to significantly grow this division. The acquisition of Tyrecycle, Australia's largest collector and processor of used vehicle tyres, marked our first Australian Recycling Solutions milestone and fits well with our global strategy. We also successfully commissioned the Group's UK tyre recycling plant, following the acquisition of those assets in fiscal 2003.

OUTLOOK

As the Company announced in September, the Group anticipates earnings in the first quarter of fiscal 2005 to be in excess of \$50 million. This gives us the confidence to predict that first-half earnings will be significantly higher than the record second half of fiscal 2004. The extent of potential selling price volatility, however, renders full-year forecasting extremely difficult. Nonetheless, at the time of this report, steel prices in North America remain at record levels and consequently demand for ferrous raw materials continues to be high. The same is also true of demand in Asian markets with Chinese buying strong, and shortages of ferrous units, particularly pig iron, very apparent. Consequently we are able to predict that full-year earnings, even allowing for a modest reduction in metal pricing during the second half, will deliver another record for Sims Group.



Paul Mazoudier
Chairman



Jeremy Sutcliffe
Group Chief Executive





Jeremy Sutcliffe

CEO Questions & answers

- Q. Well, another record year for Sims Group. That must have been very satisfying?**
A. Yes it was. This year's record result was Sims Group's fifth successive year of improved earnings and a 50% improvement on last year's then record profit.

In many ways, it was an extraordinary year, as the strongly appreciating Australian dollar in the first half looked set to dampen full year earnings. In fact, an unprecedented escalation in ferrous prices in the second half more than offset the negative impact of the dollar's appreciation and higher freight rates. Prices rose on the back of surging global steel production and higher steel prices, triggered largely by a buoyant Chinese economy.

- Q. The Group appeared to be firing on all cylinders. True?**
A. Yes, improvements in earnings were experienced in every operating region. We enjoyed an impressive increase in total processed tonnes (i.e. excluding brokerage tonnes) which rose by 5% and improved non ferrous intake tonnes which increased by 11%. Total tonnes once again exceeded 5 million.

- Q. Were there any stand out performers?**
A. The star amongst the stars in fiscal 2004 was undoubtedly our North American operations where EBIT more than trebled to US\$41 million and return on funds employed was a stellar 75%. It was not only the financial performance, however, that was pleasing, but also the strategic development of the business, particularly on the East Coast in Virginia.

Australia's effort was also impressive, improving EBIT by 54%, and the UK business enjoyed a record second half-year.

Q. What role did Sims Group's employees play in the result?

A. Yet again, our employees around the world made a fantastic contribution to the record result and should be extremely proud of their achievements. Trading is critical in times of price volatility and margin was controlled well. Operationally, we achieved record shredder production yet again. Ongoing training in key areas, as well as management development programs, has become a feature of our human resources program. A high priority is the nurturing of the over 20 trainees and new graduates currently in the Company's trainee program.

Q. Were there any disappointments last year?

A. It would be fair to say that I was again disappointed that we were unable to consummate a major acquisition in metal recycling. This said, it was the correct decision in view of the high price expectations on the part of sellers. As a result, our focus was restricted to smaller businesses which, when acquired, offered regional synergies and rationalisation benefits.

Q. Over \$100 million was spent on acquisitions and other capital expenditure last year. What were the major ones?

A. The Group's major acquisition was of the Bay Bridge business in Virginia, USA, in May 2004. This consolidated the Company's strategic position in the State and added another shredder and an export facility. The acquisition has been integrated seamlessly and initial returns are ahead of projections. The subsequent leasing of Chaparral Steel's mega-shredder, also in Virginia, strengthened our position in the State even more.

We also made strides in tyre recycling, through the acquisition of Tyrecycle, Australia's largest collector and processor of used vehicle tyres.

The Group's largest capital expenditure project was in the UK with the development of our Newport facility. With a new mega shredder, the world's largest, and a new gantry dock crane, both serviced by a new rail link, I now regard Newport as one of, if not the world's leading metals recycling operation.

Q. There was another improvement in Sims Group's safety record. How pleased were you with that?

A. Fiscal 2004 did see a further improvement in our safety performance, with a reduction in our global lost time injury frequency rate from 11 to 8 and total lost time injuries falling from 43 to 34. While the past four year trend has been in the right direction, I will not be satisfied until we achieve our target of 'zero' work place accidents. The fatality, at a joint venture operation which we do not manage, was a tragic reminder of the need to be ever vigilant.





i n t e r v i e w

Q. Markets appeared to be very volatile last year?

A. That would be an understatement! For the fiscal years of 2000, 01, 02 and 03, the average annual range in Korean HMS pricing was around US\$30 mt, yet in fiscal 2004 this leapt to US\$165 mt. In Sims Group's case, as we secured ferrous sales at even higher levels in other markets, the range was almost US\$200 mt. While I anticipate trading within a narrower band in fiscal 2005 than last year, we have already seen a swing of US\$100 mt since the financial year end.

Q. What were the major developments in the Recycling Solutions division?

A. Our Recycling Solutions division in the UK made significant headway and, following the commissioning of its second fridge recycling plant, achieved an increase in fridge throughput to 360,000 fridges, up nearly 130% on fiscal 2003. Our waste electronic recycling business unit continued to position itself favourably for the introduction of the EU WEEE Directive and our R&D into CRT and plastics recycling made great strides. This is an exciting division and we expect some interesting further developments in the year ahead.

Q. Finally, what is your outlook for the year ahead?

A. We remain confident that steel production and demand in China will remain firm, despite governmental and other constraints such as electricity shortages. On the back of this, we see continued demand in most major markets, including the USA where high steel prices continue to lead to high steel mill utilisation rates and strong raw material requirements. Having said this, irregular buying patterns are likely to continue as consumers attempt to second guess market trends which can only add to price volatility. We will continue to adapt and react to this changing business environment.

SIMS | METAL

Sims Metal is one of the largest global metal recyclers with operations in Australasia, the UK and North America. As a buyer, processor and supplier of all grades of secondary ferrous and non ferrous metals, Sims Metal provides its customers around the world with a stable and reliable source of quality raw materials.

SIMS | MANUFACTURING

Sims Manufacturing consists of Sims' secondary aluminium and plastics recycling operations in Australia as well as its commodities trading operations. It also includes Sims' interests in Consolidated Extrusions, an Australasian copper and brass alloy extrusions joint venture, and Australian Refined Alloys, Australia's only significant secondary lead producer.

SIMS | ALUMINIUM

Part of Sims Manufacturing, Sims Aluminium is Australia's largest producer of specification grade aluminium alloy, primarily for the Australasian automotive industry. It also provides a number of innovative recycling solutions, including the recovery of aluminium and salt from salt slag, a by-product of aluminium production, and the supply of molten aluminium alloy to the domestic die-casting industry.

SIMS | ENERGY

Sims Energy comprises Sims' equity interest in LMS, a specialist renewable energy company that continues to research, install and develop landfill gas systems, renewable energy and power generation technologies.



International trading



Scrapping of a Boeing 767



Australia's first fully enclosed metal recycling operation at St. Peters, Sydney





Automobile bumper bars and refrigerators ready for recycling



SIMS | INTERNATIONAL

Sims International handles the international trading and brokerage of ferrous units and non ferrous metals on behalf of Sims Group. Supported by an international trading network and representative offices in China, Malaysia, Vietnam and India, Sims International services customers around the world.

SIMS | STEEL

Sims Steel is the steel distribution arm of Sims Group in Australia. Sims Steel sells a wide range of steel products, including pipe, RHS, plate, structurals, merchant bar and construction materials, to a broad range of customers.

SIMS | PLASTICS

Part of Sims Manufacturing, Sims Plastics recycles high value plastic polymers including post consumer plastics, plastics from the automotive industry and environmentally sensitive plastics such as agricultural sheeting.

SIMS | INDUSTRIAL

Sims Industrial is the global industrial services division of Sims Group and provides industrial services, including charge blending, furnace loading and stockpile management services to electric arc steel plants and other clients.

SIMS | RECYCLING SOLUTIONS

Sims Recycling Solutions is the division of Sims Group created specifically to provide environmentally responsible solutions to the disposal of post consumer products in response to increasing social and political pressures. It offers fee for service business opportunities in the environmentally responsible recycling of negative value materials including refrigerators, electrical and electronic equipment, and tyres.



The Group's new shredder and dockside portal crane at Newport, South Wales

M e t a l R e c y c l i n g

AUSTRALIA & NEW ZEALAND

Sims Metal continued rolling out its strategy of providing superior recycling services to regional **Australia** via a growing network of feeder yards in key geographic areas. This contributed to a further significant growth in volumes.

Pleasingly, the resource rich stream from post consumer arisings also grew considerably. As a result of further capital investment in metals recovery technology, non ferrous yields from shredder operations increased 20% over the previous year.

Strong domestic demand enabled Sims Metal to supply NSW steel producers with scrap from as far afield as North Queensland, South Australia and Tasmania. International demand was also strong and, after satisfying domestic demand, exports accounted for 40% of total ferrous arisings.

As the majority of our shredding plants operated at near capacity, the board has recently approved the commissioning of plant upgrades which will take place during the coming financial year.

While the number of lost time injuries rose from 8 to 14, the continual focus on health and safety saw the number of medically treated injuries drop from 86 to 56 year-on-year.

In **New Zealand**, Sims Pacific Metals (50/50 joint venture with Fletcher Building) achieved growth across all divisions. Robust sector conditions allowed the domestic steel mill to ramp up production to record levels. SPM responded to the strong demand for feedstock by establishing a new branch operation in Hamilton and expanding its Napier operation.

In the **South Pacific Region**, PNG Recycling completed its first full year of operations at the OK Tedi mine site, providing a comprehensive range of recycling services, as well as scrap collection, to the mine owner. Negotiations are currently being held to expand the scope of contracted services. A focus on safety standards resulted in no lost time injuries.



UNITED STATES & CANADA

The **United States** operations produced another record result and achieved a significant increase in volumes in all divisions. This resulted in a 227% lift in earnings over fiscal 2003. The strengthening domestic economy, together with increased global demand for both ferrous and non ferrous raw material, resulted in unprecedented selling prices.

The purchase of the assets and business of Bay Bridge Enterprises LLC, Virginia was completed in May 2004. The acquisition has provided additional shredding capacity and deep-water access, and forms part of the expansion strategy for the USA Group's East coast operations.

Another achievement was the signing, in June 2004, of an agreement with Chaparral Steel under which Sims Group USA will independently operate the mega shredder at the Chaparral Steel mill located in Petersburg, Virginia. Chaparral will be a significant consumer of the shredded material produced.

Workplace safety continued to be a major focus in the USA Group's operations. While the recording of four lost time injuries for the year was on par with the previous year, there was a pleasing 29% reduction in medically treated injuries. The USA operations recorded the lowest total injury rate in the whole Sims Group.

In **Canada**, Richmond Steel Recycling (50/50 joint venture with Nucor Corp) continued to experience strong growth. A replacement shredder planned for the coming year will provide increased efficiency, improved metal yields and expanded capacity for future growth.

An outstanding safety performance from its employees saw RSR manage to record twelve months of operations without any lost time injuries.

UNITED KINGDOM

The **United Kingdom** business experienced a complete change in its sales pattern during the year. Having being bought by the Spanish steel group Celsa, the former ASW steel mill in Cardiff was re-opened in July 2003. At the same time, Alphasteel in Newport, having also been subject to an ownership change in early 2003, stepped up production. Consequently, a much stronger domestic demand resulted in domestic sales representing over 50% of ferrous tonnes sold compared to 30% in the previous year. This illustrates the flexibility of the UK business in being able to direct its sales according to the best markets available.

The year also saw real growth in volumes with ferrous tonnes purchased up by 6% on the previous year and a considerable improvement in non ferrous purchase tonnes, up over 25%. Productivity and efficiency also improved, with shredder production up by 6%.

As always, health and safety was at the forefront of the UK business' focus and this year saw a massive improvement on the previous year, with lost time accidents down by 56%.

The capital investment highlight of the year has been the installation of the new South Wales shredder, rail link and dock side portal crane at Newport. The shredder, which has the largest shredding box of any type in the world, began commissioning in August 2004. The rail link is already in operation with material from the Nottingham site, and elsewhere, being transported directly to the dockside for export. All these projects will make Newport one of the most efficient and impressive scrap terminals in the world.



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1 | Darron McGree
Group Executive
General Manager Australia

2 | Rick Jansen
President, North America
and Asia Pacific

3 | Tom Bird
Managing Director, Metals
Recycling, Sims Group UK

4 | Rodney Brown
General Manager,
Sims Pacific Metals



Recycling solutions for discarded televisions and tyres



R e c y c l i n g

S o l u t i o n s

UNITED KINGDOM

Sims Recycling Solutions ("SRS") continued to develop its business and operational strategies to position itself to take advantage of future growth opportunities arising from the impending 'Producer Responsibility' legislation for the recycling of end-of-life consumer goods.

Capacity expansion for fridge destruction at the Newport facility was completed on schedule in October 2003. The fridge recycling centre is the world's leading single site refrigerator destruction facility, with an enviable record for high CFC recovery rates. The facility is uniquely capable of safely treating the very largest of commercial refrigeration units in addition to the 600,000 domestic fridges treated annually.

The Waste from Electrical and Electronic Equipment (WEEE) Directive is due to be transposed into UK law during 2004 with producers becoming responsible for compliance by August 2005. The investment in a commercial recycling line for WEEE goods in Manchester ahead of this legislation has positioned SRS at the forefront in the UK marketplace and relationships have been developed with key producers.

Tyres, a by-product of end-of-life vehicles, will require treatment and proof of recycling. This, together with the introduction in April 2004 of a ban on whole tyres in landfill, created a business opportunity for tyre recycling. Consequently, during the year, SRS opened a tyre recycling line in Manchester.

Further developments have taken place at SRS' Long Marston Technical Centre of Excellence as SRS continues to research automated solutions for safe and environmentally sound TV destruction. Finally, scheduled for completion in July 2004 is the initial phase of SRS' first plastics



recycling process in the UK, designed to add value to SRS' fridge plastics and WEEE plastic streams as well as to satisfy the challenging recycling targets imposed by new legislation.

SRS UK continues to search for suitable acquisition opportunities in related sectors in order to position the business on a European scale and take advantage of commercial and technological synergies.

UNITED STATES

Since the opening of the e-waste demanufacturing operation in Hayward, California, SRS has recovered some 2.5 million lbs of materials and has expanded the customer base from waste management companies to local authorities and corporate customers. Superior access to commodity materials markets has enabled SRS to broker recovered materials from other e-waste recycling operations in California and Arizona.

SRS sits on the Virginia E-waste Advisory Committee and this, together with Sims Group USA's increasing metals recycling presence in Virginia, has enabled SRS to plan a second e-waste demanufacturing facility to be co-located at the Richmond, VA metals recycling site. Acquisition opportunities in the e-waste sector are also being analysed.

During the year, SRS continued to expand its presence in the plastics recycling sector. As well as handling HDPE and PET bottles, SRS is now the largest handler of automotive bumpers in northern California and has moved into the refrigerator plastics and PVC/HDPE pipe recycling sectors.

AUSTRALIA

The highlight for the year for SRS Australia was the acquisition, in April 2004, of Devote Pty Ltd, Australia's largest tyre recycler. This acquisition followed detailed investigations into the waste priorities in Australia and how SRS could align itself with emerging waste opportunities. The safe disposal of around 20 million tyres discarded every year in Australia has for a long time been the single biggest waste challenge. However, it is only recently that all parties, from manufacturers and importers, to the State and the Federal Governments, have come together as a cohesive force to address this long standing problem. With a significant market presence in both the collection of tyres (TyreCycle) and production of rubber crumb (Encore Rubber) the newly named "Sims Tyrecycle" has firmly established Sims Group as the significant service provider in this emerging market.

SRS is also actively pursuing the emerging waste electrical and electronics markets and has formed important links with major Australian and international manufacturers and importers seeking to pro-actively address the end-of-life issues associated with their products.

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1 | Graham Davy
Managing Director, Sims Recycling Solutions, Europe & North America

2 | Peter Netchaef
General Manager, Recycling Solutions, Australia

3 | Andy Mason
Manager, Sims Recycling Solutions, America

I n t e r n a t i o n a l

D i v i s i o n

Established in Sydney towards the end of fiscal 2003, the centralised marketing entity for the global marketing of secondary non ferrous metals contributed to a substantial increase in volumes traded and profits generated by Sims International.

Sims International's overseas offices in China, SE Asia and India contributed actively to the increase in volumes and revenues. Significant volumes of secondary ferrous grades were also traded, from locations as diverse as the Middle East, Africa and South America. A newly established representative office in Eastern Europe performed satisfactorily, contributing in a number of areas including the sourcing of secondary non ferrous and ferrous material and semi-finished non ferrous products, as well as being a channel for Group export sales to that region from the UK. Sims International plans to build on this success, expanding its overseas office network in the coming year.

While market conditions were favourable during most of the year, the improvements in results would not have been achieved without the commitment and enthusiasm of all Sims International personnel.



Kumar Radhakrishnan
General Manager,
Sims International

S t e e l

D i s t r i b u t i o n

Sims Steel, the steel distribution arm of Sims Group in Australia, pursued its strategy of growing market share, increasing sales by 23% over fiscal 2003 levels. Despite incurring an increase in costs in the lead up to the opening of new facilities, the division also achieved a 10% increase in EBIT.

Sims Steel's customer base continues to grow as its inventory range and holding increases. Strong trading relationships with Asian manufacturers also began to deliver benefits with further growth expected during the next twelve months.

The focus for the coming year will be to continue the successful development of steel distribution warehouses on Sims Group owned properties. The new warehouses will enable Sims Steel to provide the service levels that attract greater numbers of new customers. The first phase of development in Victoria is due for completion in September 2004 and in New South Wales by January 2005.



*Hand sorting of non
ferrous shredder residue*



New Sims Steel warehouse facility



E n e r g y

D i v i s i o n

Landfill Management Services ("LMS") continued to expand during the year, securing a number of core business projects and entering into long-term power purchase agreements. LMS also continued to maintain an impeccable safety and environmental record during the period.

LMS has now secured energy reserves equivalent to over 7,000,000 megawatt hours (MWh) of generation capacity, meaning the company is now regarded as a significant Independent Power Producer (IPP) of energy derived from renewable resources. LMS has entered the much awaited phase of "build, own and operate" power generation facilities and is now clearly focused on delivering LMS owned renewable energy projects.

During the year, landfill gas installations were undertaken in all Australian States and the Northern Territory, in addition to the successful completion of a biogas co-generation project. The year also saw the export of flares to the Guangdong Province of China. LMS manages combustion and utilisation facilities that produce approximately 120,000,000 m³ / year of renewable fuel from approximately 40 sites throughout Australia. Each year the associated benefit to the environment results in the abatement of approximately 870,000 tonnes of greenhouse gas emissions. This is the annual equivalent to removing 200,000 cars from the road, reducing the production of oil by 2,300,000 barrels or the planting of almost 90,000 hectares of trees.

The ReOrganic Energy Swanbank project, Brisbane Queensland is recognised as one of the most successful renewable energy projects in Australia and continues to "out perform" in exceeding notified quantities of fuel export. The "green energy" generated from this facility is now equivalent to the power requirements of approximately 3,500 homes. LMS has started construction of a further two renewable power stations in Queensland and is expected to export over 30,000MWh of electricity per annum.

Over the next twelve months LMS plans to build and generate over 50,000MWh of renewable energy throughout Australia.

The company's continual improvement philosophy has led to considerable advances in landfill gas energy technology, providing further enhancements to LMS' existing ability to achieve higher generation rates than its competitors.

LMS, through its core business units of Gas, Energy and Power, continues to develop and implement innovative, cost effective and technically sound outcomes in the collection, processing and utilisation of renewable energy.



John Falzon
Managing Director,
Landfill Management Services



1MW Biogas Cogeneration Facility, Brisbane Water, Qld



Renewable Energy Facility, Ipswich, Qld

M a n u f a c t u r i n g

D i v i s i o n



Doug Mclean
General Manager,
Manufacturing

ALUMINIUM

With a full year of operation following the rationalisation and technology upgrade of its smelting operations, Sims Aluminium achieved record production of secondary aluminium products during fiscal 2004. Production and sales, buoyed by continued strong demand from the domestic automotive industry, increased by 10% over the previous year. Supply of molten aluminium also achieved record levels as demand from the company's major consumers for this unique and environmentally sound product continued to grow.

In line with the company's objective of achieving the highest possible environmental standards, the Melbourne smelter was successful in achieving Environmental Management System quality accreditation EMS 14001, complementing existing accreditation QS 9000 and ISO 9002.

Sims Aluminium's resource recovery and salt slag recycling plant in Geelong, Victoria also benefited from its commitment to continuous improvement. Production achieved record levels, some 20% above the previous year's output. Environmental Management System quality accreditation EMS 14001 was also achieved, while the completion of two years without a lost time injury was a credit to all employees and their commitment to achieving a safe working environment.

PLASTICS

To complement manufacturing operations in both Melbourne and Sydney, Sims Plastics opened a scrap plastic packaging and export operation in Lansvale, Sydney. Not only will this operation allow the company to trade a wider range of plastic products, the synergistic benefits of marketing scrap plastic into China through Sims International are also enhanced. Market share grew during fiscal 2004, with production up by 12% and sales volumes up by 16% over the previous year.

Commitment towards environmental and OH&S awareness and improvement continued during the year, culminating in an exemplary six years without a lost time injury at the Sydney manufacturing facility.

New management and technical skills were brought into the division during the year to further enhance the development of new products to meet customers' requirements.

Inspecting post consumer plastic bottles for recycling





Secondary aluminium production



Recovering lead from batteries at ARA's facilities

COMMODITIES

Fuelled by strong demand, the commodities trading business unit, marketing semi-finished metal products such as tin, copper base ingots and other metals sourced through Sims International, continued to grow during the year. Sales increased by 42% over the previous year, with the product range continuing to expand to meet the needs of customers.

AUSTRALIAN JOINT VENTURES

Output from the **Australian Refined Alloys** secondary lead joint venture (50/50 with Zinifex Limited) was 10% above plan for the year and, as a result of improved process recoveries, both the Melbourne and Sydney facilities achieved new production records. In the market place, sales were particularly buoyant. While exchange rates were marginally unfavourable, strong demand and high prices for ARA's products enabled significant premium increases, resulting in ARA delivering record earnings, well above the previous year. Safety and environmental performance continued to improve.

The **Consolidated Extrusions** joint venture (Sims 33.3% interest with Crane Group Limited 66.7%) felt the effects of a continued decline in demand in the domestic market and, as a consequence of the strength of the Australian dollar, lower exports to the USA. As a result of a 14% overall decline in sales and higher production costs per tonne, EBIT was down 79% on the previous year. A restructuring programme is underway at Conex and consequently, Sims has written down its share of the carrying value of assets at Conex by \$6.7million, reflecting the expectation of lower returns from this business in the future.

S a f e t y & e n v i r o n m e n t

Ongoing commitment to health and safety continues to be a high priority. Group accident statistics for the year show a continuing decline in lost time injuries and medically treated injuries. Sims' global lost time injury frequency rate has fallen from 21.2 in fiscal 2001, to 14.4 in fiscal 2002, 10.8 in fiscal 2003 and 8.0 for fiscal 2004.

For the fifth time, a training course held at the Atomic Nuclear Science & Technology Organisation was attended by employees from throughout Australasia.

Reinforcing recent best practice safety concepts, the Company's mandatory induction video was revised and completely reproduced. The safety audit regime was re-evaluated and the audit format revised to further strengthen safety systems.

The Group annual risk and safety conference was held in Australia, with delegates attending from all states, as well as New Zealand and the United Kingdom. Safety was also the first agenda topic at the annual Group strategy meeting.

The use of "observation behaviour" techniques continues to develop individual commitment to safety, leading to a more mature safety culture. In addition, safety targets are an integral part of management performance.

The environmental objectives and support systems to monitor the environmental performance of the Company continued to be enhanced during the year. Adherence to internationally recognised standard ISO 9000 is considered an operational minimum, with operations moving progressively towards ISO 14000, the highest such standard in the world.

Superior environmental performance ultimately lies in the commitment and dedication of all staff. Environmental management is an integral part of management objectives and is directly related to operational as well as individual performance. Formal reporting links to responsible head office personnel, supported by regular environmental audits, management and capital plans forms a fully integrated management matrix. The Environmental OH&S sub-committee of the board meets quarterly and provides monitoring as well as leadership on environmental improvements, management initiatives and capital allocations.

During the year, further capital expenditure was targeted at operational improvements, such as in the areas of storm water, dust and noise control. Of particular note was the opening of Australia's first fully enclosed metal recycling operation at St. Peters, Sydney.

The Company is committed to continuing its enviable environmental performance record and works closely with governments at all levels. It is an active participant in major government waste initiatives and is a prominent member of organisations such as the Australian Industry Group, Australian Council of Recyclers, Australian Tyre Recyclers Association, Bureau of International Recycling in Brussels and the Institute of Scrap Recycling Industries in the USA.



Andrew Papandreas
National Risk, Safety
& Training Manager



*Quality assurance is of
paramount importance*





The Sims International CME team in Sydney, Australia

People & performance

The importance of our people and their contribution to this year's success cannot be understated. Sims Group's workforce of over 2,000 employees spans nine countries and more than 100 operations worldwide, representing a rich mix of cultures and backgrounds. However, within this diversity is a unique corporate culture where employees have a strong sense of ownership, loyalty and work ethic. It is a culture which has grown over decades, and is promoted and sustained by all levels of management within the Group.

Safety and a zero tolerance philosophy with respect to unsafe conduct, as well as customer service and teamwork, are values that underpin this culture and are demonstrated daily by Group employees throughout the world.

The Sims culture is an integral part of the Company's success. The Company's formal Code of Conduct defines the Group's basic principles of business conduct and outlines minimum standards of behaviour expected from all employees. Formal training in business conduct and compliance with the law is ongoing.

Sims Group strives to provide opportunities to employees who have the talent, interest and desire, either to lift their performance within their current responsibilities or help equip them to take on greater challenges. As development and training plays a critical role in this regard, a number of development programs, secondments and rotations into other areas, both within Australia and overseas, took place during the year. Recognising that its existing human resource capability needs to be balanced with new recruits, the Company also made several key external appointments and continued to grow its trainee program, with over 20 trainees and new graduates currently in the program.

There is confidence that the initiatives in place in developing our people capability will drive the Group towards meeting its business objectives during the coming year and into the future.



Stacey Bryce
Group Human
Resources Manager

The Board visited Newport, UK to inspect the significant new investments at the UK Group's operation.



B o a r d o f

D i r e c t o r s

Paul Mazoudier | BA, LLB (Hons) (age 62) - Chairman - 14,082 shares

Chairman of the Company since 1999 and independent non-executive director since 1991. Chairman Environmental, Occupational Health & Safety Committee, Remuneration Committee and Nomination Committee. Ex officio member Audit & Compliance Committee. Formerly an executive director of Sims Consolidated (1974-79) and former partner and NSW Chairman of Minter Ellison, lawyers. Director and Chairman of Bishop Technology Group Limited and Atlas Copco Australia Pty Limited and a director of HPAL Limited.

Jeremy Sutcliffe | LLB (Hons) (age 47) - Group Chief Executive - 2,000 shares, 193,798 options

Director since 1 March 2002. Member Environmental, Occupational Health & Safety Committee, Finance & Investment Committee, Nomination Committee, Disclosure Committee and Remuneration Committee. Board member of the Ferrous Division of the Bureau of International Recycling, member of the Business Council of Australia and the Australian Institute of Company Directors. Joined the Company in 1990 and has held various senior executive positions in the Company including Chief Executive UK before assuming the position of Group Chief Executive on 1 March 2002. Director of other Sims Group Limited subsidiaries and associated companies.

Charles Copeman | AM B.Eng (Mining) (age 74) - 7,791 shares

Independent non-executive Director since 1991. Member Environmental, Occupational Health & Safety Committee and Audit & Compliance Committee. From 1982 to 1988, he was Chief Executive and director of the Peko Wallsend Group which included the Sims Group Limited companies. Director of Mosaic Oil N.L.



**1 Paul Mazoudier | 2 Jeremy Sutcliffe | 3 Charles Copeman |
4 Ross Cunningham | 5 Michael Feeney | 6 Geoffrey Brunsdon**

Ross Cunningham | B.Sc. (Metallurgy), MBA (age 59) - 43,000 shares

Director since 1984. Member Finance & Investment Committee and Disclosure Committee. Fellow of the Australian Institute of Company Directors and Member of the Financial Executives Institute of Australia. Joined the Company in 1967 and has held various senior positions in Australia and South East Asia including General Manager NSW and General Manager Finance & Administration. Is currently Executive Director Group Finance and Strategy. Director of other Sims Group Limited subsidiaries and associated companies.

Michael Feeney | B. Com (Marketing) (age 58) - 25,504 shares

Independent non-executive director since 1991. Chairman Audit & Compliance Committee. Member Remuneration Committee and Nomination Committee. Formerly Finance and Strategy Director for Philip Morris, Executive Director Strategy and Corporate Affairs for Elders IXL and Executive Director Corporate Strategy of Elders Resources NZFP. Principal Collins Partners Corporate Advisory. Director of Feltex Carpets Limited and Carpet Call Pty Limited.

Geoffrey Brunsdon | B.Com (age 46) - 3,250 shares

Independent non-executive director since 1999. Chairman Finance & Investment Committee and member Audit & Compliance Committee. Director of ING Australia Holdings Limited, ING Management Limited, ING Bank (Australia) Limited and Oven Limited. He is Vice Chairman, Mergers and Acquisitions, in the Investment Banking Division of Merrill Lynch Australia. He is a Chartered Accountant and an Associate of the Securities Institute of Australia.

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C o r p o r a t e g o v e r n a n c e

s t a t e m e n t

The board of the Company considers that, as at 30 June 2004, the Company was in compliance in all material respects with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (March 2003) (the "ASX Recommendations").

There are 10 key principles of corporate governance set out in the ASX Recommendations. Those principles, and the Company's response to them, are as follows:

Principle 1.

Lay solid foundations for management and oversight

The Company has adopted a Board Charter which formalises the functions reserved to the board and those delegated to management. A copy of this document is available for viewing by visiting the home page of the Company's website at www.sims-group.com, clicking on 'Governance' and then 'Board Charter'.

Principle 2.

Structure the board to add value

The board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive director (ie not be a member of management) and:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years not been employed in an executive capacity by the Company or a controlled entity, or been a director after ceasing to hold any such employment;
- within the last three years not been a principal of a material professional adviser or a material consultant to the Company or a controlled entity, or an employee materially associated with the service provided;
- not been a material supplier or customer of the Company or a controlled entity, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- must have no material contractual relationship with the Company or a controlled entity other than as a director of the Company;
- not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.



Materiality for the purposes of these principles is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of Sims Group or 5% of the individual director's net worth is considered material. In addition, a transaction of any amount, or a relationship, is deemed material if knowledge of it affects the shareholders' understanding of the director's performance.

Independent directors comprise a majority of the board. The Chairperson, Mr Paul Mazoudier, is an independent director. The roles of Chairperson and Group Chief Executive are not exercised by the same individual. Details of the members of the board, their experience, expertise, qualifications, term of office and independent status are set out on page 22 and 23 of this Annual Report.

Directors have the right, in connection with their duties and responsibilities, to seek independent advice at the Company's expense. Prior written approval of the Chairperson is required, which will not be unreasonably withheld.

The board has established a Nomination Committee. The names of Nomination Committee members and their attendance at Nomination Committee meetings are set out in the Directors' Report on page 31 of this Annual Report. The Nomination Committee has adopted a charter. A copy of this document is available at www.sims-group.com, clicking on 'Governance' and then 'Nomination Committee Charter'. A description of the board's procedures for the selection and appointment of new directors to the board and the Nomination Committee's policy on the appointment of directors is available at www.sims-group.com, clicking on 'Governance' and then 'New Directors'.

Principle 3.

Promote ethical and responsible decision-making and Principle 10. Recognise the legitimate interests of stakeholders

The Company has adopted a Code of Conduct and a policy on dealing in Sims Group securities. A copy of these documents is available at www.sims-group.com, clicking on 'Governance' and then 'Code of Conduct' and 'Securities Trading Policy' respectively.

The board has established a Finance & Investment ("F & I") Committee, which operates in accordance with its charter. The names of F & I Committee members and their attendance at F & I Committee meetings are set out in the Directors' Report on page 31 of this Annual Report.

Principle 4.

Safeguard integrity in financial reporting

The Group Chief Executive and the Executive Director Group Finance & Strategy have stated in writing to the board in respect of the financial year ended 30 June 2004:

- that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and

- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The board has established an Audit & Compliance ("Audit") Committee. The names of Audit Committee members, their qualifications and their attendance at Audit Committee meetings are set out in the Directors' Report on page 31 of this Annual Report. All members of the Audit Committee are independent non-executive directors.

The Audit Committee has adopted a charter and the Company has adopted a policy and procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners. A copy of these documents is available at www.sims-group.com, clicking on 'Governance' and then 'Audit Committee Charter' and 'External Auditors' respectively.

Principle 5.

Make timely and balanced disclosure

The Company has adopted a Market Disclosure Policy and procedures for compliance. A copy of these documents is available at www.sims-group.com, clicking on 'Governance' and then 'Market Disclosure Policy'.

The board has established a Disclosure Committee, which operates in accordance with its charter. The names of Disclosure Committee members (other than the Company Secretary) and their attendance at Disclosure Committee meetings are set out in the Directors' Report on page 31 of this Annual Report.

Principle 6.

Respect the rights of shareholders

The Company has adopted a statement on communications with shareholders. A copy of this document is available at www.sims-group.com, clicking on 'Governance' and then 'Shareholders Communication'.

Principle 7.

Recognise and manage risk

The Company has adopted a Risk Management Policy and a statement on internal compliance and control systems. A copy of these documents is available at www.sims-group.com, clicking on 'Governance' and then 'Risk Mgt Policy & Internal Control'.

The board has established an Environmental, Occupational Health & Safety ("EOHS") Committee, which operates in accordance with its charter. The names of EOHS Committee members and their attendance at EOHS Committee meetings are set out in the Directors' Report on page 31 of this Annual Report.



The directors have received and considered the annual control certification from the Group Chief Executive and the Executive Director Group Finance & Strategy in accordance with Principle 4 relating to financial risks. Due to the geographic spread of the Group's operations and the extensive delegation of authority and responsibility granted to senior business unit management, the Group Chief Executive and the Executive Director Group Finance & Strategy, when attesting to the adequacy of the Company's risk management and internal compliance and control system, rely significantly upon internal audit and the control certification reports received from each regional chief executive regarding compliance with the various risk management, compliance and internal control policies and procedures in the region for which each is responsible.

Principle 8.

Encourage enhanced performance

The Company has adopted a statement describing the performance evaluation process of the board, its committees, individual directors and key executives. A copy of this document is available at **www.sims-group.com**, clicking on 'Governance' and then 'Performance Evaluation Process'.

A performance evaluation of the board and its members was commenced during the reporting period and completed in August 2004. This process involved an assessment by each board member of the performance of the other board members and of the board collectively. The results of the performance evaluation and action plans arising therefrom were documented at a meeting of the Nomination Committee held on 23 August 2004 and considered by the board on that date.

Principle 9.

Remunerate fairly and responsibly

The board has established a Remuneration Committee. The names of Remuneration Committee members and their attendance at Remuneration Committee meetings are set out in the Directors' Report on page 31 of this Annual Report.

The Remuneration Committee has adopted a charter. A copy of this document is available at **www.sims-group.com**, clicking on 'Governance' and then 'Remuneration Committee Charter'.

Information on the Company's remuneration policies and on its retirement benefits scheme for non-executive directors is set out on pages 60 to 65 of this Annual Report.

T e n y e a r t r e n d

s u m m a r y

(A\$'000s)	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Total Operating Revenue	1,879,465	1,609,512	1,422,934	1,358,487	1,090,095	990,626	1,394,273	1,145,121	1,202,190	1,071,681
Profit Before Interest and Tax after Abnormal Item	168,408	114,177	76,644	68,012	48,602	4,863	70,690	57,636	72,634	93,224
Net Interest (Expense) / Revenue	(1,846)	(2,199)	(5,436)	(10,954)	(7,080)	(5,982)	(5,725)	(2,305)	202	56
Tax Expense	54,059	36,936	22,649	16,193	15,367	5,276	22,490	20,443	26,580	32,769
Operating Profit after Tax	112,503	75,042	48,559	40,865	26,155	(6,395)	42,475	34,888	46,256	60,511
Net Cash Flows from Operations	91,247	128,507	103,211	97,124	16,489	46,875	68,719	16,739	68,819	66,657
Earnings per Share - basic	122.6¢	82.2¢	54.0¢	46.6¢	30.4¢	(7.6¢)	51.9¢	44.7¢	60.3¢	79.5¢
Dividends per Share	86.0¢	54.0¢	36.0¢	32.0¢	25.0¢	20.0¢	36.0¢	30.0¢	42.0¢	53.0¢
Return on Shareholders' Equity	25.1%	18.9%	14.3%	13.3%	9.4%	(2.5%)	15.3%	15.1%	22.9%	31.6%
Current Ratio (to 1)	1.6	1.8	1.8	1.8	1.7	1.6	1.8	1.5	1.7	1.5
Net Debt to Funds Employed (to 1)	0.04	(0.22)	0.06	0.24	0.34	0.13	0.25	0.14	(0.03)	(0.12)
Net Tangible Asset Backing per Share	\$3.97	\$3.57	\$2.83	\$2.45	\$2.11	\$2.48	\$2.60	\$2.57	\$2.40	\$2.37



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DIRECTORS' REPORT

for the year ended 30 June 2004

Your directors present their report on the consolidated entity consisting of Sims Group Limited and the entities it controlled at the end of, or during, the year ended 30 June 2004.

THE DIRECTORS

The persons who were directors of Sims Group Limited (the "Company") during the whole of the financial year and up to the date of this report are detailed on pages 22 and 23 of this annual report.

PRINCIPAL ACTIVITIES OF THE CONSOLIDATED ENTITY

Details of the principal activities of the consolidated entity during the year are addressed in the Chairman's and Group Chief Executive's Report on pages 2 to 6 of this annual report and in the notes to the financial statements.

TRADING RESULTS

The consolidated net profit of the consolidated entity for the year was \$112.5 million.

DIVIDENDS

The 2003 financial year partly franked (68%) final dividend of 31 cents per ordinary share referred to in the directors' report dated 28 August 2003 was paid on 10 October 2003. A partly franked (57%) interim dividend of 26 cents per ordinary share for the 2004 financial year was paid on 8 April 2004 and a partly franked (48%) final dividend of 40 cents per share and a partly franked (48%) special dividend of 20 cents per share will each be paid on 8 October 2004.

STATE OF AFFAIRS

The directors are not aware of any significant change in the state of affairs of the Company during the financial year other than as set out in the Chairman's and Group Chief Executive's Report on pages 2 to 6 of this annual report.

SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance that has arisen since the end of the financial year which will significantly affect, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the consolidated entity is set out in the Chairman's and Group Chief Executive's Report on pages 2 to 6 of this annual report.

ENVIRONMENTAL REGULATION

The Company has licences and consents in place at each of its operating sites as prescribed by environmental laws and regulations that apply in each respective location. More specific details on environmental practices are set out on page 20 of this annual report.

DIRECTORS AND THEIR INTERESTS

The names of the directors of the Company in office at the date of this report together with their qualifications and experience and relevant interest in the share capital of the Company or of a related body corporate, are set out on pages 22 and 23 of this annual report.

DIRECTORS' MEETINGS

The number of directors' meetings and meetings of committees of directors held during the financial year and the number of meetings attended by each director were:

DIRECTORS' REPORT

for the year ended 30 June 2004

	Board of Directors	Audit & Compliance Committee	EOHS # Committee	Remuneration Committee	Finance & Investment Committee	Disclosure Committee	Nomination Committee
Meetings Held	10	4	4	3	3	3	-
Paul Mazoudier *	10	4	4	3			-
Geoffrey Brunsdon	10	4			3		
Jeremy Sutcliffe	10		4	3	3	3	-
Charles Copeman	10	4	4				
Ross Cunningham	10				3	3	
Michael Feeney	10	4		3			-

* Mr Mazoudier is an ex officio member of the Audit & Compliance Committee.

Environmental, Occupational Health & Safety.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Discussion of the board policy for determining the nature and amount of emoluments of directors and senior executives of the Company and the relationship between such policy and the Company's performance, and details of the nature and amount of each element of the emoluments of each director and each of the 5 named officers of Sims Group Limited and the consolidated entity receiving the highest emoluments ("Specified Executives") are set out in note 22 to the financial statements on pages 60 to 66 of this annual report.

SHARE OPTIONS GRANTED TO DIRECTORS AND SPECIFIED EXECUTIVES

No options were issued during or since the end of the financial year to any of the directors or Specified Executives of the Company and the consolidated entity referred to above.

SHARES UNDER OPTION

Unissued ordinary shares of Sims Group Limited under option at the date of this report total 193,798 with an issue price of A\$6.75 and an expiry date of 28 March 2007 issued to Mr Sutcliffe on his appointment as Group Chief Executive of the Company pursuant to his incentive plan. Mr Sutcliffe does not have any right under the options to participate in any other share issue of the Company or of any other entity. 133,508 ordinary shares of Sims Group Limited were issued during the financial year and up to the date of this report, as a result of the exercise of options issued under the Sims Group Limited Group Employee Option Plan.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year, the Company paid a premium of \$92,448 in respect of a contract insuring all directors and executive officers of the Company (and/or any subsidiary companies in which it holds greater than 50% of the voting shares), including directors in office at the date of this report and those who served on the board during the year, against liabilities that may arise from their positions within the Company and its controlled entities, except where the liabilities arise out of conduct involving a lack of good faith. The directors have not included details of the nature of the liabilities covered as such disclosure is prohibited under the terms of the contract.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS


The amounts in the financial statements, where appropriate and unless otherwise stated, have been rounded off to the nearest thousand dollars in accordance with ASIC Class Order 98/0100.

For and on behalf of the board:



P K Mazoudier
Chairman

Sydney 23 August 2004



J L Sutcliffe
Group Chief Executive

S T A T E M E N T S O F FINANCIAL PERFORMANCE

for the year ended 30 June 2004

	Notes	CONSOLIDATED		PARENT ENTITY	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenue from ordinary activities	2	1,879,465	1,609,512	817,784	655,563
Expenses from ordinary activities	3(iii)	(1,712,722)	(1,495,411)	(762,861)	(611,928)
Borrowing costs expense	3(i)	(2,706)	(3,955)	(634)	(194)
Share of net profit of associates accounted for using the equity method	24	2,525	1,832	-	-
Profit from ordinary activities before income tax expense		166,562	111,978	54,289	43,441
Income tax expense relating to ordinary activities	4	(54,059)	(36,936)	(16,203)	(13,481)
Profit from ordinary activities after related income tax expense		112,503	75,042	38,086	29,960
Net profit attributable to outside equity interest		-	-	-	-
Net profit attributable to members of Sims Group Limited	16(ii)	112,503	75,042	38,086	29,960
Net exchange differences on translation of financial reports of foreign controlled entities	16(i)	7,703	(12,919)	-	-
Total revenues, expenses and valuation adjustments attributable to members of Sims Group Limited recognised directly in equity		7,703	(12,919)	-	-
Total changes in equity attributable to members of Sims Group Limited other than those resulting from transactions with owners in their capacity as owners		120,206	62,123	38,086	29,960
		Cents	Cents		
Basic earnings per share	28	122.6	82.2		
Diluted earnings per share	28	122.5	82.2		

The above statements of financial performance should be read in conjunction with the accompanying notes.

S T A T E M E N T S O F FINANCIAL POSITION

as at 30 June 2004

	Notes	CONSOLIDATED		PARENT ENTITY	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current assets					
Cash assets	29	20,107	78,617	1,890	49,058
Receivables	5	182,397	131,623	58,535	40,935
Inventories	6	147,676	88,582	72,651	48,454
Other	9	8,489	9,220	2,012	3,193
Total current assets		358,669	308,042	135,088	141,640
Non current assets					
Receivables	5	5,908	2,870	65,582	27,832
Investments accounted for using the equity method	7	7,821	5,503	139	139
Other financial assets	7	-	-	204,196	198,025
Property, plant and equipment	8	261,755	206,104	54,850	51,279
Deferred tax assets	9	13,645	10,446	10,114	5,864
Intangible assets	10	73,360	55,428	4,825	4,254
Total non current assets		362,489	280,351	339,706	287,393
Total assets		721,158	588,393	474,794	429,033
Current liabilities					
Payables	11	179,475	140,758	68,929	45,372
Interest bearing liabilities	12	1,100	-	-	-
Current tax liabilities	13	26,924	17,793	14,514	8,802
Provisions	14	10,128	9,514	6,999	6,503
Total current liabilities		217,627	168,065	90,442	60,677
Non current liabilities					
Payables	11	-	-	101,706	95,061
Interest bearing liabilities	12	36,950	8,292	36,492	-
Deferred tax liabilities	13	6,277	7,538	2,103	2,815
Provisions	14	11,736	7,528	10,894	6,801
Total non current liabilities		54,963	23,358	151,195	104,677
Total liabilities		272,590	191,423	241,637	165,354
Net assets		448,568	396,970	233,157	263,679
Equity					
Parent entity interest					
Contributed equity	15	220,665	236,831	220,665	236,831
Reserves	16	17,620	9,917	-	-
Retained profits	16	210,283	150,222	12,492	26,848
Total equity		448,568	396,970	233,157	263,679

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

S T A T E M E N T S O F

CASH FLOWS

for the year ended 30 June 2004

	Notes	CONSOLIDATED		PARENT ENTITY	
		2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		1,923,520	1,661,204	842,402	674,575
Payments to suppliers and employees (inclusive of goods and services tax)		(1,782,472)	(1,499,904)	(784,984)	(632,884)
		141,048	161,300	57,418	41,691
Interest received		860	1,756	788	2,154
Borrowing costs		(2,706)	(3,955)	(634)	(194)
Income taxes paid		(47,955)	(30,594)	(15,153)	(8,618)
Net cash inflow from operating activities	29	91,247	128,507	42,419	35,033
Cash flows from investing activities					
Payments for property, plant and equipment		(55,575)	(36,243)	(17,528)	(13,782)
Payments for other investments		(3,500)	(1,964)	(3,500)	(1,964)
Payments for controlled entities and businesses	23	(51,334)	-	(9,148)	-
Net proceeds from sale of controlled entities	23	-	23,321	-	-
Proceeds from sale of other investments		-	356	-	356
Proceeds from insurance claim re plant and equipment		-	742	-	-
Proceeds from sale of property, plant and equipment		4,369	3,112	267	234
Net cash outflow from investing activities		(106,040)	(10,676)	(29,909)	(15,156)
Cash flows from financing activities					
Proceeds from borrowings		118,951	70,409	43,968	1,143
Repayment of borrowings		(93,471)	(158,547)	(7,476)	(1,143)
Net loans to controlled entities		-	-	(27,562)	(6,139)
Proceeds from issue of shares		867	17,228	867	17,228
Payment for shares under share buy-back		(17,033)	-	(17,033)	-
Dividends paid		(52,442)	(38,367)	(52,442)	(38,367)
Net cash outflow from financing activities		(43,128)	(109,277)	(59,678)	(27,278)
Net increase / (decrease) in cash held		(57,921)	8,554	(47,168)	(7,401)
Cash at the beginning of the financial year		78,617	71,202	49,058	56,459
Effects of exchange rate changes on cash		(589)	(1,139)	-	-
Cash at the end of the financial year	29	20,107	78,617	1,890	49,058

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The AASB is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006. Information about how the transition to Australian equivalents to IFRS is being managed, and the key differences to current accounting policies that are expected to arise, is set out in note 1(y).

Comparative information has been reclassified where necessary to ensure comparability with the current reporting period.

a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Sims Group Limited ("Company" or "parent entity") as at 30 June 2004 and the results of all controlled entities for the year then ended. Sims Group Limited and its controlled entities together are referred to in this financial report as the "consolidated entity". The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post acquisition profits or losses of associates is recognised in the consolidated statement of financial performance, and its share of post acquisition movements in reserves is recognised in consolidated reserves. The cumulative post acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence but not control.

b) Revaluation of non current assets

Subsequent to initial recognition as assets, land and buildings are measured at fair value being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments of the fair values are made by the directors. These are supplemented by independent assessments at least every three years.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net profit or loss, then the increment is recognised immediately as revenue in net profit or loss.

Revaluation decrements are recognised immediately as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revaluation of non current assets (continued)

Revaluation increments and decrements are offset against one another within a class of non current assets, but not otherwise.

Potential capital gains tax is not taken into account in determining revaluation amounts unless it is expected that a liability for such tax will crystallise.

Revaluations do not result in the carrying value of land or buildings exceeding their recoverable amount.

c) Foreign currency translation

Transactions denominated in a foreign currency are converted at the exchange rate at the date of transaction. Foreign currency receivables and payables at balance date are translated at exchange rates at year end. Exchange gains and losses are brought to account in determining the profit or loss for the year. The consolidated entity enters into forward foreign exchange contracts and option contracts to buy and sell specified amounts of foreign currencies in the future at pre-determined exchange rates. These contracts are entered into to hedge future sale and purchase transactions. Exchange gains, losses and costs arising on forward foreign exchange and option contracts entered into as hedges of future transactions are deferred and included in the determination of the amounts at which the transactions are brought to account. The net amounts receivable or payable under the hedging transaction are also recorded in the statement of financial position. Any gains or losses arising on the hedging transaction after the recognition of the hedged purchase or sale are included in the statement of financial performance.

Assets and liabilities of self-sustaining overseas controlled entities (refer note 23) are translated at exchange rates existing at year end, while revenues and expenses are translated at the average rates ruling during the year. Any exchange gain or loss arising on translation is taken directly to a foreign currency translation reserve.

Upon disposal or partial disposal of a self sustaining foreign operation the balance of the foreign currency translation reserve relating to the operation, or the part disposed of, is transferred to retained profits.

d) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs of finished goods and raw materials are determined on a consistent basis using the FIFO basis. Cost comprises direct materials, direct labour and an appropriate proportion of fixed and variable overhead expenditure, the latter being allocated on the basis of normal operating capacity.

e) Depreciation of property, plant and equipment

Property, plant and equipment, other than freehold land, are depreciated over their expected useful lives, using reducing balance or straight line methods as appropriate. Leasehold improvements are written off over the period of the lease or expected useful lives, whichever is shorter.

The expected useful lives are as follows:

Buildings	25-40 years
Plant and equipment	3-14 years

Profits and losses on disposals of property, plant and equipment are taken into account in determining the profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill at cost and is amortised on a straight line basis over the period of the expected benefit, with a maximum amortisation period of 20 years.

g) Leased non current assets

Leases entered into by the consolidated entity under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to expense over the period of expected benefits.

h) Financial assets and liabilities

Unless otherwise stated financial assets and liabilities are carried at net fair value and settled on normal trading terms.

A provision is raised for any doubtful debts based on an ongoing review of all outstanding amounts. Bad debts are written off during the period in which they are identified.

The consolidated entity's exposure to credit risk is generally the carrying amount of financial assets net of any provision for doubtful debts.

Monetary financial assets and liabilities not traded in an organised financial market, being trade debtors, trade accounts payable, accruals and dividends payable, are valued on a cost basis (which approximates net market value).

i) Employee entitlements

The amounts expected to be paid to employees for their pro rata entitlement to annual leave are accrued annually at expected remuneration rates. A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. Employee benefit on costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities. Contributions to defined benefit and other employee superannuation plans are charged as an expense as the contributions are paid or become payable.

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits, which are all expected to be settled within 12 months, are recognised in other creditors and measured at the amounts expected to be paid when they are settled.

A liability for employee benefits in the form of bonus plans is recognised in other creditors. This liability is expected to be settled within 12 months and is measured at the amount expected to be paid when it is settled.

Equity based compensation benefits were provided to employees via the Sims Group Limited Group Employee Option Plan and the Sims Group Limited Employee Share Ownership Plan. Information relating to these schemes is set out in note 21(ii). No accounting entries are made in relation to the employee option plan until options are exercised, at which time the amounts receivable from employees are recognised in the statement of financial position as share capital. Amounts lent to employees through the employee share plan are included in receivables and dividends paid on the shares are used to reduce the related loan balance.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Revenue recognition

Sales revenue represents revenue earned from the sale of the consolidated entity's products and services, net of returns, trade allowances and duties and taxes paid. Sales revenue is recognised when the goods have been despatched to a customer pursuant to a sales order and associated risks have passed to the carrier or customer. Fees received for recycling refrigerators are brought to account as explained in note 11.

Other revenue includes interest income on short term investments, proceeds on the disposal of property, plant and equipment and in the case of the parent entity, dividends received from controlled entities.

k) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at rates which are expected to apply when those timing differences reverse.

No provision has been made for additional taxes which could become payable if certain reserves of the overseas controlled entities were to be distributed as it is not expected that any substantial amount will be distributed from those reserves.

No provisions have been made for any taxes on capital gains which could arise in the event of a sale of non current assets for the amounts at which they are stated in the financial statements as it is not expected that any such liability will arise.

Tax consolidation legislation

Sims Group Limited and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has not yet been notified of this decision.

As a consequence, Sims Group Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable.

The deferred tax balances recognised by the parent entity in relation to wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime.

l) Joint ventures

Where the consolidated entity has entered into unincorporated joint ventures, the financial statements include the consolidated entity's proportionate interest in the assets and liabilities of those joint ventures under the relevant statements of financial position headings.

m) Cash flows

For purposes of the statements of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of Sims Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

o) Dividends

Provision is only made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

p) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate.

q) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken, at the date of acquisition, plus incidental costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

Goodwill is brought to account on the basis described in note 1(f).

r) Receivables

All trade debtors are recognised at the amounts receivable as they are generally due for settlement no more than 90 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

t) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period in which it becomes due and is recorded as part of other creditors.

u) Derivative financial instruments

The consolidated entity enters into forward foreign exchange contracts and interest rate swap agreements.

The accounting for forward foreign exchange contracts is in accordance with note 1(c).

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement. The amount recognised is accounted for as an adjustment to interest and finance charges during the period and included in other debtors or other creditors at each reporting date.

When an interest rate swap is terminated early and the underlying hedged transactions are still expected to occur as designated, the gains or losses arising on the swap upon its early termination continue to be deferred and are progressively brought to account over the period during which the hedged transactions are recognised.

When an interest rate swap is terminated early and the underlying hedged transactions are no longer expected to occur as designated, the gains or losses arising on the swap upon its early termination are recognised in the net profit or loss as at the date of termination.

v) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

w) Maintenance and repairs

Plant of the consolidated entity is required to be overhauled on a regular basis. This is managed as part of an ongoing major plant cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(e). Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

x) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y) International Financial Reporting Standards (IFRS)

The AASB is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Therefore most adjustments required on transition to IFRS will be made, retrospectively, against closing retained earnings as at 30 June 2004.

The consolidated entity has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team is chaired by the Group General Manager - Finance and Administration and reports to the Audit Committee. The project team has prepared a timetable for managing the transition and is currently on schedule. To date the project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Pending Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following:

(i) Intangible assets – goodwill

Under the Australian equivalent to IFRS 3 Business Combinations, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period.

Since goodwill of the consolidated entity is already held at fair value, no adjustment to its value is anticipated. There will, however, be a favourable impact on the profit and loss of the Group to the extent of the current amortisation charge.

(ii) Financial instruments

Under the Australian equivalent to IAS 32 Financial Instruments: Disclosure and Presentation the current classification of financial instruments issued by entities in the consolidated entity will not change.

Under the Australian equivalent to IAS 39 Financial Instruments: Recognition and Measurement there may be minor impacts as a result of:

- financial assets held by the consolidated entity being subject to classification as either held for trading, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost. The effect of the accounting change is not considered to have a significant impact on the Group.
- foreign exchange contracts held for hedging purposes being accounted for as cash flow hedges. Changes in the fair value of those contracts will be recognised directly in equity until the hedged transaction occurs, at which time the amounts recognised in equity will be included in the initial cost of the assets acquired. Currently, the costs or gains arising under contracts together with any realised or unrealised gains from remeasurement are included in assets or liabilities as deferred losses or deferred gains.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y) International Financial Reporting Standards (IFRS) (continued)

(iii) Employee Benefits

Under the Australian equivalent to IAS 19 Employee Benefits, the Group will be required to recognise an asset or liability for the net surplus or deficit of all defined benefit funds.

An initial adjustment on transition to this standard will be made against retained earnings. Subsequent adjustments to the recognised asset or liability will be charged or credited to earnings.

This will result in a change to the current accounting policy which does not currently recognise assets or liabilities in respect of the net surplus or deficit of the defined benefit funds.

The impact of this change will be to recognise liabilities for any deficits in the defined benefit funds based on actuarial valuations at that time.

(iv) Equity-based Compensation Benefits

Under the Australian equivalent to IFRS 2 Share-based Payment, equity-based compensation to employees will be recognised as an expense in respect of services received.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

(v) Income Tax

Under the Australian equivalent to IAS 12 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

The likely effect of this change on the financial statements is expected to be minor.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method. Under this method items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

The preceding list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS should not be regarded as complete as not all standards have been finalised as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons and others not all of which are reliant on the transition to IFRS, it is not yet possible to accurately quantify the likely impact of the changes on the consolidated entity's financial position and reported results.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 2. REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Revenue from operating activities				
Sale of goods	1,873,935	1,579,713	816,474	652,819
Revenue from outside the operating activities				
Interest	860	1,756	788	2,154
Insurance claims re plant and equipment	-	742	-	-
Proceeds from sale of property, plant and equipment	4,369	3,112	267	234
Proceeds from sale of controlled entity	-	23,551	-	-
Proceeds from sale of other investments	-	356	-	356
Other	301	282	255	-
	5,530	29,799	1,310	2,744
Revenue from ordinary activities (excluding share of equity accounted net profit of associates)	1,879,465	1,609,512	817,784	655,563

NOTE 3. PROFIT FROM ORDINARY ACTIVITIES

(i) Profit from ordinary activities before income tax expense includes the following specific expenses and net gains:

Expenses

Cost of sales	1,236,557	1,064,779	583,574	456,414
Write-down of assets in joint venture to recoverable amounts:				
Buildings, plant and equipment	4,902	-	4,902	-
Goodwill	1,780	-	1,780	-
Amortisation of goodwill	3,794	7,156	250	215
Depreciation and amortisation:				
Buildings	1,519	1,638	138	148
Leasehold Improvements	744	666	3	3
Plant and Equipment	24,160	27,336	8,593	8,032
Rental expense on operating leases	9,077	8,903	2,481	1,993
Bad debts written off	61	2,744	61	146
Provision for / (write-back):				
Employee entitlements	7,960	8,489	7,321	4,951
Doubtful debts	310	(1,427)	343	7
Environment compliance	-	(796)	-	-
Other	941	590	433	590
Defined benefit superannuation expense	3,203	3,242	1,392	1,319
Net losses on sale of property, plant and equipment	191	399	4	-

Net gains

Net gain on insurance claims re plant and equipment	-	414	-	-
Net gain on foreign currency transactions	61	24	58	3
Net gain on sale of other investments	-	356	-	356
Net gain on sale of property, plant and equipment	1,291	684	124	141

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 3. PROFIT FROM ORDINARY ACTIVITIES (continued)

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(i) Profit from ordinary activities before income tax expense includes the following specific expenses and net gains (continued):				
Interest				
Interest received:				
Related parties	-	44	-	452
Other corporations	860	1,712	788	1,702
	860	1,756	788	2,154
Interest paid:				
Other corporations	2,706	3,955	634	194
Net interest paid / (received)	1,846	2,199	(154)	(1,960)
	\$	\$	\$	\$
(ii) Remuneration of auditors				
Assurance Services				
1. Audit services				
Fees paid and payable to PricewaterhouseCoopers Australian Firm:				
Audit and review of financial reports and other work under the Corporations Act 2001	146,200	138,000	140,000	132,000
Fees paid to related practices of PricewaterhouseCoopers Australian Firm:				
Audit and review of financial reports	226,317	248,096	-	-
Total remuneration for audit services	372,517	386,096	140,000	132,000
2. Other Assurance services				
Fees paid and payable to PricewaterhouseCoopers Australian Firm:				
Other audit related services	66,500	62,500	66,500	62,500
Fees paid to related practices of PricewaterhouseCoopers Australian Firm:				
Audit of regulatory return	6,734	-	-	-
Total remuneration for other assurance services	73,234	62,500	66,500	62,500
Total remuneration for assurance services	445,751	448,596	206,500	194,500

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 3. PROFIT FROM ORDINARY ACTIVITIES (continued)

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$	\$	\$	\$
(ii) Remuneration of auditors (continued)				
Taxation services				
Fees paid and payable to PricewaterhouseCoopers				
Australian Firm:				
Tax compliance services including review of company income tax returns	85,222	90,989	78,430	80,550
Tax advice on acquisitions	79,480	-	79,480	-
Tax consulting and advice	66,098	15,000	66,098	15,000
Fees paid to related practices of PricewaterhouseCoopers Australian Firm:				
Tax compliance services including review of company income tax returns	37,261	24,098	-	-
Tax consulting and advice	82,633	-	-	-
Total remuneration for taxation services	350,694	130,087	224,008	95,550
Fees paid to auditors other than PricewaterhouseCoopers or its related practices:				
Audit and review of the financial reports of joint ventures and other entities in the consolidated entity and other work under the Corporations Act 2001	31,917	33,996	31,917	33,996
It is Sims Group Limited's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with Sims Group Limited is important. These assignments are principally for tax advice and due diligence on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis.				
	\$'000	\$'000	\$'000	\$'000
(iii) Expenses from ordinary activities				
Raw materials and finished goods included in cost of sales	1,180,079	961,255	548,039	427,000
Freight expense	198,779	190,787	81,852	65,433
Employee benefits expense	147,970	142,761	71,394	59,000
Depreciation and amortisation expense	30,217	36,796	8,984	8,398
Repairs and maintenance expense	49,306	51,459	17,292	15,847
Other expenses from ordinary activities	106,371	112,353	35,300	36,250
	1,712,722	1,495,411	762,861	611,928

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 4. INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(a) The income tax expense for the financial year differs from the amount prima facie calculated on the profit. The difference is reconciled as follows:				
Prima facie tax expense on profit from ordinary activities at rates applicable in the countries of source	55,175	34,641	16,290	13,032
Tax effect of permanent differences:				
Non deductible amortisation and depreciation	1,135	1,303	65	205
Other non deductible expenditure and losses	768	488	766	399
Income tax adjusted for permanent differences	57,078	36,432	17,121	13,636
(Over) / under provision in prior years	(3,019)	504	(918)	(155)
Income tax expense	54,059	36,936	16,203	13,481
(b) The directors estimate that the potential future income tax benefit at 30 June 2004 in respect of tax losses not brought to account is:	1,954	1,850	-	-
The benefit for the tax losses will only be obtained if:				
(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or				
(ii) the losses are transferred to an eligible entity in the consolidated entity, and				
(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by UK tax legislation, and				
(iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.				
The future income tax benefit shown in note 9 includes tax losses of:	-	-	-	-

(c) Tax consolidation legislation

Sims Group Limited and its wholly-owned Australian controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has not yet been notified of this decision. The accounting policy on implementation of the legislation is set out in note 1(k). The impact on the income tax expense for the year is reflected in the tax reconciliation above. The wholly-owned entities have fully compensated Sims Group Limited for deferred tax liabilities assumed by Sims Group Limited on the date of the implementation of the legislation and have been fully compensated for any deferred tax assets transferred to Sims Group Limited.

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly-owned entities reimburse Sims Group Limited in full for any current tax payable by Sims Group Limited arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and has therefore been recognised as a current tax-related receivable by Sims Group Limited (see note 5). The tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Sims Group Limited.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 5. RECEIVABLES

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current				
Trade debtors	167,476	121,549	46,999	35,607
Provision for doubtful debts	(651)	(271)	(455)	(174)
	166,825	121,278	46,544	35,433
Other debtors	15,572	10,345	11,991	5,502
	182,397	131,623	58,535	40,935
Non current				
Amounts receivable from employees under the Sims Group Limited Employee Share Ownership Plan (note 21(ii))	-	140	-	140
Amounts receivable from controlled entities	-	-	59,357	24,962
Other debtors	5,908	2,730	5,908	2,730
Tax-related amounts payable by wholly-owned entities	-	-	317	-
	5,908	2,870	65,582	27,832

Refer to note 4 for details about tax sharing and compensation agreements. The fair value of amounts receivable under the Sims Group Limited Employee Share Ownership Plan is not considered to be materially different to the carrying value. Further information relating to related parties and directors is set out in note 26. Amounts in other debtors generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

NOTE 6. INVENTORIES

Raw materials at cost	67,954	41,902	50,041	30,448
Stores and spare parts at cost	9,993	10,756	3,964	3,981
Finished goods at cost	69,729	35,924	18,646	14,025
	147,676	88,582	72,651	48,454

NOTE 7. OTHER FINANCIAL ASSETS

Investments accounted for using the equity method				
Shares in associates (note 24)	7,821	5,503	139	139
Other (non-traded) investments				
Shares in controlled entities (note 23) at cost	-	-	204,196	198,025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Freehold land				
At directors' valuation	69,185	56,886	952	952
Buildings				
At directors' valuation	36,892	35,090	3,360	3,200
Accumulated depreciation	(5,144)	(1,638)	(2,512)	(148)
	31,748	33,452	848	3,052
Leashold improvements				
At directors' valuation	9,563	6,554	132	132
Accumulated amortisation	(1,439)	(666)	(6)	(3)
	8,124	5,888	126	129
Plant and equipment				
At cost	355,801	312,920	147,965	142,828
Accumulated depreciation	(218,104)	(211,844)	(106,795)	(99,492)
	137,697	101,076	41,170	43,336
Capital work in progress				
	15,001	8,802	11,754	3,810
	261,755	206,104	54,850	51,279

Valuations of freehold land, buildings and leasehold improvements

The directors' valuations were made in June 2002. These valuations were based on the market value with existing use, which for the majority of properties have been determined by independent external valuations as at 30 June 2002 incorporating an allowance made for estimated costs of remediation of properties that may be required. Subsequent additions have been recorded at fair values, equivalent to their acquisition cost.

As at 30 June 2003 and 30 June 2004 the directors assessed the carrying amounts of these assets and concluded that these do not differ materially from their fair values at those dates. In undertaking these assessments the directors considered advice received from independent external valuers.

Reconciliation of movements

	Freehold Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant & Equipment \$'000	Capital Work In Progress \$'000	Total \$'000
Consolidated						
Carrying amount at 1 July 2003	56,886	33,452	5,888	101,076	8,802	206,104
Additions	13	5	2,333	41,510	11,714	55,575
Disposals	-	(28)	(5)	(3,231)	-	(3,264)
Transfers	-	437	376	4,750	(5,563)	-
Depreciation/amortisation expense (note 3(ii))	-	(1,519)	(744)	(24,160)	-	(26,423)
Acquisition due to purchase of controlled entities and businesses	11,536	1,249	-	17,774	-	30,559
Write-off assets in a joint venture	-	(2,066)	-	(2,836)	-	(4,902)
Foreign currency exchange differences	750	218	276	2,814	48	4,106
Carrying amount at 30 June 2004	69,185	31,748	8,124	137,697	15,001	261,755

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of movements (continued)

	Freehold Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant & Equipment \$'000	Capital Work In Progress \$'000	Total \$'000
Parent Entity						
Carrying amount at 1 July 2003	952	3,052	129	43,336	3,810	51,279
Additions	-	-	-	7,773	9,755	17,528
Disposals	-	-	-	(145)	-	(145)
Transfers (including transfers to controlled entities)	-	-	-	1,306	(1,811)	(505)
Depreciation / amortisation expense (note 3(ii))	-	(138)	(3)	(8,593)	-	(8,734)
Acquisition due to purchase of controlled entities and businesses	-	-	-	329	-	329
Write-off assets in a joint venture	-	(2,066)	-	(2,836)	-	(4,902)
Carrying amount at 30 June 2004	952	848	126	41,170	11,754	54,850

NOTE 9. OTHER ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current				
Prepayments	8,489	9,220	2,012	3,193
Non current				
Future income tax benefit (note 4)	13,645	10,446	10,114	5,864

NOTE 10. INTANGIBLES

Goodwill at cost	111,000	91,483	5,129	4,963
Accumulated amortisation	(37,640)	(36,055)	(304)	(709)
	73,360	55,428	4,825	4,254

NOTE 11. PAYABLES

Current				
Trade creditors (generally settled within 30 to 60 days)	131,673	115,561	61,132	37,200
Other creditors	33,311	17,262	7,797	8,172
Deferred income	14,491	7,935	-	-
	179,475	140,758	68,929	45,372

The majority of deferred income relates to the refrigerator recycling plants operated in the United Kingdom and to grants received from government bodies in respect of significant capital projects.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 11. PAYABLES (continued)

In respect of deferred income relating to the refrigerator recycling plants, refrigerators are received for recycling by the group in the UK for a fee. These fees are recognised as income as refrigerators are processed and the costs of processing the refrigerators are matched against the related fee income. Deferred income represents the fees that have been received in respect of refrigerators that have yet to be processed through the refrigerator recycling plant.

In relation to deferred income arising from grants received in the current and previous years in respect of significant capital projects, each grant is recognised as deferred income on receipt of the grant and released to the profit and loss account over the life of the assets to which each grant relates.

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Non current				
Other loans from controlled entities	-	-	101,706	95,061

NOTE 12. INTEREST BEARING LIABILITIES

Current (unsecured)

Bank loans	1,100	-	-	-
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Non current (unsecured)

Bank loans	36,950	8,292	36,492	-
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Unsecured bank loans are subject to guarantees/cross guarantees and indemnities (as appropriate) from the parent entity and some of its controlled entities. Further information on bank loans is set out in note 31. Details of financing arrangements are set out in note 30.

NOTE 13. TAX LIABILITIES

Current

Income tax	26,924	17,793	14,514	8,802
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Non current

Deferred income tax liability	6,277	7,538	2,103	2,815
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 14. PROVISIONS

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current				
Employee entitlements	9,533	8,925	6,404	5,914
Other	595	589	595	589
	10,128	9,514	6,999	6,503
Non current				
Employee entitlements	11,096	6,888	10,675	6,582
Environmental compliance	421	421	-	-
Other	219	219	219	219
	11,736	7,528	10,894	6,801
Provision for employee entitlements				
Current	9,533	8,925	6,404	5,914
Non current	11,096	6,888	10,675	6,582
Aggregate employee entitlements liability	20,629	15,813	17,079	12,496
Employee numbers				
Number of employees at the end of the financial year	2,063	1,782	790	662

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below.

	CURRENT		NON CURRENT	
	Dividends	Other	Environmental Compliance	Other
	\$'000	\$'000	\$'000	\$'000
Consolidated - 2004				
Carrying amount at start of year	-	589	421	219
Additional provisions recognised	52,442	941	-	-
Payments	(52,442)	(935)	-	-
Carrying amount at end of year	-	595	421	219
Parent Entity - 2004				
Carrying amount at start of year	-	589	-	219
Additional provisions recognised	52,442	433	-	-
Payments	(52,442)	(427)	-	-
Carrying amount at end of year	-	595	-	219

Other current provisions includes estimates of claims that will be made against Sims Group Limited in relation to stevedoring delays and material quality for ferrous exports. These claims are expected to be settled in the next financial year.

The Environmental Compliance provision is an estimate of costs of remediation of properties that may be required in the future. It is not expected to be settled in the next financial year.

Other non-current provisions relates to a provision against investments in associated entities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 15. CONTRIBUTED EQUITY

	PARENT ENTITY			
	2004	2003	2004	2003
	Shares	Shares	\$'000	\$'000
(i) Share capital				
Ordinary shares - fully paid	91,086,086	92,653,057	220,665	236,831

Movement in ordinary share capital	Date	No. of shares	Issue price	\$'000
Balance at the beginning of the financial year		92,653,057		236,831
Options exercised during the year at various share issue prices				
	29 August 2003	50,000	6.54	327
	1 September 2003	20,000	6.54	131
	5 September 2003	44,060	6.46	284
	8 September 2003	9,448	6.46	61
	1 March 2004	5,000	6.39	32
	28 April 2004	5,000	6.39	32
Shares acquired during the year at various share buy-back prices			Buy-back price	
	6 October 2003	(22,740)	10.00	(227)
	6 October 2003	(2,000)	10.18	(20)
	11 November 2003	(59,852)	10.20	(611)
	13 November 2003	(234,846)	10.12	(2,378)
	14 November 2003	(145,000)	10.11	(1,466)
	17 November 2003	(71,800)	9.99	(717)
	18 November 2003	(106,500)	9.78	(1,042)
	25 November 2003	(38,142)	9.98	(380)
	26 November 2003	(6,881)	9.98	(69)
	27 November 2003	(65,000)	10.00	(650)
	28 November 2003	(14,356)	9.98	(143)
	9 December 2003	(70,000)	9.94	(696)
	10 December 2003	(100,000)	10.00	(1,000)
	11 December 2003	(60,583)	10.00	(606)
	12 December 2003	(702,779)	10.00	(7,028)
Balance at the end of the financial year		91,086,086		220,665

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Voting rights attaching to the ordinary shares are, on a show of hands, one vote for every person present as a member, proxy, attorney or representative thereof and, on a poll, one vote per share for every member present in person or by proxy, attorney or representative.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 15. CONTRIBUTED EQUITY (continued)

(ii) Options

No options over ordinary shares were granted during the financial year. The number of options outstanding at the end of the financial year was 193,798 (2003 - 327,306). Further details on the Sims Group Limited Group Employee Option Plans are set out in note 21(ii). Employee options carry no voting rights.

(iii) Share buy-back

In January 2002 the Company announced an on market buy-back of up to 5% of the Company's issued capital (up to 4,509,078 ordinary shares). The time required to complete the buy-back will be of unlimited duration until the maximum number of shares has been purchased or the buy-back has been rescinded or discharged.

During October-December 2003 the Company purchased and cancelled 1,700,479 ordinary shares on-market to reduce issued capital and improve earnings per share. The shares were acquired at an average of \$10.02 per share, with prices ranging from \$9.78 to \$10.20. The total cost of \$17,032,705 (excluding \$25,000 transaction costs paid in 2002) was deducted from shareholders' equity.

NOTE 16. RESERVES AND RETAINED PROFITS

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(i) Reserves				
Foreign currency translation reserve	5,685	(2,018)	-	-
Asset revaluation reserve	11,935	11,935	-	-
	17,620	9,917	-	-
Movements in reserves were:				
Foreign currency translation reserve				
Balance at the beginning of the financial year	(2,018)	10,901	-	-
Net exchange differences on translation of foreign controlled entities	7,703	(12,919)	-	-
Balance at the end of the financial year	5,685	(2,018)	-	-
Asset revaluation reserve				
Balance at the beginning of the financial year	11,935	11,935	-	-
Increment on revaluation of land and buildings	-	-	-	-
Balance at the end of the financial year	11,935	11,935	-	-

Foreign currency translation reserve

Exchange differences arising on the translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(c).

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets, as described in note 1(b).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 16. RESERVES AND RETAINED PROFITS (continued)

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(iii) Retained profits				
Retained profits at the beginning of the financial year	150,222	96,399	26,848	18,107
Adjustment resulting from change in accounting policy for providing for dividends	-	17,148	-	17,148
Net profit attributable to members of Sims Group Limited	112,503	75,042	38,086	29,960
Dividends paid (note 17)	(52,442)	(38,367)	(52,442)	(38,367)
Retained profits at the end of the financial year	210,283	150,222	12,492	26,848

NOTE 17. DIVIDENDS

Ordinary shares

Final dividend for the year ended 30 June 2003 paid at 31c per share (2002 - 19c)

Franked at 68% (2002 - fully franked) based on tax paid @ 30%

28,761 17,217

Interim dividend for the year ended 30 June 2004 paid at 26c per share (2003 - 23c)

Franked at 57% (2003 - franked at 80%) based on tax paid @ 30%

23,681 21,150

Total dividends paid

52,442 38,367

Dividends not recognised at year end

Since year end the directors have declared the payment of a final dividend of 40c per fully paid ordinary share plus an additional special dividend of 20c per fully paid ordinary share, both franked at 48% based on tax paid @ 30%. The aggregate amount of the proposed dividend expected to be paid on 8 October 2004 out of retained profits at 30 June 2004, but not recognised as a liability at year end

54,652 28,761

Franked Dividends

The franked portion of the declared dividend recommended after 30 June 2004 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2005.

Franking credits available for the subsequent financial year (based on tax rate of 30%)

17,081 8,479 17,081 8,479

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 17. DIVIDENDS (continued)

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of income tax payable as at the end of the financial year, and
- (b) franking debits that will arise from the payment of dividends provided as at the end of the financial year, and
- (c) franking credits that may be prevented from being distributed in the subsequent financial year.

Franking credits of \$772,802 were transferred from wholly-owned entities to the parent entity at the time these entities entered the tax consolidated group on 1 July 2003.

NOTE 18. CONTINGENT LIABILITIES

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000

Details and estimated maximum amounts of contingent liabilities (for which no amounts are recognised in the financial statements) arising in respect of:

Guarantees

The parent entity, its controlled entities, its joint venture operations and its associated companies have given a number of guarantees in respect of the performance of contracts and workers compensation insurance entered into in the ordinary course of business

965	459	500	144
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Controlled entities

Under the terms of a Deed of Cross Guarantee entered into in accordance with ASIC Class Order 98/1418 (as amended by Class Orders 98/2107, 00/0321, 01/1087, 02/0248 and 02/1017) the parent entity has undertaken to meet any shortfall which might arise on the winding up of controlled entities which are party to the deed as described in note 23. The controlled entities are not in liquidation and there is no indication that they will be wound up.

NOTE 19. CAPITAL EXPENDITURE COMMITMENTS

Total capital expenditure contracted for at the balance date but not recognised in the financial statements and payable not later than one year

- for the acquisition of plant and equipment	4,736	14,686	1,896	202
- for the acquisition of land and buildings	-	-	-	-
	4,736	14,686	1,896	202

Commitments included above relating to joint venture operations and associate companies

- for the acquisition of plant and equipment	253	735	66	108
- for the acquisition of land and buildings	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 20. LEASE COMMITMENTS

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to leases contracted for at balance date but not recognised as liabilities, payable:				
Not later than one year	15,125	13,060	2,617	2,065
Later than one, but not later than five years	37,915	33,442	2,388	2,330
Later than five years	28,281	14,667	657	1,094
	81,321	61,169	5,662	5,489
Representing:				
Cancellable operating leases	3,001	1,863	2,960	2,752
Non-cancellable operating leases	78,320	59,306	2,702	2,737
	81,321	61,169	5,662	5,489
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than one year	13,633	12,076	1,164	620
Later than one, but not later than five years	36,494	32,563	881	1,419
Later than five years	28,193	14,667	657	698
	78,320	59,306	2,702	2,737

NOTE 21. SUPERANNUATION, SHARE OWNERSHIP AND OPTION PLANS

(i) Superannuation plans

The parent entity and its controlled entities have established a number of superannuation funds on behalf of Group employees. All employees are entitled to join an appropriate superannuation fund which provides benefits for themselves, or their dependants, on retirement, disability or death. The funds provide defined benefits, based on years of service and final average salary, or accumulation benefits based on the level of contributions and earnings thereon. Employees contribute to the funds at various percentages of their remuneration.

The parent entity and its controlled entities are obliged to contribute to the funds in accordance with their governing Trust Deeds and the obligations are legally enforceable unless due notice of cessation of contribution is given. An actuarial assessment of the Australian defined benefits funds was last carried out on 1 July 2001 by David R Lewis, FIA, FIAA. Based on this review, the assets of the funds at 1 July 2001 of \$41.227m were sufficient to satisfy all accrued and vested benefits at that date under the funds in the event of termination of the funds or voluntary or compulsory termination of the employment of each employee. Vested benefits in the Australian funds at 1 July 2001 were \$38.234m.

The decline in world share markets that commenced in March 2000 had an adverse effect on the financial condition of the defined benefit superannuation funds sponsored by the Company for its employees. The Trustees of these funds have been monitoring the financial position of the funds to ensure they remain able to meet their liabilities, and that the Company continues to meet its financial commitments to these funds. At 1 April 2003 the independent actuary estimated that a deficiency of approximately \$900,000 existed in these funds.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 21. SUPERANNUATION, SHARE OWNERSHIP AND OPTION PLANS (continued)

(i) Superannuation plans (continued)

In line with actuarial advice received, the Company agreed with the Trustee of the Sims Consolidated Group Superannuation Fund to make additional monthly contributions of \$50,000 into that fund from April 2003. This additional contribution is being reflected in the Company's superannuation expense as it is paid. No liability has been recognised in the financial statements in respect of this deficiency. The actuarial recommendation was that this additional contribution should continue for up to two years i.e. until March 2005 subject to ongoing performance review.

Since April 2003 investment market returns have been more favourable so the directors believe that the financial position of the funds will have improved. A formal review of the superannuation funds' financial positions as at 6 April 2004 is currently being undertaken concurrently with the transfer of members and assets to the BT Lifetime Super - Employer Plan. This review is expected to be completed by November 2004 and confirm that the deficit of \$900,000 estimated at 1 April 2003 has now been extinguished.

The Group's UK operations account for pension costs and commitments in the financial statements in accordance with the United Kingdom Accounting Standard SSAP 24 "Accounting for pension costs". This accounting standard requires employers to recognise the expected cost of providing pensions on a systematic and rational basis over the period during which they derive benefit from the employees' services. This is achieved by recognising a regular cost for the pension every year. Variations from the regular cost are allocated over the expected remaining service lives of the current employees.

A full formal actuarial assessment of the United Kingdom defined benefits fund has been undertaken by the fund's actuary Sally Spencer, FIA, in respect of the funding position as at 5 April 2003. The outcome of this assessment was that the assets of the fund at 5 April 2003 were estimated to be \$17.601m, and were insufficient to satisfy all accrued and vested benefits at that date under the fund in the event of termination of the fund or voluntary or compulsory termination of the employment of each employee. Vested benefits in the United Kingdom fund at 5 April 2003 were estimated to be \$27.941m.

The estimated deficiency in the United Kingdom fund is a result of the decline in world equity markets however, as noted previously, since April 2003 investment market returns have been more favourable so the directors believe that the financial position of the funds will have improved. In accordance with SSAP 24 requirements, the deficiency will be funded by an estimated additional annual contribution of \$1.120m by the company over the next 12 years, being the actuarial best estimate of contributions required to meet the current deficit. The estimated additional annual contribution will be reflected in the company's superannuation expense in the year. An accrual of \$0.848m has been recognised in the financial statements at 30 June 2004, being the difference between the cumulative additional annual contributions charged to the profit and loss account to 30 June 2004, and the cash contributions paid into the fund.

(ii) Share ownership and option plans

The parent entity operates the Sims Group Limited Employee Share Ownership Plan ("Share Plan") which was established in 1991 and amended in November 1996. The Share Plan allows for the participation, at the discretion of the Board, of employees and executive directors of the parent entity and its controlled entities. Monies are lent, interest free, to participants to enable them to acquire shares in the parent entity which are held by the trustee of the Share Plan for the benefit of participants. Shares are issued to employees at the market value at the date of issue in accordance with the terms of the Share Plan.

At 30 June 2004, the parent entity had loaned \$Nil (2003: \$139,500) to participants to enable them to acquire, through the trustee of the Share Plan, Nil shares (2003: 30,000), being 0.03% (in 2003) of the issued capital of the parent entity. Amounts loaned to employees through the Share Plan are included in receivables. Loans in respect of 30,000 shares issued at \$5.81 each on 30 November 1999 were repaid during the 2004 financial year. All shares that have been allocated for issue under the Share Plan had been issued at 30 June 2004.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 21. SUPERANNUATION, SHARE OWNERSHIP AND OPTION PLANS (continued)

(ii) Share ownership and option plans (continued)

	Number		Shares		Loans \$'000	
Details of the Share Plan are as follows:	2004	2003	2004	2003	2004	2003
Employees	-	2	-	30,000	-	140

The Sims Group Limited Group Employee Option Plan ("Option Plan"), approved by shareholders on 8 November 1996, provides that executive and management staff members may be invited to participate in the Option Plan and be granted options over unissued ordinary shares in the parent entity. A separate incentive plan exists for Mr Sutcliffe, the Group Chief Executive. Options are granted for nil consideration. The amount received on the exercise of options is recognised as issued capital at the date of issue of the shares.

Grants of shares and options pursuant to the Share Plan and the Option Plan were suspended during the 2003 financial year, and replaced by the LTI Plan (refer note 22).

Details of options outstanding under the Option Plan as at 30 June 2004 are as follows:

Date issued	Exercisable from	Expire on	Exercise price	Number issued	Total lapsed to date	Total exercised to date	Balance at end of the year
28 November 1996	28 November 1998	28 November 2001	7.14	2,015,000	2,015,000	-	-
27 April 1998	27 April 2000	27 April 2003	8.29	1,040,000	110,000	930,000	-
01 September 1998	01 September 2000	01 September 2003	6.54	1,540,000	455,000	1,085,000	-
16 November 1998	16 November 2000	16 November 2003	6.46	250,000	-	250,000	-
30 November 1999	30 November 2001	30 November 2004	6.39	280,000	30,000	250,000	-
31 July 2000	31 July 2002	31 July 2005	5.86	90,000	-	90,000	-
28 February 2002	28 February 2005	28 March 2007	6.75	193,798	-	-	193,798
				5,408,798	2,610,000	2,605,000	193,798

Set out below is a summary of options granted under the Option Plan:

Consolidated and parent entity - 2004

Grant date	Expiry date	Exercise price	Balance at start of the year	Issued during the year	Exercised during the year	Lapsed during the year	Balance at end of the year
28 November 1996	28 November 2001	7.14	-	-	-	-	-
27 April 1998	27 April 2003	8.29	-	-	-	-	-
01 September 1998	01 September 2003	6.54	70,000	-	(70,000)	-	-
16 November 1998	16 November 2003	6.46	53,508	-	(53,508)	-	-
30 November 1999	30 November 2004	6.39	10,000	-	(10,000)	-	-
31 July 2000	31 July 2005	5.86	-	-	-	-	-
28 February 2002	28 March 2007	6.75	193,798	-	-	-	193,798
			327,306	-	(133,508)	-	193,798

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 21. SUPERANNUATION, SHARE OWNERSHIP AND OPTION PLANS (continued)

(ii) Share ownership and option plans (continued)

Consolidated and parent entity - 2003

Grant date	Expiry date	Exercise price	Balance at start of the year	Issued during the year	Exercised during the year	Lapsed during the year	Balance at end of the year
28 November 1996	28 November 2001	7.14	-	-	-	-	-
27 April 1998	27 April 2003	8.29	930,000	-	(930,000)	-	-
01 September 1998	01 September 2003	6.54	1,065,000	-	(995,000)	-	70,000
16 November 1998	16 November 2003	6.46	250,000	-	(196,492)	-	53,508
30 November 1999	30 November 2004	6.39	200,000	-	(190,000)	-	10,000
31 July 2000	31 July 2005	5.86	90,000	-	(90,000)	-	-
28 February 2002	28 March 2007	6.75	193,798	-	-	-	193,798
			2,728,798	-	(2,401,492)	-	327,306

The share price for the shares under option at 30 June 2004 was \$11.46 (2003: \$8.80).

Options exercised during the financial year and number of shares issued to employees on the exercise of options:

Exercise price	Fair value of shares at issue date	CONSOLIDATED		PARENT ENTITY	
		2004	2003	2004	2003
		Number	Number	Number	Number
8.29	8.68	-	930,000	-	930,000
6.54	8.05	-	995,000	-	995,000
6.46	7.43	-	196,492	-	196,492
6.39	7.93	-	190,000	-	190,000
5.86	7.19	-	90,000	-	90,000
6.54	10.04	70,000	-	70,000	-
6.46	10.28	53,508	-	53,508	-
6.39	11.95	10,000	-	10,000	-
		133,508	2,401,492	133,508	2,401,492

The fair value of shares issued on exercise of options is a weighted average price at which the Sims Group Limited shares were traded on the Australian Stock Exchange on the day of the exercise of options.

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$	\$	\$	\$
Aggregate proceeds received from employees on the exercise of options and recognised as issued capital	867,362	17,227,838	867,362	17,227,838
Fair value of shares issued to employees on the exercise of options as at their issue date	1,372,043	19,697,795	1,372,043	19,697,795

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 22. DIRECTORS' AND EXECUTIVES' DISCLOSURES

(i) Directors

The following persons were directors of Sims Group Limited during the financial year:

Chairman - non-executive

PK Mazoudier

Executive directors

JL Sutcliffe Group Chief Executive

RB Cunningham Executive Director Group Finance & Strategy

Non-executive directors

GN Brunsdon

AC Copeman

JM Feeney

(ii) Executives (other than directors) with the greatest authority for strategic direction and management

The following persons were the five executives with the greatest authority for the strategic direction and management of the consolidated entity ("Specified Executives") during the financial year:

Name	Position	Employer
CR Jansen	President - USA	Sims Group USA Corporation
DR McGree	Group Executive General Manager - Australasia	Simsmetal Services Pty Limited
WT Bird	Managing Director - Metals Recycling - UK	Sims Group UK Holdings Limited
G Davy	Managing Director - Sims Recycling Solutions - Europe & North America	Sims Group UK Holdings Limited
RR Brown	General Manager - NZ	Simsmetal Industries Limited

All of the above persons were also Specified Executives during the year ended 30 June 2003.

(iii) Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and is competitive when compared to market. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (a) competitiveness and reasonableness
- (b) acceptability to shareholders
- (c) performance linkage / alignment of executive compensation
- (d) transparency
- (e) capital management.

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (a) has economic profit as a core component of plan design
- (b) focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- (c) attracts and retains high calibre executives.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 22. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(iii) Remuneration of directors and executives (continued)

Principles used to determine the nature and amount of remuneration (continued)

Alignment to program participants' interests:

- (a) rewards capability and experience
- (b) reflects competitive reward for contribution to shareholder growth
- (c) provides a clear structure for earning rewards
- (d) provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Non-executive directors

Non-executive directors receive an annual fee for their services as determined by the Board within the maximum amount approved by the shareholders from time to time. Non-executive directors do not receive additional fees for serving on Board committees. On retirement, the directors receive a payment based on their years of service. The amount provided in the financial statements for these retirement benefits at the end of the financial year amounted to \$1,533,000 (2003 - \$1,360,000). On 13 June 2003, the Board resolved to grandfather the operation of this scheme for existing directors and to not allow new directors to join the scheme. Remuneration of non-executive directors and their terms of office are governed by the Company's constitution and not by contract.

Executives

The Remuneration Committee, consisting of two independent non-executive directors and the Group Chief Executive, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the executive directors and other senior executives.

Remuneration

Remuneration packages are benchmarked to external market data to ensure competitiveness and set at levels intended to attract and retain executives capable of managing the consolidated entity's diverse global operations and achieving the Company's strategic objectives. Executives are paid a base level of remuneration as salary which is paid monthly. Remuneration packages also generally include superannuation, retirement and termination entitlements, fringe benefits and short and long term performance-related incentives.

The Company's remuneration policies are designed to align the pay of executives with the interests of shareholders by including short and long term performance-related incentives. Most senior executives are eligible to participate in such incentive programs.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice.

Remuneration and other terms of employment for the Group Chief Executive and two other senior executives are formalised in service agreements.

Termination and redundancy agreements are also formalised for the executive directors and four other senior executives which provide for the payment of benefits in the event of termination by the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 22. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(iii) Remuneration of directors and executives (continued)

Principles used to determine the nature and amount of remuneration (continued)

Short-term incentives

Under the Company's short term incentive ("STI") plan, participating executives (which include the executive directors) ("STI Participants") may receive a cash bonus payment annually ("STI Bonus"), based upon meeting two criteria. The first criterion is the PBIT return on monthly average control capital employed ("ROCCE") of the STI Participants' business unit or the consolidated entity. The Remuneration Committee determines annually the minimum percentage ROCCE which the STI Participants' business unit or the consolidated entity must achieve in the following year before an STI Participant is eligible to receive a bonus based on this criterion.

The second criterion is the STI Participant achieving certain specified personal priorities which are relevant to meeting the Company's business objectives. An STI Participant will only be eligible to receive that portion of his or her STI Bonus linked to meeting his or her personal priorities if the consolidated entity achieves its cost of capital in a particular financial year. An STI Participant will not be eligible to receive any form of STI Bonus if he or she does not obtain at least an average "achieve" rating in his or her personal priorities for that particular financial year.

In respect of the 2005 financial year, the Group Chief Executive can earn up to 70% of his base remuneration package as an STI Bonus split, as to 50% maximum, based on the ROCCE of the consolidated entity, and as to 20% maximum, based on his meeting personal priorities. The Executive Director Group Finance & Strategy can earn up to 60% of his base remuneration package as an STI Bonus split, as to 48% maximum, based on the ROCCE of the consolidated entity, and as to 12% maximum, based on his meeting personal priorities.

Long-term incentives

Under the Company's long term incentive plan ("LTI Plan"), which was introduced at the commencement of the 2003 financial year, participating executives (which include the executive directors) ("LTI Participants") are eligible to receive cash payments if the average annual growth in the diluted earnings per share of the Company ("EPS Growth") over a rolling 3 year period (progressively increasing to a rolling 5 year period from 1 July 2007) ("Rolling Period") is between 5% and 10% per annum compound. The cash payment is pro rated between 50% payment on achieving 5% EPS Growth up to 100% payment on achieving 10% EPS Growth. There is no payment if less than 5% EPS Growth is achieved. A cash payment under the LTI Plan is calculated based on a pre determined percentage, depending on the seniority of the LTI Participant, of the LTI Participant's base remuneration package (as defined in the LTI Plan). For example, the Group Chief Executive and the Executive Director Group Finance & Strategy are entitled to receive, at the end of a Rolling Period, if 10% EPS Growth has been achieved during that relevant Rolling Period, a cash payment under the LTI Plan equivalent to 50% and 40% respectively of their base remuneration package.

The initial Rolling Period under the LTI Plan commenced on 1 July 2002 and expires on 30 June 2005 ("Initial Period"). An LTI Participant will be entitled to receive, following the expiry of this Initial Period only, and if the designated EPS Growth has been achieved during the Initial Period, a cash payment calculated by reference to that LTI Participant's base remuneration package for each of the respective three financial years in the Initial Period. A provision of \$2,999,000 has been included in the financial statements representing two thirds of the estimated cash payment that may be payable to LTI Participants following expiry of the Initial Period. Provisional amounts have been included in the emoluments of the executive directors and the other 5 specified executives of the Company referred to below representing two thirds (less amounts provided for at 30 June 2003) of the estimated cash payments that may be payable to those persons pursuant to the LTI Plan following expiry of the Initial Period.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 22. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(iii) Remuneration of directors and executives (continued)

Principles used to determine the nature and amount of remuneration (continued)

Employee share and option plans

Grants of shares and options pursuant to Sims Group Limited Group Employee Share and Option Plans were suspended during the 2003 financial year, and replaced by the LTI Plan. Mr Sutcliffe, the Group Chief Executive, has his own incentive plan and the issue of options pursuant to it were also suspended, by mutual agreement, during the 2003 financial year, and replaced by the LTI Plan. 193,798 options with an issue price of A\$6.75 and an expiry date of 28 March 2007 were issued on 28 February 2002 to Mr Sutcliffe on his appointment as Group Chief Executive of the Company and pursuant to his incentive plan. The number of options granted was determined by dividing an amount equal to 50% of the base remuneration of Mr Sutcliffe by the option value as at the date of the grant. The option value was determined by reference to the so-called Black-Scholes option pricing model.

Factors taken into account by that model include the exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The options granted to Mr Sutcliffe are exercisable (subject to vesting under a performance hurdle formula based on the total shareholder return of the Company as measured against an S&P/ASX200 related "peer" group of companies at certain specified times in the future) at any time from 28 February 2005 until 28 March 2007. Mr Sutcliffe is also entitled to 40,014 "phantom options" with the same terms and conditions as the 193,798 options expiring 28 March 2007.

The "phantom options" entitle Mr Sutcliffe to receive from the Company a cash payment equivalent to any profit that would have been made by Mr Sutcliffe in respect of the "phantom options", if exercised at any relevant time and the shares arising therefrom contemporaneously sold. The aggregate value of the options and the "phantom options" granted to Mr Sutcliffe were valued at \$325,000 at the date of issue.

Details of remuneration

Details of the nature and amount of each element of the emoluments of each director of Sims Group Limited and the other Specified Executives of Sims Group Limited and the consolidated entity (also receiving the highest emoluments) are set out in the following tables.

Directors of Sims Group Limited

Name	Primary				Post employment		Equity	Total A\$
	Cash salary or fees	Accruals			Pension / Superannuation	Retirement Benefits	Share Options	
		STI Bonus	LTI Bonus	Annual & Long Service Leave				
Non-executive directors								
PK Mazoudier	166,400	-	-	-	14,976	77,030	-	258,406
GN Brunsdon	78,000	-	-	-	7,020	27,600	-	112,620
AC Copeman	78,000	-	-	-	-	34,200	-	112,200
JM Feeney	78,000	-	-	-	7,020	34,200	-	119,220
Executive directors								
JL Sutcliffe	651,130	524,160	492,936	73,601	97,670	-	81,250	1,920,747
RB Cunningham	483,269	337,978	325,518	41,744	84,571	-	-	1,273,080
	1,534,799	862,138	818,454	115,345	211,257	173,030	81,250	3,796,273

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 22. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(iii) Remuneration of directors and executives (continued)

Principles used to determine the nature and amount of remuneration (continued)

Specified Executives of Sims Group Limited and of the Consolidated Entity

Name	Primary				Post employment		Equity	Total A\$
	Cash salary or fees	Accruals			Pension / Superannuation	Retirement Benefits	Share Options	
		STI Bonus	LTI Bonus	Annual & Long Service Leave				
CR Jansen	628,052	535,724	180,571	48,646	63,036	-	-	1,456,029
DR McGree	385,358	197,871	152,185	38,868	67,437	-	-	841,719
WT Bird	323,152	136,955	126,346	-	48,345	-	-	634,798
G Davy	323,152	136,678	126,346	-	48,345	-	-	634,521
RR Brown	252,934	44,580	62,566	15,843	44,263	-	-	420,186
	1,912,648	1,051,808	648,014	103,357	271,426	-	-	3,987,253

Service agreements

Remuneration and other terms of employment for the Group Chief Executive, the Managing Director-Metals Recycling-UK and the Managing Director-Sims Recycling Solutions-Europe & North America are formalised in employment agreements.

JL Sutcliffe, Group Chief Executive

Term of agreement – agreement dated 28 February 2002. No term specified.

Remuneration reviewed annually by the Remuneration Committee.

Payment of termination benefit on termination by the employer, other than for specified incidents such as serious misconduct, equal to the total of 18 months base remuneration and 1.5 times the bonus (if any) paid under the STI Plan in the full financial year prior to the notice of termination.

Payment of a further benefit equal to 6 months total annual remuneration in the event of a takeover of the Company.

In the event of redundancy, payment of a benefit equal to a minimum of 6 months and a maximum of 18 months total remuneration depending upon years of service.

WT Bird, Managing Director-Metals Recycling-UK

Term of agreement – agreement dated 4 July 2003. No term specified.

Remuneration reviewed annually by the Remuneration Committee.

Payment of termination benefit on termination by the employer, other than for fraud or gross misconduct, equal to 12 months total remuneration. In the event of redundancy, payment of a benefit equal to a minimum of 6 months and a maximum of 18 months remuneration depending upon years of service.

G Davy, Managing Director-Sims Recycling Solutions-Europe & North America

Term of agreement – no term specified.

Remuneration reviewed annually by the Remuneration Committee.

Payment of termination benefit on termination by the employer, other than for specified incidents such as a serious breach, equal to 6 months salary. In the event of redundancy, payment of a benefit according to years of service and age of employee at date of redundancy. Maximum payment equal to 19.8 months salary.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 22. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(iii) Remuneration of directors and executives (continued)

Principles used to determine the nature and amount of remuneration (continued)

Termination and redundancy agreements

Termination and redundancy agreements exist for RB Cunningham - Executive Director Group Finance & Strategy, CR Jansen - President - USA and DR McGree - Group Executive General Manager - Australasia. The amounts that would be payable to each of these employees are determined as follows:

Payment of termination benefit on termination by the employer, other than for fraud or gross misconduct, equal to 12 months total annual remuneration. Payment of a further benefit equal to 6 months total annual remuneration in the event of a takeover of the Company. In the event of redundancy, payment of a benefit equal to a minimum of 6 months and a maximum of 18 months remuneration depending upon years of service.

(iv) Transactions with directors

There were no transactions entered into during the financial year with the directors of the parent entity and its controlled entities and their director related entities.

(v) Equity instrument disclosures relating to directors and executives

Options

The Sims Group Limited Group Employee Option Plan ("Option Plan"), approved by shareholders on 8 November 1996, provides that executive and management staff members may be invited to participate in the Option Plan and be granted options over unissued ordinary shares in the parent entity. A separate incentive plan exists for Mr Sutcliffe, the Group Chief Executive. Options are granted for nil consideration. The amount received on the exercise of options is recognised as issued capital at the date of issue of the shares (refer note 21(ii)).

The numbers of options over ordinary shares in Sims Group Limited held during the financial year by each director of the Company and consolidated entity or their director-related entities and each of the five Specified Executives of the consolidated entity are set out below.

Name	Balance at the start of the year	Options exercised	Granted as remuneration	Other changes	Balance at the end of the year	Vested, but not exercisable at the end of the year
Directors						
PK Mazoudier	-	-	-	-	-	-
JL Sutcliffe	193,798	-	-	-	193,798	193,798
RB Cunningham	53,508	(53,508)	-	-	-	-
GN Brunsdon	-	-	-	-	-	-
AC Copeman	-	-	-	-	-	-
JM Feeney	-	-	-	-	-	-
	247,306	(53,508)	-	-	193,798	193,798
Specified Executives						
CR Jansen	-	-	-	-	-	-
DR McGree	30,000	(30,000)	-	-	-	-
WT Bird	-	-	-	-	-	-
G Davy	-	-	-	-	-	-
RR Brown	-	-	-	-	-	-
TOTAL	30,000	(30,000)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 22. DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(v) Equity instrument disclosures relating to directors and executives (continued)

Share holdings

The numbers of shares in Sims Group Limited held during the financial year by each director of the Company and consolidated entity or their director-related entities and each of the five Specified Executives of the consolidated entity are set out below.

Name	Balance at the start of the year	Received on the exercise of options	Sold	Other changes	Balance at the end of the year	Amount paid per share on exercise of options A\$
Directors						
PK Mazoudier	14,082	-	-	-	14,082	-
JL Sutcliffe	2,000	-	-	-	2,000	-
RB Cunningham	-	53,508	(10,508)	-	43,000	6.46
GN Brunsdon	3,250	-	-	-	3,250	-
AC Copeman	7,791	-	-	-	7,791	-
JM Feeney	25,504	-	-	-	25,504	-
	52,627	53,508	(10,508)	-	95,627	6.46
Specified Executives						
CR Jansen	-	-	-	-	-	-
DR McGree	-	30,000	(30,000)	-	-	6.54
WT Bird	-	-	-	-	-	-
G Davy	-	-	-	-	-	-
RR Brown	-	-	-	-	-	-
	-	30,000	(30,000)	-	-	6.54

No amounts are unpaid on any shares issued on the exercise of options.

NOTE 23. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity (class of shares held is ordinary unless otherwise stated)	Country of Incorporation	Equity Holding	
		2004 %	2003 %
DIRECTLY CONTROLLED ENTITIES OF SIMS GROUP LIMITED			
PNG Recycling Limited	Papua New Guinea	100	100
Sims Aluminium Pty Limited (ii)	Australia	100	100
Sims Group Canada Limited (i)	Canada	100	100
Sims Group UK Holdings Limited (i)	United Kingdom	100	100
Sims Tyrecycle Properties Pty Limited (formerly Tinsel Pty Limited) (iii)	Australia	100	-
Sims Tyrecycle Pty Limited (formerly Devote Pty Limited) (iii)	Australia	100	-
Simsmetal Finance Limited	Australia	100	100
Simsmetal Holdings Pty Limited (ii) (note(a))	Australia	100	100
Simsmetal Staff Equity Pty Limited	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 23. INVESTMENTS IN CONTROLLED ENTITIES (continued)

Name of entity (class of shares held is ordinary unless otherwise stated)	Country of Incorporation	Equity Holding	
		2004 %	2003 %
DIRECTLY CONTROLLED ENTITIES OF SIMSMETAL HOLDINGS PTY LIMITED			
Sims Asia Holdings Limited (i)	Hong Kong	100	100
Sims Energy Pty Limited (ii)	Australia	100	100
Sims Group USA Corporation (i)	USA	100	100
Sims Industrial Pty Limited (ii)	Australia	100	100
Simsmetal Services Pty Limited (ii) (note (a))	Australia	100	100
Universal Inspection and Testing Company Pty Limited (ii)	Australia	100	100
DIRECTLY CONTROLLED ENTITIES OF SIMSMETAL SERVICES PTY LIMITED			
Sims Manufacturing Pty Limited (ii)	Australia	100	100
Simsmetal Executive Staff Superannuation Pty Limited	Australia	100	100
DIRECTLY CONTROLLED ENTITY OF SIMS INDUSTRIAL PTY LIMITED			
Simsmetal Industries Limited (i)	New Zealand	100	100
DIRECTLY CONTROLLED ENTITY OF SIMS GROUP UK HOLDINGS LIMITED			
Sims Group UK Intermediate Holdings Limited (i)	United Kingdom	100	100
DIRECTLY CONTROLLED ENTITIES OF SIMS GROUP UK INTERMEDIATE HOLDINGS LIMITED			
Sims Group UK Limited (i)	United Kingdom	100	100
Simsmetal UK (Midwest) Limited (i)	United Kingdom	100	100
Simsmetal UK (Southern) Limited (i)	United Kingdom	100	100
Simsmetal UK Pension Trustees Limited (i)	United Kingdom	100	100
Simsmetal UK Recycling Limited (i)	United Kingdom	100	100
DIRECTLY CONTROLLED ENTITIES OF SIMSMETAL UK RECYCLING LIMITED			
J McIntyre (Plant) Limited (i) (iv)	United Kingdom	-	100
J McIntyre (Worksop) Limited (i) (iv)	United Kingdom	-	100
Mansfield Metals Limited (i) (iv)	United Kingdom	-	100
Thos Hill (Management) Limited (i) (iv)	United Kingdom	-	100
W Bush & Son Limited (i) (iv)	United Kingdom	-	100
DIRECTLY CONTROLLED ENTITIES OF SIMS GROUP UK LIMITED			
Allied Metals Limited (i) (iv)	United Kingdom	-	100
Simsmetal UK (Glos.) Limited (i)	United Kingdom	100	100
Simsmetal UK (Northern) Limited (i)	United Kingdom	100	100
Simsmetal UK (Reclamation) Limited (i)	United Kingdom	100	100
Simsmetal UK (SouthEast) Limited (i)	United Kingdom	100	100
Simsmetal UK (SouthWest) Limited (i)	United Kingdom	100	100
Simsmetal UK (Wessex Holdings) Limited (i) (in liquidation)	United Kingdom	100	100
Simsmetal UK (Wessex) Limited (i)	United Kingdom	100	100
SK Stainless Limited (i)	United Kingdom	100	100
United Castings Limited (i)	United Kingdom	100	100

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 23. INVESTMENTS IN CONTROLLED ENTITIES (continued)

Name of entity (class of shares held is ordinary unless otherwise stated)	Country of Incorporation	Equity Holding	
		2004 %	2003 %
DIRECTLY CONTROLLED ENTITIES OF SIMSMETAL UK (NORTHERN) LIMITED			
C F Davies & Co (Birkenhead) Limited (i) (iv)	United Kingdom	-	100
Moores (Burton on Trent) Limited (i) (iv)	United Kingdom	-	100
DIRECTLY CONTROLLED ENTITY OF MOORES (BURTON ON TRENT) LIMITED			
Moores Auto Salvage Limited (i) (iv)	United Kingdom	-	100
DIRECTLY CONTROLLED ENTITIES OF SIMSMETAL UK (SOUTHEAST) LIMITED			
Blackbushe Metals (Western) Limited (i)	United Kingdom	100	100
Simsmetal UK (Elliott) Limited (i)	United Kingdom	100	100
Southern Hauliers Limited (i) (iv)	United Kingdom	-	100
DIRECTLY CONTROLLED ENTITY OF BLACKBUSHE METALS (WESTERN) LIMITED			
Simsmetal UK (Fraser) Limited (i)	United Kingdom	75	75
DIRECTLY CONTROLLED ENTITY OF SIMSMETAL UK (WESSEX HOLDINGS) LIMITED			
Widsite Limited (i) (iv)	United Kingdom	-	100
DIRECTLY CONTROLLED ENTITIES OF SIMSMETAL UK (WESSEX) LIMITED			
Mayer Pearse Limited (i) (iv)	United Kingdom	-	100
C.Phillip & Sons (Bristol) Limited (i) (iv)	United Kingdom	-	100

Note (a) Shares held in these entities include preference shares.

(i) Controlled entity audited by other PricewaterhouseCoopers firm.

(ii) These entities and the Company are parties to a Deed of Cross Guarantee under which each entity guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/0321, 01/1087, 02/0248 and 02/1017) issued by the Australian Securities & Investments Commission. The above entities represent a Closed Group and an Extended Closed Group for the purposes of the Class Order.

(iii) These entities were acquired during the year.

(iv) These entities were liquidated during the year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 23. INVESTMENTS IN CONTROLLED ENTITIES (continued)

Entities and businesses acquired during the year:

On 31 May 2004 Sims Group USA Corporation purchased the assets and business of Bay Bridge Enterprises LLC, Virginia USA for \$42.652m. The business operates a metal recycling and shredding facility with a deep water dock facility on the Elizabeth River, Chesapeake, Virginia.

On 28 May 2004 Sims Group Limited acquired 100% of the issued capital of Devote Pty Ltd and Tinsel Pty Ltd (trading as Tyrecycle and Encore Rubber) for \$6.169m. The business is Australia's largest collector of used tyres, operating shredders in Queensland, New South Wales and Victoria. The Encore Rubber granulation plant, located in Melbourne, converts used tyres into rubber crumb for use in a wide range of applications.

On 18 November 2003 Sims Group Limited purchased the assets and business of Steelmar Holdings Pty Limited for \$2.979m. The business operates a metal recycling facility in the Australian Capital Territory.

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Carrying amount of assets and liabilities as at acquisition dates				
Cash	466	-	-	-
Receivables	2,381	-	-	-
Prepayments	131	-	-	-
Inventories	3,920	-	-	-
Property, plant & equipment	30,559	-	329	-
Net tax liabilities	(138)	-	-	-
Intangibles	213	-	-	-
Investments	-	-	6,169	-
Trade and other creditors	(1,589)	-	-	-
Bank loans	(1,255)	-	-	-
Other loans	(2,400)	-	-	-
Employee entitlement provisions	(1,326)	-	-	-
Net assets of entity	30,962	-	6,498	-
Goodwill on acquisition	20,838	-	2,650	-
Consideration paid (all as cash)	51,800	-	9,148	-
Outflow of cash to acquire controlled entities and businesses, net of cash acquired				
Consideration paid	51,800	-	9,148	-
Less: Cash acquired	(466)	-	-	-
Net cash proceeds paid	51,334	-	9,148	-
Entities and businesses disposed of during the year:				
Ferromet Inc was disposed of on 31 March 2003 and details of sale are as follows:				
Consideration received (all as cash)	-	23,551	-	-
Carrying amount of investment as at disposal date	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 23. INVESTMENTS IN CONTROLLED ENTITIES (continued)

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Carrying amount of assets and liabilities as at disposal date				
Cash	-	31	-	-
Receivables	-	267	-	-
Prepayments	-	38	-	-
Inventories	-	928	-	-
Property, plant & equipment	-	8,324	-	-
Intangibles	-	16,592	-	-
Environmental compliance provision	-	(2,828)	-	-
Net assets of entity	-	23,352	-	-
Group share of net assets of entity	-	23,352	-	-

Details of the sale of the controlled entity are as follows:

Consideration received	-	23,551	-	-
Less: Cash disposed of	-	(31)	-	-
Less: Costs associated with disposal	-	(199)	-	-
Net cash proceeds received	-	23,321	-	-
Net profit on disposal	-	-	-	-

The consolidated statement of financial performance for the Closed Group is as follows:

Revenue from ordinary activities	783,565	686,591
Expenses from ordinary activities	(722,510)	(626,866)
Borrowing costs expense	(154)	(194)
Profit from ordinary activities before income tax expense	60,901	59,531
Income tax expense relating to ordinary activities	(16,576)	(13,293)
Profit from ordinary activities after related income tax expense	44,325	46,238
Net increase in asset revaluation reserve	-	-
Total revenues, expenses and valuation adjustments recognised directly in equity	-	-
Total changes in equity other than those resulting from transactions with owners as owners	44,325	46,238

The summary of movements in consolidated retained profits is as follows:

Retained profits at the beginning of the financial year	68,160	43,141
Profit from ordinary activities after related income tax expense	44,325	46,238
Dividends provided for or paid (note 17)	(52,442)	(21,219)
Retained profits at the end of the financial year	60,043	68,160

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 23. INVESTMENTS IN CONTROLLED ENTITIES (continued)

	CONSOLIDATED	
	2004	2003
	\$'000	\$'000
The consolidated statement of financial position for the Closed Group is as follows:		
Current Assets		
Cash assets	11,333	60,349
Receivables	71,443	57,541
Inventories	81,133	56,201
Other	8,102	4,328
Total Current Assets	172,011	178,419
Non Current Assets		
Receivables	6,063	5,827
Investments accounted for using the equity method	139	139
Other financial assets	102,894	96,141
Property, plant and equipment	114,764	111,887
Deferred tax assets	3,908	5,818
Intangible assets	4,805	4,254
Total Non Current Assets	232,573	224,066
Total Assets	404,584	402,485
Current Liabilities		
Payables	74,800	54,995
Current tax liabilities	15,663	10,104
Provisions	7,419	6,890
Other	-	669
Total Current Liabilities	97,882	72,658
Non Current Liabilities		
Deferred tax liabilities	741	3,715
Provisions	11,663	7,532
Total Non Current Liabilities	12,404	11,247
Total Liabilities	110,286	83,905
Net Assets	294,298	318,580
Equity		
Contributed equity	220,665	236,831
Reserves	13,590	13,589
Retained profits	60,043	68,160
Total Equity	294,298	318,580

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 24. INVESTMENTS IN ASSOCIATES

The investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (note 7). The equity method was adopted with effect from 1 January 1997. Information relating to the associates is set out below.

Name of Associate	Principal Activity	Ownership Interest		CONSOLIDATED Carrying Amount		PARENT ENTITY Carrying Amount	
		2004	2003	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Richmond Steel Recycling Limited	Metal Recycling	50.0%	50.0%	6,878	4,533	-	-
Landfill Management Services Pty Limited	Landfill Gas Management	25.0%	25.0%	348	310	126	126
Australian Refined Alloys Pty Limited	Metal Recycling	50.0%	50.0%	13	13	13	13
Extruded Metals (New Zealand) Limited	Metal Recycling	33.3%	33.3%	401	474	-	-
Sims Pacific Metals Limited	Metal Recycling	50.0%	50.0%	181	173	-	-
Consolidated Extrusions Pty Limited	Metal Recycling	33.3%	33.3%	-	-	-	-
Consolidated Extrusions (Management) Pty Limited	Metal Recycling	33.3%	33.3%	-	-	-	-
				7,821	5,503	139	139

(i) Movements in carrying amounts of investment

Carrying amount at the beginning of the financial year	5,503	4,090	139	139
Foreign currency translation reserve	(207)	(419)	-	-
Share of profit from ordinary activities after related income tax expense	2,525	1,832	-	-
Carrying amount at the end of the financial year	7,821	5,503	139	139

(ii) Results attributable to associates

The consolidated entity's share of the results of the associates is as follows:

Profit from ordinary activities before related income tax expense	4,047	2,906	-	-
Income tax expense relating to ordinary activities	(1,522)	(1,074)	-	-
Profit from ordinary activities after related income tax expense	2,525	1,832	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 24. INVESTMENTS IN ASSOCIATES (continued)

	CONSOLIDATED Carrying Amount		PARENT ENTITY Carrying Amount	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(iii) Share of reserves attributable to associates				
Retained profits:				
Balance at the beginning of the financial year	4,344	2,512	-	-
Share of profit from ordinary activities after related income tax expense	2,525	1,832	-	-
Balance at the end of the financial year	6,869	4,344	-	-

(iv) Summary performance and financial position of associates

The aggregate net profit, assets and liabilities of the associates is as follows:

Profit from ordinary activities after related income tax expense	5,253	3,767	-	-
Assets	34,044	24,493	-	-
Liabilities	(16,649)	(12,409)	-	-

(v) Share of contingent liabilities and capital expenditure commitments of associates

The consolidated entity's share of the associates' contingent liabilities and capital expenditure commitments is included in notes 18 and 19.

NOTE 25. INTERESTS IN JOINT VENTURES

The consolidated entity has the following interests in joint venture operations:

- 50% interest in the Australian Refined Alloys joint venture, the principal activity of which is the production of lead, lead alloys and related products.
- 50% interest in the New Zealand based Sims Pacific Metals joint venture, the principal activity of which is the processing and sale of ferrous and non ferrous secondary raw materials.
- 50% interest in the UK based End of Life Vehicle Information Systems joint venture which does not trade at present.
- 33.3% interest in the Consolidated Extrusions joint venture, the principal activity of which is the production and sale of extruded brass and copper products.

The consolidated entity's interest in assets employed in the joint ventures is included in the statements of financial position under the classifications shown below:

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current Assests				
Cash assets	1,593	1,683	1,472	1,534
Receivables	17,820	12,087	11,926	8,605
Inventories	11,073	7,795	5,612	5,472
Goodwill	328	2,307	-	1,966
Non Current Assests				
Property, plant and equipment	8,739	12,644	2,670	8,164
	39,553	36,516	21,680	25,741

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 25. INTERESTS IN JOINT VENTURES (continued)

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Payables	10,459	8,134	5,210	4,112
Provisions	766	717	579	550
Non current liabilities				
Provisions	512	506	487	485
	11,737	9,357	6,276	5,147
Share of assets employed in joint ventures	27,816	27,159	15,404	20,594

The consolidated entity's share of joint venture contingent liabilities and capital expenditure commitments is included in notes 18 and 19.

NOTE 26. RELATED PARTY INFORMATION

Ownership interests in related parties

Interests held in controlled entities are set out in note 23.

Interests held in associates and joint ventures are set out in notes 24 and 25 respectively.

Wholly owned group

The wholly owned group consists of Sims Group Limited and its wholly owned controlled entities.

Ownership interests in these controlled entities are set out in note 23.

Transactions between Sims Group Limited and other entities in the wholly owned group consisted of:

Loans advanced and repaid, the receipt of interest (where applicable) on loans and the provision of general administrative assistance.

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with entities in the wholly owned group:

Interest revenue	-	452
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 26. RELATED PARTY INFORMATION (continued)

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Amounts receivable and payable to other related parties				
Aggregate amounts receivable at balance date from:				
Non current				
Entities in the wholly owned group (note 5)	-	-	59,357	24,962
Aggregate amounts payable at balance date to:				
Non current				
Entities in the wholly owned group (note 11)	-	-	101,706	95,061
Amounts receivable and payable to other related parties have no fixed terms of repayment and no interest is charged.				
Loans to associated companies				
Convertible Notes in Landfill Management Services Pty Ltd	6,000	2,500	6,000	2,500
The convertible notes are non-interest bearing.				

Controlling entity

The ultimate parent entity in the wholly owned group is Sims Group Limited.

NOTE 27. SEGMENT INFORMATION

Geographical segments

The consolidated entity's operations span the globe with facilities spread throughout Australia, New Zealand, Papua New Guinea, the United States of America, United Kingdom and Canada. The consolidated entity also has representative offices in China, Malaysia, India and Eastern Europe.

The major geographical areas of operation are as follows:

Australia - comprising Australia and Papua New Guinea

North America - comprising the United States of America and Canada

New Zealand

United Kingdom

Business segments

The consolidated entity operates predominantly in the secondary metal recycling industry. Its core business involves ferrous and non-ferrous secondary raw materials recycling and secondary processing.

Ferrous secondary recycling comprises the collection, processing and trading of iron and steel secondary raw material.

Non-ferrous secondary recycling comprises the collection, processing and trading of other metal alloys and residues, principally aluminium, lead, copper, zinc and nickel bearing materials.

Secondary processing is a value adding process involving the melting, refining and ingoting of certain non ferrous metals, the production of extruded products and the reclamation and reprocessing of plastics.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 27. SEGMENT INFORMATION (continued)

Primary reporting - geographical segments

	Australia	North America	New Zealand	United Kingdom	Inter-segment eliminations/ unallocated	Consolidated
2004	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	786,874	426,440	61,734	598,887	-	1,873,935
Intersegment sales (note (a))	600	-	-	-	(600)	-
Total sales revenue	787,474	426,440	61,734	598,887	(600)	1,873,935
Share of net profits of associates accounted for using the equity method	38	2,487	-	-	-	2,525
Other revenue	1,319	2,607	87	1,517	-	5,530
Total segment revenue	788,831	431,534	61,821	600,404	(600)	1,881,990
Segment contribution	57,564	57,087	11,542	40,369	-	166,562
Unallocated revenue less unallocated expenses						-
Profit from ordinary activities before income tax expense						166,562
Income tax expense						(54,059)
Profit from ordinary activities after income tax expense						112,503
Segment and Total Assets	312,178	152,841	20,857	235,282	-	721,158
Segment and Total Liabilities	111,650	49,407	12,447	99,086	-	272,590
Investment in associates accounted for using the equity method	361	6,878	582	-	-	7,821
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	30,160	44,824	2,437	29,431	-	106,852
Depreciation and amortisation expense	10,986	7,274	1,172	10,785	-	30,217
Other non-cash expenses / (income)	15,135	(152)	197	(748)	-	14,432

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 27. SEGMENT INFORMATION (continued)

Primary reporting - geographical segments (continued)

	Australia	North America	New Zealand	United Kingdom	Inter-segment eliminations/ unallocated	Consolidated
2003	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	630,526	421,161	52,315	475,711	-	1,579,713
Intersegment sales (note (a))	568	-	-	-	(568)	-
Total sales revenue	631,094	421,161	52,315	475,711	(568)	1,579,713
Share of net profits of associates accounted for using the equity method	19	1,798	15	-	-	1,832
Other revenue	4,918	23,618	64	1,199	-	29,799
Total segment revenue	636,031	446,577	52,394	476,910	(568)	1,611,344
Segment contribution	43,152	20,852	8,721	39,253	-	111,978
Unallocated revenue less unallocated expenses						-
Profit from ordinary activities before income tax expense						111,978
Income tax expense						(36,936)
Profit from ordinary activities after income tax expense						75,042
Segment and Total Assets	302,910	98,603	12,897	173,983	-	588,393
Segment and Total Liabilities	81,907	28,071	8,225	73,220	-	191,423
Investment in associates accounted for using the equity method	268	4,533	702	-	-	5,503
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	16,687	5,591	1,393	13,036	-	36,707
Depreciation and amortisation expense	9,856	12,655	986	13,299	-	36,796
Other non-cash expenses	5,656	1,482	188	674	-	8,000

Note (a) Intersegment sales

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 27. SEGMENT INFORMATION (continued)

Secondary reporting - business segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles & other non- current segment assets	
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Ferrous secondary recycling	1,146,138	937,585	492,980	402,223	89,194	30,641
Non-ferrous secondary recycling	457,687	403,604	148,549	121,201	13,038	4,479
Secondary processing	270,110	238,524	79,629	64,969	4,620	1,587
	1,873,935	1,579,713	721,158	588,393	106,852	36,707

NOTE 28. EARNINGS PER SHARE

	CONSOLIDATED	
	2004	2003
	Cents Per Share	
Basic earnings per share	122.6	82.2
Diluted earnings per share	122.5	82.2
	Number of Shares	
Weighted average number of ordinary shares outstanding during the financial year used in the calculation of basic earnings per share	91,765,940	91,273,301
Weighted average number of ordinary shares and potential ordinary shares outstanding during the financial year used in the calculation of diluted earnings per share	91,854,465	91,319,455
	\$'000	\$'000
Earnings used in calculating diluted earnings per share	112,503	75,042

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 29. CASH FLOW INFORMATION

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(i) Reconciliation of cash				
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:				
Cash and short term deposits	20,107	78,617	1,890	49,058
(ii) Reconciliation of profit from ordinary activities after related income tax expense to net cash inflow from operating activities				
Profit from ordinary activities after related income tax expense	112,503	75,042	38,086	29,960
Amortisation of goodwill	3,794	7,156	250	215
Depreciation and amortisation of property, plant and equipment	26,423	29,640	8,734	8,183
Net profit on disposal of non current assets	(1,100)	(641)	(120)	(497)
Net gain on insurance claim re plant and equipment	-	(414)	-	-
Write-down of assets in a joint venture	6,682	-	6,682	-
Change in assets and liabilities, net of effects of acquisitions and disposals of entities:				
(Increase) / decrease in trade and other debtors	(47,931)	25,698	(17,138)	(837)
(Increase) in inventories	(55,174)	(13,605)	(24,197)	(12,643)
(Increase) / decrease in prepayments	862	(5,119)	1,181	(1,551)
Increase in provisions	3,496	1,394	4,589	2,455
Increase in income tax payable	9,131	6,647	5,712	4,420
(Increase) in deferred taxes	(4,598)	(5,124)	(4,962)	(1,651)
Increase in accounts payable and other creditors	37,159	7,833	23,602	6,979
Net cash inflow from operating activities	91,247	128,507	42,419	35,033

NOTE 30. FINANCING ARRANGEMENTS

Entities in the consolidated entity have access to the following credit standby arrangements :

Unsecured global multi-currency / multi-option loan facilities, subject to reviews ranging from one to three years, totalling

	329,235	273,732	-	-
Amount of credit unused	299,465	265,440	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 31. FINANCIAL INSTRUMENTS

(i) Forward foreign exchange contracts

The consolidated entity enters into forward foreign exchange contracts to buy and sell specific amounts of various foreign currencies in the future at pre-determined exchange rates. The contracts are entered into to hedge contracted purchase and sale commitments denominated in foreign currencies.

The settlement dates, dollar amounts to be received and contractual exchange rates of the consolidated entity's outstanding contracts at balance date are:

	CONSOLIDATED		PARENT ENTITY	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Buy AUD, Sell USD				
Up to 12 months - at rates averaging USD 0.6863 (2003: USD 0.6832)	11,656	10,978	11,656	10,978
Buy AUD, Sell GBP				
Up to 12 months - at rates averaging GBP 0.3940 to AUD (2003: Nil)	1,332	-	1,332	-
Buy GBP, Sell AUD				
Up to 12 months - at rates averaging GBP 0.3876 to AUD (2003: Nil)	310	-	310	-
Buy NZD, Sell USD				
Up to 12 months - at rates averaging 0.6535 to USD (2003: Nil)	2,895	-	2,895	-
Buy EUR, Sell USD				
Up to 12 months - at rates averaging GBP 1.1934 to AUD (2003: Nil)	502	-	502	-
Buy NZD, Sell AUD				
Up to 12 months - at rates averaging Nil to NZD (2003: 1.1221 to NZD)	-	4,000	-	4,000
Buy GBP, Sell USD				
Up to 12 months - at rates averaging USD 1.7981 to GBP (2003: USD 1.6549 to GBP)	36,636	52,048	-	-
Buy GBP, Sell EUR				
Up to 12 months - at rates averaging EUR 1.4902 to GBP (2003: EUR 1.4278 to GBP)	28,364	25,764	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 31. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED		PARENT ENTITY	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(i) Forward foreign exchange contracts (continued)				
Buy USD, Sell GBP				
Up to 12 months - at rates averaging				
USD 1.7962 to GBP (2003: USD 1.6373 to GBP)	811	4,525	-	-
Buy EUR, Sell GBP				
Up to 12 months - at rates averaging				
EUR 1.4405 to GBP (2003: EUR 1.4170 to GBP)	584	3,828	-	-
At balance date net deferred (profit) / loss on these contracts calculated by reference to the current forward rates for contracts with similar maturity profiles amounted to:				
	(111)	206	150	406

The actual financial result will be dependent upon the exchange rate at the settlement dates and will be brought to account within future sales revenue in accordance with note 1(c).

(ii) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk arises predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity. The effective weighted average interest rate for each class of financial assets and financial liabilities is as follows.

		Fixed interest maturing in:					
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
2004	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets							
Cash and deposits	29	20,107	-	-	-	-	20,107
Receivables	5	-	-	-	-	188,305	188,305
		20,107	-	-	-	188,305	208,412
Weighted average interest rate		2.1%					
Financial liabilities							
Bank overdrafts and loans	12	36,950	-	-	-	-	36,950
Trade and other creditors	11	-	-	-	-	179,475	179,475
		36,950	-	-	-	179,475	216,425
Weighted average interest rate		4.9%					
Net financial assets / (liabilities)		(16,843)	-	-	-	8,830	(8,013)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 31. FINANCIAL INSTRUMENTS (continued)

(ii) Interest rate risk exposures (continued)

2003	Notes	Floating interest rate \$'000	1 year or less \$'000	Fixed interest maturing in:			Total \$'000
				Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	
Financial assets							
Cash and deposits	29	78,617	-	-	-	-	78,617
Receivables	5	-	-	-	-	134,493	134,493
		78,617	-	-	-	134,493	213,110
Weighted average interest rate		3.1%					
Financial liabilities							
Bank overdrafts and loans	12	8,292	-	-	-	-	8,292
Trade and other creditors	11	-	-	-	-	140,758	140,758
Interest rate swaps*		(12,382)	12,382	-	-	-	-
		(4,090)	12,382	-	-	140,758	149,050
Weighted average interest rate		5.3%	4.95%				
Net financial assets / (liabilities)		82,707	(12,382)	-	-	(6,265)	64,060

* Notional principal amounts

Reconciliation of net financial assets / (liabilities) to net assets

	Notes	CONSOLIDATED	
		2004 \$'000	2003 \$'000
Net financial assets / (liabilities) as above		(8,013)	64,060
Non-financial assets and liabilities			
Inventories	6	147,676	88,582
Investments	7	7,821	5,503
Property, plant and equipment	8	261,755	206,104
Intangibles	10	73,360	55,428
Other assets	9	22,134	19,666
Tax liabilities	13	(33,201)	(25,331)
Provisions	14	(21,864)	(17,042)
Net assets per statements of financial position		449,668	396,970

(iii) Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

DIRECTORS' DECLARATION

for the year ended 30 June 2004

The directors declare that the financial statements and notes set out on pages 32 to 82:

- (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

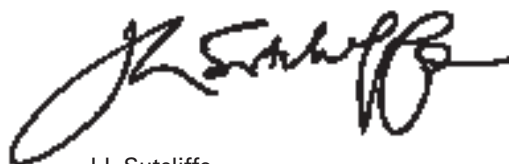
In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 23.

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



P K Mazoudier
Chairman



J L Sutcliffe
Group Chief Executive

Sydney 23 August 2004

I N D E P E N D E N T AUDIT REPORT

to the members of Sims Group Limited

Audit opinion

In our opinion, the financial report of Sims Group Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Sims Group Limited and Sims Group (defined below) as at 30 June 2004, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Sims Group Limited (the company) and Sims Group (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

I N D E P E N D E N T
AUDIT REPORT
to the members of Sims Group Limited

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



W H B Seaton
Partner

Sydney 23 August 2004

SHAREHOLDER INFORMATION

as at 17 September 2004

Voting Rights

Voting rights attaching to the ordinary shares are, on a show of hands, one vote for every person present as a member, proxy, attorney or representative thereof and upon a poll each share shall have one vote.

The Group Chief Executive's options carry no voting rights.

Substantial Shareholders

	Ordinary Shares
Perpetual Trustees Australia Limited	8,721,702
Barclays Global Investors Australia Limited	7,614,762
ING Australia Holdings Limited	4,707,991

Distribution of Holdings

Range	Holders
1 - 1,000	7,817
1,001 - 5,000	9,041
5,001 - 10,000	1,099
10,001 - 100,000	458
100,001 and over	49
Total	18,464

There were 152 holders of less than a marketable parcel of shares.

Stock Exchange Listing

The Company's ordinary shares are quoted on the Australian Stock Exchange.

ADR Facility

The Company has a sponsored American Depositary Receipt (ADR) facility with the Bank of New York. ADRs trade on the over-the-counter market in the USA under cusip number 829202100 with each ADR representing four ordinary shares. Further information and investor enquiries on ADRs should be directed to the ADR Depositary listed in the Corporate Directory.

Shareholder Enquiries

The Share Register of the Company is maintained by Computershare Investor Services Pty Limited, Sydney. Enquiries from investors regarding their holdings should be directed to Computershare at the address listed in the Corporate Directory.

Unquoted Equity Securities

193,798 options are on issue and held by Mr J L Sutcliffe, the Group Chief Executive.

Buy-back

The Company currently has an on-market buy-back in place.

S H A R E H O L D E R INFORMATION

as at 17 September 2004

Twenty largest shareholders

	No. of Shares	% Held
1 J P Morgan Nominees Australia Limited	10,046,224	11.03
2 National Nominees Limited	5,888,541	6.46
3 Westpac Custodian Nominees Limited	5,205,416	5.71
4 ANZ Nominees Limited	4,175,439	4.58
5 RBC Global Services Australia Nominees Pty Limited <Pipooled A/C>	4,169,874	4.58
6 AMP Life Limited	2,021,668	2.22
7 Citicorp Nominees Pty Limited	1,663,798	1.83
8 Cogent Nominees Pty Limited	1,570,695	1.72
9 RBC Global Services Australia Nominees Pty Limited <PIIC A/C>	1,334,835	1.47
10 Cogent Nominees Pty Limited <SMP Accounts>	844,516	0.93
11 UBS Nominees Pty Ltd <Prime Broking A/C>	625,949	0.69
12 Pan Australian Nominees Pty Limited	596,488	0.65
13 Government Superannuation Office (A/C State Super Fund)	496,566	0.55
14 Milton Corporation Limited	435,000	0.48
15 Sandhurst Trustees Ltd <Aust Ethical Equities A/C>	426,000	0.47
16 Argo Investments Limited	377,478	0.41
17 UCA Growth Fund Limited	350,000	0.38
18 PSS Board	335,630	0.37
19 Victorian Workcover Authority	320,535	0.35
20 Permanent Trustee Company Limited <PTC0040 A/C>	312,532	0.34
	<u>41,197,184</u>	<u>45.22</u>

Board of Directors

Mr. Paul K Mazoudier *Chairman*

Mr. Jeremy L Sutcliffe *Group Chief Executive*

Mr. Ross B Cunningham *Executive Director*
Group Finance & Strategy

Mr. Geoffrey N Brunsdon

Mr. A Charles Copeman

Mr. J Michael Feeney

Auditors

PricewaterhouseCoopers

Darling Park Tower 2

201 Sussex Street

Sydney NSW 1171

Principal Bankers

Commonwealth Bank of Australia

48 Martin Place

Sydney NSW 2000

Share Registry

Shareholder Enquiries to:

Computershare Investor Services Pty. Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

Postal Address:

GPO Box 7045,

Sydney NSW 2001

Telephone: 1300 855 080

Facsimile: (61 2) 8234 5050

ADR Depositary

The Bank of New York

Depositary Receipts Division

101 Barclay Street - 22W,

New York NY 10286 USA

Telephone: (1 212) 815 2293

Facsimile: (1 212) 571 3050

For more up to the minute investor relations,
visit **www.sims-group.com**

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R B Cunningham, *Executive Director Group Finance & Strategy*
S Bryce, *Group Human Resources Manager*
G Evans, *Group Financial Controller*
F M Moratti, *Company Secretary & Legal Counsel*
P S Ricketts, *Group General Manager Finance & Admin.*
S Unkovic, *Group General Manager Audit & Compliance*

AUSTRALIA

D R McGree, *Group Executive General Manager*
A Barrett, *General Manager WA*
P Farmer, *General Manager Qld, PNG*
J Glyde, *General Manager Vic, SA, Tas*
G Howe, *National Operations Manager*
C McGrath, *Manager SA*
D S McLean, *General Manager Manufacturing*
P Netchaef, *General Manager Recycling Solutions*
K Radhakrishnan, *General Manager Sims International*
J Whitaker, *General Manager NSW*

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J B Barco, *General Manager Operations & Engineering*
J T Buckland, *Senior Vice President*
R P Colton, *General Manager Virginia*
J Klug, *Vice President-Commercial & Strategy*
M A Partridge, *Vice President-Finance & CFO*
E A Pumphrey III, *General Manager Brokerage*

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Cnr Manu and Kahu Streets
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R R Brown, *General Manager*

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G Davy, *Managing Director - Sims Recycling Solutions - Europe & North America*
M Coombs, *General Manager Finance*
S Cottam, *General Manager Sims Recycling Solutions*
R Kilpatrick, *General Manager Ops. & Engineering*
P Mumby, *General Manager Sth West & Home Counties*
R Burke, *General Manager South Wales*
J Rawson, *General Manager Commercial*
D Williams, *Company Secretary*
P Wright, *General Manager Northern Region*

AUSTRALIAN JOINT VENTURES**Australian Refined Alloys Pty Limited**

M Howell, *General Manager*

Consolidated Extrusions Pty Limited

T Cowdery, *General Manager*

EQUITY INVESTMENTS**Landfill Management Services Pty Limited**

J J Falzon, *Managing Director*

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K Manokaran, *Chief Representative*

www.sims-group.com

metal recycling
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