Appendix 4D

Sims Metal Management Limited
ABN 69 114 838 630
Half Year Report

Results for announcement to the market

Current period: Half year ended 31 December 2015
Prior corresponding period: Half year ended 31 December 2014

Results				**A$m**
Revenue from ordinary activities	Down	28.3%	to	2,419.0
Loss from continuing operations after tax attributable to members*	Up	417.4%	to	(250.1)
Net loss for the period attributable to members*	Up	435.7%	to	(250.1)

*Includes A$53.0 million of goodwill and other intangibles impairment charges and A$119.1 million of impairment of investment in joint venture during the half year ended 31 December 2015.

Dividends (A¢)	**Cents per Security**	**% Franked per Security**
2015 Final Dividend (paid 21 October 2015)	13.0	100%
2016 Interim Dividend (1)	10.0	0%

Record date for interim dividend	11 March 2016
Payment date for interim dividend (2)	31 March 2016

(1) Non-resident withholding tax is payable on the unfranked component of the interim dividend as the conduit foreign income component for the period is declared to be nil.

(2) The Board has determined that the dividend reinvestment plan will not operate in relation to the interim dividend.

Net tangible assets (A$)	**31 December 2015**	**31 December 2014**
Net tangible asset per security	8.43	8.83

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

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

The accompanying half year financial report has been reviewed by Deloitte Touche Tohmatsu. A signed copy of their review report is included in the financial report.

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Sims Metal Management Limited (the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2015 ("HY16").

PRINCIPAL ACTIVITIES

The principal activities of the Group during HY16 comprised (1) the buying, processing and selling of ferrous and non-ferrous recycled metals and (2) the provision of environmentally responsible solutions for the disposal of post-consumer electronic products, including IT assets recycled for commercial customers. The Group offers fee-for-service business opportunities in the environmentally responsible recycling of negative value materials including refrigerators, electrical and electronic equipment.

DIRECTORS

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

Name	**Title**
Managing Director:	
Galdino J Claro	Managing Director and Group Chief Executive Officer
Non-Executive Directors:	
Geoffrey N Brunsdon[1]	Chairperson and Independent Non-Executive Director
Robert J Bass	Independent Non-Executive Director
John T DiLacqua	Independent Non-Executive Director
Georgia Nelson	Independent Non-Executive Director
Deborah O'Toole	Independent Non-Executive Director
Christopher J Renwick	Independent Non-Executive Director
Heather Ridout	Independent Non-Executive Director
Tamotsu Sato	Non-independent Non-Executive Director
James T Thompson[1]	Independent Non-Executive Director

[1] Mr Brunsdon and Mr Thompson were re-elected as Independent Non-Executive Directors at the Company's annual general meeting on 12 November 2015.

OPERATING AND FINANCIAL REVIEW

Sensitivity to movements in foreign exchange rates

The principal currencies in which the Group's subsidiaries conduct business are United States ("US") dollars, Australian dollars ("A$"), Euros, and British pounds sterling. Although the Group's reporting currency is the Australian dollar, a significant portion of the Group's sales and purchases are made in currencies other than the Australian dollar. In addition, a significant portion of the Group's net assets are denominated in currencies other than the Australian dollar.

The Group's consolidated financial position, results of operations and cash flows may be materially affected by movements in the exchange rate between the Australian dollar and the respective local currencies to which its subsidiaries are exposed.

Some of the results referred to below are shown on a "constant currency" basis, which means that the current period results are translated into Australian dollars using applicable exchange rates in the prior year comparable period. This allows for a relative performance comparison between the two periods before the translation impact of currency fluctuations.

Foreign exchange rates compared with the prior corresponding periods for the major currencies that affect the Group's results are as follows:

	Average rate			**Closing rate – as at**		
	HY16	**HY15**	**% Change**	**31 December 2015**	**30 June 2015**	**% Change**
US dollar	0.7232	0.8915	(18.9)	0.7306	0.7680	(4.9)
Euro	0.6553	0.6914	(5.2)	0.6682	0.6866	(2.7)
Pounds sterling	0.4713	0.5473	(13.9)	0.4929	0.4885	0.9

Summary

Sales revenue of A$2,412.2 million in HY16 was down 28.3% compared to sales revenue of A$3,363.5 million in the half year ended 31 December 2014 ("HY15"). At constant currency, sales revenue was down 38.0% to A$2,087.7 million primarily due to lower sales volumes and lower commodity prices. Sales volumes declined by 21.9% to 4.3 million tonnes in HY16 versus 5.5 million tonnes in HY15 due to lower secondary metal collection levels.

Statutory net profit after tax ("NPAT") in HY16 was a loss of A$250.1 million. Underlying NPAT was a loss of A$17.8 million in HY16 compared to underlying NPAT of A$68.7 million in HY15. See the *Reconciliation of Statutory Results to Underlying Results* included herein for more information.

Statutory earnings before interest, tax, depreciation and amortisation ("EBITDA") from continuing operations in HY16 was a loss of A$11.0 million compared to EBITDA of A$157.3 million in HY15. Underlying EBITDA of A$61.4 million was 59.9% lower than HY15. The decrease in underlying EBITDA was primarily due to lower operating income from all the Group's segments. See further discussion below for results by operating segment.

Statutory diluted loss per share was 121.9 cents in HY16 compared to statutory diluted earnings per share of 36.3 cents per share in HY15. Underlying diluted loss per share was 8.7 cents in HY16 compared to underlying diluted earnings per share of 31.4 cents in HY15.

External Operating Environment

During HY16, overproduction and increasing concerns surrounding global economic growth caused metal prices to fall sharply across both ferrous and non-ferrous commodities. US east coast export ferrous scrap metal prices declined 41% in HY16 compared to HY15. Meanwhile, prices for non-ferrous metals including copper, aluminium, and nickel fell 26%, 22%, and 42% respectively over the same time frame.

The impact of lower metals prices significantly reduced the economic incentive for secondary metal collection. As a result, the supply of intake volume declined further across the metals recycling industry globally during HY16. The challenge posed by lower levels of supply has begun to accelerate the pace of capacity reductions across the industry; either through selective facility closures by larger firms or, increasingly, through business failure of smaller metals recycling firms.

Demand for secondary ferrous metal has also declined across many key traditional markets. The increased export of excess steel production in China has negatively impacted steel making activity in other countries, particularly in East Asia. Correspondingly, demand from countries such as Taiwan, South Korea, and Thailand, which rely more on ferrous scrap as a raw material, decreased significantly when compared to HY15.

North American volumes decline further
The combination of lower commodity prices and declining domestic and export demand placed further pressure on secondary metals volumes in North America in HY16. As a result, total US exports of ferrous scrap fell 23% during the HY16 period over the prior year. Similarly, US exports of copper and aluminium scrap also weakened, both declining 10% during HY16 over HY15[1].

Generation of secondary metal in North America continues to be caught between two conflicting drivers. The steady rate of economic growth experienced in the US, albeit at a low level, has supported secondary metal generation. Specifically, improving residential and non-residential construction spending, as well as record new cars sales, have boosted the underlying production and supply of secondary metal generation.

However, this has been more than offset by the substantial decline in commodity prices. Lower prices have materially impacted the ability to economically collect and transport secondary metal, particularly in regions with low population bases and high transport costs. For the trailing 12 month period ending October 2015, US ferrous scrap generation was roughly 53 million tonnes. This is down 23% since its post-GFC peak in early 2012[2].

Australia facing pressure from slowing growth in China
The slowdown of economic growth in China has had a negative spillover effect on Australia's resource-leveraged economy. Decreased demand for Australian iron ore, coal, and other commodities has slowed mining activity and halted the commencement of new mining projects. This has in-turn constricted the flow of secondary metal to the metals recycling industry.

In addition, increased steel exports from China have negatively impacted regional ferrous scrap demand. As a result, Australian export of ferrous secondary metals declined 9% in HY16 over HY15[3]. This represents the first decline in ferrous secondary metals exports since 2013.

Despite weakness in the mining sector, the broader Australian economy remains surprisingly robust. Annual GDP growth of 2.5% is one of the highest in the developed world, and a similar rate of growth is forecast for 2016[4]. The economy is also expected to benefit from a materially lower exchange rate. The recent fall in the Australian dollar should boost the attractiveness of Australian exports, including the export of secondary metals.

UK economic growth continues, but is driven by the service sector
The UK economy has continued to expand steadily. Annual GDP growth of 2.1% remained solid in Q3 of calendar 2015. However, much of the growth has been driven by the service sector. In contrast, the important secondary metal generating sectors of manufacturing and construction have stagnated. Recent data has shown that construction output started to decline during late in calendar 2015.

Equally, the UK steel industry has also been under significant negative pressure. UK crude steel production fell 10% in 2015, in part related to the closure of the 3.6Mtpa capacity Redcar steelworks in September[5]. Other capacity reductions in downstream steel rolling and fabricating facilities have also further crimped secondary metal supply across the UK.

Electronics recycling facing near-term challenges from lower metals pricing
The longer-term outlook for electronic recycling continues to be attractive. Total e-waste generated in 2014 contained an estimated 16.5 million tonnes of iron, 1.9 million tonnes of copper, and 300 tonnes of gold (equal to 11% of the world's total 2013 gold production), as well as silver, aluminium, palladium, plastic and other resources with a combined estimated value of US$52 billion[6]. Yet less than one-sixth of this large potential

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[1] Source: US Commerce Department
[2] Source: United States Geological Survey
[3] Source: Australian Bureau of Statistics, American Metal Market
[4] Source: Economist Intelligence Unit
[5] Source: World Steel Association
[6] Source: UNU-IAS ('The Global E-waste Monitor')

resource is estimated to be properly recycled or made available for reuse. More broadly, generation of e-scrap is expected to increase given the continued growth of electronic components in all manner of consumer items.

Near-term, however, the electronics recycling industry has been challenged by the recent decline in non-ferrous and precious metal prices. Gold and copper, two important commodities extracted from recycled electronics, declined 18% and 10% respectively during HY16. This has placed meaningful downward pressure on commodities recovery margins across the industry.

Segment Results

North America Metals ("NAM")

A$m	HY16	HY15	Variance %
Sales revenue	1,235.6	1,913.3	(35.4)
Underlying EBITDA	15.9	65.3	(75.7)
Underlying EBIT	(23.1)	33.0	(170.0)
Sales tonnes (millions)	2.990	3.818	(21.7)
Underlying EBIT margin	-1.9%	1.7%	

Sales revenue for NAM of A$1,235.6 million in HY16 was 35.4% lower compared to HY15. At constant currency, sales revenue was down 47.6% to A$1,002.9 million compared to HY15. The decrease was primarily due to lower average sales prices and sales volumes, the latter of which declined by 21.7%.

Underlying EBIT was a loss of A$23.1 million in HY16 compared to a profit of A$33.0 million in HY15. At constant currency, underlying EBIT was a loss of A$18.7 million. HY16 results for NAM were significantly impacted by an underlying EBIT loss of A$17.2 million from businesses to be closed or sold, as well as a loss of A$7.4 million from the Group's SA Recycling joint venture. NAM's Eastern and Western Regions were both profitable on an underlying EBIT basis in HY16 but their results were lower than HY15 primarily due to lower sales volumes and average sales prices.

Australia New Zealand ("ANZ") Metals

A$m	HY16	HY15	Variance %
Sales revenue	377.5	553.6	(31.8)
Underlying EBITDA	27.7	43.6	(36.5)
Underlying EBIT	14.0	29.9	(53.2)
Sales tonnes (millions)	0.700	0.944	(25.8)
Underlying EBIT margin	3.7%	5.4%	

Sales revenue for ANZ Metals of A$377.5 million in HY16 was 31.8% lower compared to HY15. The decrease was primarily due to lower average sales prices and sales volumes, the latter of which declined by 25.8%.

Underlying EBIT of A$14.0 million in HY16 was 53.2% lower compared to HY15. The impact of lower sales volumes and lower average sales prices led to a 21.1% reduction in metal margin which was partially offset by a 16.1% reduction in controllable costs.

Europe Metals

A$m	HY16	HY15	Variance %
Sales revenue	372.3	513.2	(27.5)
Underlying EBITDA	9.2	21.1	(56.4)
Underlying EBIT	2.1	14.9	(85.9)
Sales tonnes (millions)	0.609	0.738	(17.5)
Underlying EBIT margin	0.6%	2.9%	

Sales revenue for Europe Metals of A$372.3 million in HY16 was 27.5% lower compared to HY15. At constant currency, sales revenue was down 37.5% to A$320.6 million compared to HY15. The decrease was primarily due to lower average sales prices and sales volumes, the latter of which declined by 17.5%.

Underlying EBIT of A$2.1 million in HY16 was 85.9% lower compared to HY15. At constant currency, underlying EBIT was A$1.8 million. The impact of lower sales volumes and lower average sales prices led to a 21.0% reduction in metal margin which was partially offset by an 8.1% reduction in controllable costs. Underlying EBIT was also impacted by A$2.5 million of losses for sites that were closed.

Global E-Recycling

A$m	**HY16**	**HY15**	**Variance %**
Sales revenue	426.8	377.8	13.0
Underlying EBITDA	5.7	22.2	(74.3)
Underlying EBIT	(0.3)	16.5	(101.8)
Underlying EBIT margin	-0.1%	4.4%	

Sales revenue for Global E-Recycling of A$426.8 million in HY16 was 13% higher compared to HY15. At constant currency, sales revenue was up 2.4% to A$386.8 million compared to HY15.

Underlying EBIT was a loss of A$0.3 million in HY16 compared to a profit of A$16.5 million in HY15. At constant currency, underlying EBIT was a profit of A$0.4 million. The lower profitability of Global E-Recycling in HY16 was primarily due to lower operating income from Continental Europe, where metal margins decreased by 23.6%, while controllable costs only decreased by 5.6%. U.S. E-Recycling also underperformed in HY16 which led to a goodwill impairment charge of A$41.6 million.

Reconciliation of Statutory NPAT to EBITDA

A$m	**HY16**	**HY15**
Statutory net (loss)/profit after tax	**(250.1)**	**74.5**
Net loss from discontinued operations	**-**	4.3
Goodwill and intangible impairment	**53.0**	-
Impairment of investment in joint venture	**119.1**	-
Depreciation and amortisation	**66.2**	58.2
Interest expense, net	**5.8**	3.5
Income tax (benefit)/expense	**(5.0)**	16.8
Statutory EBITDA	**(11.0)**	**157.3**

Reconciliation of Statutory Results to Underlying Results

	EBITDA[1]		EBIT		NPAT	
	HY16	HY15	HY16	HY15	HY16	HY15
A$m						
Statutory results from continuing operations	(11.0)	157.3	(249.3)	99.1	(250.1)	78.8
Statutory results from discontinued operations[5]	-	(3.8)	-	(4.0)	-	(4.3)
Reported earnings	(11.0)	153.5	(249.3)	95.1	(250.1)	74.5
Other significant items:						
Goodwill impairment	N/A[2]	N/A[2]	43.3	-	34.2	-
Other intangible asset impairment	N/A[2]	N/A[2]	9.7	-	8.6	-
Impairment of investment in joint venture	N/A[2]	N/A[2]	119.1	-	119.1	-
Fixed asset impairment	25.3	-	25.3	-	24.6	-
Reversal of an impairment of loan receivable	-	(0.6)	-	(0.6)	-	(0.6)
Net impact from investments in associates	-	(2.0)	-	(2.0)	-	(2.0)
Lease settlements/onerous leases	37.6	-	37.6	-	37.3	-
Redundancies	6.2	-	6.2	-	5.6	-
Net expense relating to yard closure/dilapidations	3.3	(1.6)	3.3	(1.6)	2.9	(1.6)
Tax asset impairment/(reversal)[3]	-	-	-	-	-	(5.9)
Underlying results[4]	**61.4**	**149.3**	**(4.8)**	**90.9**	**(17.8)**	**64.4**
Underlying losses from discontinued operations[5]	-	3.8	-	4.0	-	4.3
Underlying results excluding discontinued operations	**61.4**	**153.1**	**(4.8)**	**94.9**	**(17.8)**	**68.7**

[1] EBITDA is a measurement of non-conforming financial information. See table above that reconciles EBITDA to statutory net profit.
[2] N/A indicates that statutory EBITDA is calculated to exclude impairment of goodwill, other identified intangible assets and impairment of investment in joint venture in the presentation of both the statutory and underlying results.
[3] HY15 amount reflects utilisation of previously impaired US deferred tax assets.
[4] Underlying result is a non-IFRS measure that is presented to provide an understanding of the underlying performance of the Group. The measure excludes the impacts of impairments, disposals as well as items that are subject to significant variability from one period to the next. The reconciling items above (before tax) have been extracted from the unaudited interim financial statements.
[5] Discontinued operations relate to Global E-Recycling businesses in Canada and the UK.

Cash flow and borrowings

Cash flow from operating activities of A$139.2 million in HY16 increased by A$86.1 million versus HY15 primarily from cash generated from operations. Capital expenditures were A$44.2 million during HY16 compared to capital expenditures of A$39.7 million in HY15. Capital expenditures during HY16 are related primarily to investments in Western Australia for a new shredding operation. The Group also generated A$4.0 million of cash from the sale of property, plant and equipment in HY16 versus A$13.5 million of cash from the sale of property, plant and equipment in HY15. During HY16, the Group paid cash dividends of A$26.7 million (HY15: A$20.5 million). In December 2015, the Group commenced a share buyback and purchased 1,653,464 ordinary shares for A$10.8 million by the end of HY16.

At 31 December 2015, the Group had a net cash position of A$372.9 million compared to a net cash position of A$313.9 million at 30 June 2015. The Group calculates net cash as cash balances less total borrowings and reflects total borrowings as if borrowings were reduced by cash balances as a pro forma measurement as follows:

A$m	As at 31 December 2015	As at 30 June 2015
Total cash	**380.8**	316.0
Less: total borrowings	**(7.9)**	(2.1)
Net cash	**372.9**	313.9

In December 2015, the Group renewed its loan facilities which, among other things, extended the maturity date through 31 October 2019 and amended certain loan covenants. The Group's cash flow and balance sheet position provides the capacity to fund the ongoing operational requirements of the business, as well as potential increased working capital requirements.

Strategic Developments

Resetting the business for lower volume activity levels
The persistent challenges of lower commodity prices and lower volume supply has prompted the urgent need to make significant adjustments to the Group's operational model. In November 2015, the Group announced new initiatives designed to reset the operations to lower market activity levels. In total, these actions are expected to deliver, on an annualised run-rate, circa A$130 million in EBIT benefits by the end of FY16.

The Group remains committed to achieving its target return on capital of at least 10% by the end of FY18[7]. This target is consistent with the Group's belief that, even at bottom of the cycle, all operations must be able to generate a return greater than their cost of capital.

New Streamline cost reduction initiatives announced
In order to better align the business with current market conditions, new Streamline cost reduction initiatives were established during HY16. These included closing or selling underperforming facilities, reducing regional and corporate overhead costs, and headcount reductions across the global operating footprint.

During HY16, ten underperforming facilities were closed, the majority in the NAM segment. In addition, employee headcount was reduced by 500, equal to circa 9% of the Group total. These actions contributed to a A$57 million reduction in controllable costs during HY16, partially offsetting the significant market headwinds the Group faced during the period.

Further Streamline and cost reduction initiatives are anticipated in the second half of FY16. These include an additional 25 non-core and underperforming facilities which will be either sold or closed. The majority of these divestments will occur within the Central region of the North America Metals business. In total, these new Streamline actions are expected to generate a run rate benefit of circa A$60 million EBIT by the end of the second half of FY16.

Accelerated Optimise initiatives across all profitability drivers
The balance of EBIT improvement initiatives in the second half of FY16 will be generated from Optimise strategies presently being deployed across the business. The Group continues to evolve and improve its core drivers of profitability across Supplier Relationships, Logistics, Operational Excellence, and Product Quality & Services.

Examples of current Optimise initiatives include: the development of new transport management systems to increase third party vendor transparency, wider use of low cost water-based barging, and maximising deep-sea cargo loading through the greater densification of cut-grade ferrous material.

[7] Return on Capital = (EBIT – tax) / (Net Assets + Net Debt)

Market Conditions and Outlook

The steep decline in the prices of ferrous and non-ferrous commodities placed further downward pressure on volumes and EBIT margins in HY16. Overcapacity of steel production in China, coupled with declining Chinese domestic demand, has pushed exported steel into the markets of many of the Group's traditional customers. This has significantly depressed demand for ferrous scrap metal globally, but most predominantly in East Asia.

At the same time, the drop in ferrous scrap demand has pushed prices to extremely low levels. This price compression has reduced the available margin to be shared across the supply chain, leading to lower available supply for processing.

Near-term, the Group expects industry conditions for metals and electronic recycling to continue to be challenging and volatile. Earnings improvement in the second half of FY16 will be driven by internal initiatives and not external factors. However, based on the new Streamline and Optimise initiatives of the business resetting plan, the Group expects that it will return to an underlying EBIT run-rate, similar to FY15, by the end of FY16. However, to reach this run-rate, the Group needs Streamline actions to be completed, Optimise initiatives to gain traction, and volumes to be similar to HY16.

DIVIDENDS

Since the end of the half year, the Directors have determined an interim dividend of 10.0 cents per share, unfranked, will be paid for the half year ended 31 December 2015. The Directors have determined that the dividend reinvestment plan will not operate in relation to this dividend.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9 and forms part of the Directors' Report for the half year ended 31 December 2015.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest tenth of a million dollars, unless otherwise indicated.

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

G N Brunsdon	G J Claro
Chairperson	Managing Director and Group CEO
Sydney	Sydney
19 February 2016	19 February 2016

Deloitte.

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The Board of Directors
Sims Metal Management Limited
16 West 22nd Street, 10th Floor
New York, NY 10010

19 February 2016

Dear Board Members

Sims Metal Management Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Sims Metal Management Limited.

As lead audit partner for the review of the financial statements of Sims Metal Management Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants

Sims Metal Management Limited
Consolidated Income Statements
For the half year ended 31 December 2015

	Note	Half year ended 31 December 2015 A$m	Half year ended 31 December 2014 A$m (restated)
Continuing operations			
Revenue	2	**2,419.0**	3,372.2
Other income	4	**24.8**	31.5
Raw materials used and changes in inventories		**(1,617.9)**	(2,435.2)
Freight expense		**(199.9)**	(256.8)
Employee benefits expense		**(284.4)**	(277.7)
Depreciation and amortisation expense	4	**(66.2)**	(58.2)
Repairs and maintenance expense		**(42.7)**	(49.7)
Other expenses		**(303.6)**	(229.6)
Impairment of goodwill and other intangibles	7	**(53.0)**	-
Impairment of investment in joint venture	8	**(119.1)**	-
Finance costs		**(8.3)**	(8.9)
Share of results of associates and joint ventures		**(3.8)**	8.0
(Loss)/profit before income tax		**(255.1)**	95.6
Income tax benefit/(expense)	5	**5.0**	(16.8)
(Loss)/profit from continuing operations		**(250.1)**	78.8
Discontinued operations			
Loss from discontinued operations	14	**-**	(4.3)
(Loss)/profit for the half year		**(250.1)**	74.5

	Note	A¢	A¢ (restated)
Earnings/(loss) per share			
From continuing and discontinued operations			
Basic	6	**(121.9)**	36.4
Diluted	6	**(121.9)**	36.3
From continuing operations			
Basic	6	**(121.9)**	38.5
Diluted	6	**(121.9)**	38.4

The consolidated income statements should be read in conjunction with the accompanying notes. See note 14 for details regarding restatement of balances for the half year ended 31 December 2014 to separately show those operations now classified as discontinued.

Sims Metal Management Limited
Consolidated Statements of Comprehensive Income
For the half year ended 31 December 2015

	Note	Half year ended 31 December 2015 A$m	Half year ended 31 December 2014 A$m
(Loss)/profit for the half year		**(250.1)**	74.5
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges, net of tax		**1.2**	(3.4)
Foreign currency translation differences arising during the period, net of tax		**63.5**	149.8
Share of other comprehensive income of associates, net of tax		**-**	0.3
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit plans, net of tax		**(0.2)**	(4.9)
Other comprehensive income for the half year, net of tax		**64.5**	141.8
Total comprehensive (loss)/income for the half year		**(185.6)**	216.3

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

Sims Metal Management Limited
Consolidated Statements of Financial Position
As at 31 December 2015

	Note	31 December 2015 A$m	30 June 2015 A$m
Current assets			
Cash and cash equivalents		**380.8**	316.0
Trade and other receivables		**307.1**	396.6
Inventory		**350.5**	476.4
Other financial assets		**12.3**	15.4
Assets classified as held for sale	11	**27.4**	1.8
Total current assets		**1,078.1**	1,206.2
Non-current assets			
Investments in associates and joint ventures	8	**180.8**	299.4
Other financial assets		**17.3**	12.4
Property, plant and equipment		**1,004.2**	1,031.8
Retirement benefit assets		**2.1**	2.9
Deferred tax assets		**108.7**	99.9
Goodwill	7	**110.5**	150.0
Other intangible assets	7	**65.8**	79.2
Total non-current assets		**1,489.4**	1,675.6
Total assets		**2,567.5**	2,881.8
Current liabilities			
Trade and other payables		**399.2**	527.7
Borrowings	9	**2.3**	0.5
Other financial liabilities		**2.4**	1.6
Current tax liabilities		**3.7**	12.2
Provisions		**59.6**	64.0
Total current liabilities		**467.2**	606.0
Non-current liabilities			
Payables		**5.9**	6.8
Borrowings	9	**5.6**	1.6
Deferred tax liabilities		**101.3**	96.4
Provisions		**86.6**	51.8
Retirement benefit obligations		**5.6**	6.4
Total non-current liabilities		**205.0**	163.0
Total liabilities		**672.2**	769.0
Net assets		**1,895.3**	2,112.8
Equity			
Contributed equity	10	**2,786.8**	2,797.4
Reserves	10	**92.1**	22.0
Retained deficit		**(983.6)**	(706.6)
Total equity		**1,895.3**	2,112.8

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

Sims Metal Management Limited
Consolidated Statements of Changes in Equity
For the half year ended 31 December 2015

	Note	Contributed equity A$m	Reserves A$m	Retained deficit A$m	Total equity A$m
Balance at 1 July 2014		2,796.4	(202.3)	(760.2)	1,833.9
Profit for the half year		-	-	74.5	74.5
Other comprehensive income		-	146.7	(4.9)	141.8
Total comprehensive income for the half year		-	146.7	69.6	216.3
Transactions with owners in their capacity as owners:					
Dividends paid	3	-	-	(20.5)	(20.5)
Share options exercised	10	0.1	-	-	0.1
Share-based payments expense, net of tax		-	6.1	-	6.1
		0.1	6.1	(20.5)	(14.3)
Balance at 31 December 2014		2,796.5	(49.5)	(711.1)	2,035.9
Balance at 1 July 2015		2,797.4	22.0	(706.6)	2,112.8
Loss for the half year		**-**	**-**	**(250.1)**	**(250.1)**
Other comprehensive income		**-**	**64.7**	**(0.2)**	**64.5**
Total comprehensive income for the half year		**-**	**64.7**	**(250.3)**	**(185.6)**
Transactions with owners in their capacity as owners:					
Dividends paid	3	**-**	**-**	**(26.7)**	**(26.7)**
Buy-back of ordinary shares	10	**(10.8)**	**-**	**-**	**(10.8)**
Share options exercised	10	**0.2**	**-**	**-**	**0.2**
Share-based payments expense, net of tax		**-**	**5.4**	**-**	**5.4**
		(10.6)	**5.4**	**(26.7)**	**(31.9)**
Balance at 31 December 2015		**2,786.8**	**92.1**	**(983.6)**	**1,895.3**

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

Sims Metal Management Limited
Consolidated Statements of Cash Flows
For the half year ended 31 December 2015

	Note	Half year ended 31 December 2015 A$m	2014 A$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,640.3**	3,544.7
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,489.5)**	(3,488.6)
		150.8	56.1
Interest received		**2.5**	3.8
Interest paid		**(7.2)**	(8.6)
Dividends received from associates and joint ventures		**7.1**	9.8
Insurance recoveries		**0.1**	4.6
Income taxes paid		**(14.1)**	(12.6)
Net cash inflows from operating activities		**139.2**	53.1
Cash flows from investing activities			
Payments for property, plant and equipment		**(44.2)**	(39.7)
Proceeds from sale of property, plant and equipment		**4.0**	9.3
Proceeds from assets held for sale		**-**	4.2
Payments for acquisition of subsidiaries, net of cash acquired		**-**	(3.5)
Payments for other financial assets		**(0.9)**	(0.4)
Proceeds from sale of other financial assets		**1.0**	0.5
Loans to third parties		**(0.3)**	-
Proceeds from repayment of third party loans		**0.3**	-
Net cash outflows from investing activities		**(40.1)**	(29.6)
Cash flows from financing activities			
Proceeds from borrowings		**342.2**	1,166.9
Repayment of borrowings		**(349.3)**	(1,165.4)
Fees paid for loan facilities		**(0.7)**	-
Repayment of finance leases		**(0.5)**	(0.2)
Proceeds from issue of shares		**0.2**	0.1
Payments for shares bought back	10	**(10.8)**	-
Dividends paid	3	**(26.7)**	(20.5)
Net cash outflows from financing activities		**(45.6)**	(19.1)
Net increase in cash and cash equivalents		**53.5**	4.4
Cash and cash equivalents at the beginning of the half year		**316.0**	57.2
Effects of exchange rate changes on cash and cash equivalents		**11.3**	4.7
Cash and cash equivalents at the end of the half year		**380.8**	66.3

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

Note 1 – Summary of significant accounting policies

(a) Reporting entity

Sims Metal Management Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements for the half year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates, joint ventures and joint operations. The Group is a for-profit entity for the purpose of preparing the consolidated financial statements. The consolidated financial statements are presented in Australian dollars (A$), which is the Group's presentational currency.

(b) Basis of preparation

The half year financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards Board ("AASB") 134 *Interim Financial Reporting* and the requirements of the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the IASB.

The half year financial report does not include all the notes normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual financial report for the year ended 30 June 2015, and any public announcements made by the Company during the half year ended 31 December 2015, and in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and measurement bases adopted in this report are consistent with those applied in the annual report for the year ended 30 June 2015. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3 of the annual financial report for the year ended 30 June 2015.

(c) Rounding

The Company is of a kind referred to in Australian Securities and Investments Commission ("ASIC") Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest tenth of a million dollars, unless otherwise indicated.

(d) New or revised accounting standards

The Group has adopted all amendments to Australian Accounting Standards which became applicable from 1 July 2015. However, the adoption of these standards had no material impact on the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Note 2 – Segment information

(a) Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Group CEO, the Chief Operation Decision Maker ("CODM").

The Group operates in four principal operating segments: North America Metals, ANZ Metals, Europe Metals and Global E-Recycling. The segments are based on a combination of factors including geography, products and services. All other operating segments are included within the "Unallocated" segment. Details of the segments are as follows:

- **North America Metals** – comprising subsidiaries and joint ventures in the United States of America and Canada which perform ferrous and non-ferrous secondary recycling functions.
- **ANZ Metals –** comprising subsidiaries and joint arrangements in Australia, New Zealand and Papua New Guinea which perform ferrous and non-ferrous secondary recycling functions.

Note 2 – Segment information (continued)

(a) Description of segments (continued)

- **Europe Metals** – comprising subsidiaries in the United Kingdom which perform ferrous and non-ferrous secondary recycling functions.
- **Global E-Recycling –** comprising subsidiaries which provide electronic recycling solutions in the following countries: Australia, Austria, Belgium, Canada, Czech Republic, Dubai, Germany, India, Ireland, Netherlands, New Zealand, Norway, Poland, Republic of South Africa, Singapore, Sweden, the United Kingdom and the United States of America.
- **Unallocated** – comprising unallocated corporate costs, interests in an associate and joint venture in Hong Kong and Australia, and the Group's non-ferrous central marketing entity.

The Group also reports revenues by the following product groups:

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

(b) Sales revenue by product

	Half year ended 31 December	
	2015 A$m	**2014 A$m**
Ferrous secondary recycling	**1,354.3**	2,250.8
Non-ferrous secondary recycling	**577.3**	682.9
Recycling solutions	**426.8**	377.8
Secondary processing and other services	**53.8**	52.0
Total sales revenue	**2,412.2**	3,363.5

(c) Information about reportable segments

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	North America Metals A$m	ANZ Metals A$m	Europe Metals A$m	Global E-Recycling A$m	Unallocated A$m	Total A$m
As at 31 December 2015						
Assets	**1,086.8**	**479.8**	**218.7**	**433.3**	**348.9**	**2,567.5**
Liabilities	**185.6**	**119.8**	**106.0**	**136.8**	**124.0**	**672.2**
Net assets	**901.2**	**360.0**	**112.7**	**296.5**	**224.9**	**1,895.3**
As at 30 June 2015						
Assets	1,335.0	463.3	258.3	473.3	351.9	2,881.8
Liabilities	264.5	126.8	89.7	160.4	127.6	769.0
Net assets	1,070.5	336.5	168.6	312.9	224.3	2,112.8

Note 2 – Segment information (continued)

(c) Information about reportable segments (continued)

The following is an analysis of the Group's revenue and results by reportable operating segment:

	North America Metals A$m	ANZ Metals A$m	Europe Metals A$m	Global E-Recycling A$m	Unallocated A$m	Total A$m
Half year ended 31 December 2015						
Total sales revenue	**1,235.6**	**377.5**	**372.3**	**426.8**	**-**	**2,412.2**
Other revenue	**2.4**	**2.5**	**0.1**	**-**	**1.8**	**6.8**
Total segment revenue	**1,238.0**	**380.0**	**372.4**	**426.8**	**1.8**	**2,419.0**
Segment EBIT	**(167.2)**	**9.4**	**(47.8)**	**(46.2)**	**2.5**	**(249.3)**
Interest income						**2.5**
Finance costs						**(8.3)**
Loss before income tax from continuing operations						**(255.1)**
Half year ended 31 December 2014						
Total sales revenue	1,913.3	553.6	513.2	377.8	5.6	3,363.5
Other revenue	2.0	2.6	0.2	0.1	3.8	8.7
Total segment revenue	1,915.3	556.2	513.4	377.9	9.4	3,372.2
Segment EBIT	33.6	29.9	16.5	16.5	2.6	99.1
Interest income						5.4
Finance costs						(8.9)
Profit before income tax from continuing operations						95.6

Note 3 – Dividends

Details of dividends paid are as follows:

			Half year ended 31 December	
	Cents per share	Franked %	2015 A$m	2014 A$m
Final 2015	**13.0**	**100%**	**26.7**	**-**
Final 2014	10.0	100%	-	20.5
Total dividends paid			**26.7**	20.5

Since the end of the half year, the Directors have determined to pay an interim dividend of 10.0 cents per share, unfranked. The aggregate amount of the proposed dividend expected to be paid on 31 March 2016, but not recognised as a liability at the end of the reporting period, is approximately A$20.4 million.

Note 4 – Items included in profit before income tax from continuing operations

Profit before income tax includes the following items whose disclosures are relevant to explaining the financial performance of the Group:

	Half year ended 31 December	
	2015 A$m	**2014 A$m**
(a) Other income		
Net gain on commodity derivatives	**20.4**	20.3
Net foreign exchange gain	**-**	1.2
Net gain on revaluation of financial assets at fair value through profit or loss	**-**	0.1
Net gain on disposal of property, plant and equipment	**0.1**	2.8
Insurance recoveries	**0.1**	4.6
Government grants	**1.1**	0.1
Third party commissions	**0.3**	0.4
Other	**2.8**	2.0
	24.8	31.5
(b) Specific expenses		
Depreciation and amortisation:		
Depreciation expense	**58.5**	51.0
Amortisation expense	**7.7**	7.2
	66.2	58.2
Net loss on currency derivatives	**-**	0.7
Net foreign exchange loss	**1.5**	-
Equity-settled share-based payments expense	**5.4**	6.1
Cash-settled share-based payments expense	**0.2**	0.3
(c) Significant items		
Impairments:		
Reversal of impairment of investment in an associate[1]	**-**	(7.5)
Impairment of investment in joint venture (note 8)	**119.1**	-
Impairment of property, plant and equipment[2]	**25.3**	-
Impairment of goodwill (note 7)	**43.3**	-
Impairment of other intangible assets (note 7)	**9.7**	-
Redundancies	**6.2**	0.4
Provisions recorded for onerous leases[3]	**37.6**	-
Yard closure costs and dilapidation provisions/(reversal)	**3.3**	(1.6)

[1] Represents the partial reversal of a previously recorded impairment of the Group's former investment in Chiho-Tiande Group Limited ("CTG") to reflect its fair value as at 31 December 2014.
[2] Impairments related to the Group's resetting plans that were announced in November 2015 and primarily relate to the North America Metals and Europe Metals segments.
[3] Provisions related to the Group's resetting plans that were announced in November 2015 and primarily relate to facilities in the Europe Metals segment.

Note 5 – Income tax

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

	Half year ended 31 December	
	2015 A$m	**2014 A$m**
(Loss)/profit before income tax from continuing operations	**(255.1)**	95.6
Tax at the standard Australian rate of 30%	**(76.5)**	28.7
Effect of tax rates in other jurisdictions	**(6.6)**	(2.2)
Losses for which no deferred income tax asset is recognised	**30.9**	1.0
Recognition of tax effect of previously unrecognised tax losses	**(0.1)**	(10.3)
Non-deductible expenses	**4.2**	2.4
Non-deductible/(assessable) impairment of associates and joint ventures	**41.5**	(1.1)
Share of net results of associates and joint ventures	**(1.1)**	0.1
Non-assessable income	**(1.5)**	(2.9)
Other	**4.2**	1.1
Tax (benefit)/expense – continuing operations	**(5.0)**	16.8
Tax expense – discontinued operations (Note 14)	**-**	-
Income tax (benefit)/expense recognised in profit or loss	**(5.0)**	16.8

Deferred tax assets totaling A$111.7 million (30 June 2015: A$98.0 million) have not been recognised as it is not probable that they will be realised. The majority of the unrecognised deferred tax asset relates to unused tax losses of A$96.9 million (30 June 2015: A$67.0 million) due to either a history of tax losses or it is not considered probable that there will be sufficient future taxable profits to realise the benefit of deferred tax assets within certain subsidiary entities.

Note 6 – Earnings/(loss) per share

	Half year ended 31 December	
	2015	**2014**
Basic (loss)/earnings per share (in A¢)		
From continuing operations	**(121.9)**	38.5
From discontinued operations	**-**	(2.1)
Total basic (loss)/earnings per share	**(121.9)**	36.4
Diluted (loss)/earnings per share (in A¢)		
From continuing operations	**(121.9)**	38.4
From discontinued operations	**-**	(2.1)
Total diluted (loss)/earnings per share	**(121.9)**	36.3
Weighted average number of shares used in the denominator ('000)		
Basic shares	**205,130**	204,632
Dilutive effect of share-based awards	**-**	481
Diluted shares	**205,130**	205,113

Due to the loss after tax in the half year ended 31 December 2015, the dilutive effect of share-based awards, which was approximately 2.5 million, was not included as the result would have been anti-dilutive.

Note 7 – Goodwill and Other Intangible Assets

(a) Carrying amounts of goodwill	31 December 2015 A$m	31 December 2014 A$m
As at 1 July		
Cost	**1,547.8**	1,290.2
Accumulated impairment	**(1,397.8)**	(1,150.9)
Net book amount	**150.0**	139.3
Half year ended 31 December		
Opening net book amount	**150.0**	139.3
Acquisition of subsidiaries	**-**	1.4
Impairment charge	**(43.3)**	-
Foreign exchange differences	**3.8**	6.6
Closing net book amount	**110.5**	147.3
As at 31 December		
Cost	**1,613.7**	1,455.5
Accumulated impairment	**(1,503.2)**	(1,308.2)
Net book amount	**110.5**	147.3

(b) Goodwill impairment charges recognised
The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Due to the difficult economic conditions affecting the Group's industry, changes to the Group's operating results and forecasts, and a significant reduction in the Group's market capitalisation, the Group determined a triggering event had occurred as at 31 December 2015 and performed a goodwill impairment test which resulted in the following goodwill impairment charges:

	Half year ended 31 December	
CGU	**2015 A$m**	**2014 A$m**
US Recycling Solutions	**41.6**	-
India Recycling Solutions	**1.5**	-
United Kingdom Metals	**0.2**	-
Total	**43.3**	-

These cash generating units ("CGU") were impacted by margin pressure resulting from a competitive market landscape and volatility in underlying commodity pricing. As a result, the future cash flows for these CGUs were reassessed which indicated the carrying value of goodwill was not fully recoverable thus requiring an impairment of the entire goodwill balance for these CGUs.

(c) Key assumptions used for goodwill and intangible asset impairment tests
The recoverable amount of each of the Group's CGUs has been determined based on the higher of fair value less costs to sell or value in use calculations. The Group believes its methodology is the most meaningful method, in order to reflect the cyclicality of its business and the volatile nature of commodity markets that can impact its business.

Note 7 – Goodwill and Other Intangible Assets (continued)

(c) Key assumptions used for goodwill and intangible asset impairment tests (continued)
The value-in-use calculations use a five-year cash flow projection which is based on a five-year forecast prepared by management. The five-year forecast is developed using historical averages derived from four years of historical results through fiscal 2015, half year results through 31 December 2015 and the forecast for the half year ending 30 June 2016. These five year projections also incorporate management estimates related to the inherent impact of future volatility in volumes, commodity prices and margins drawn from past experience and factor in current and expected future economic conditions. A terminal value is determined from the final year of cash flow based on application of the Gordon Growth model.

The cash flows are discounted using rates that reflect management's estimate of the time value of money and the risks specific to each CGU that are not already reflected in the cash flows. In determining appropriate discount rates for each CGU, consideration has been given to a weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the CGU.

The cash flow projections are based on management's best estimates, with reference to historical results, to determine income, expenses, capital expenditures and cash flows for each CGU. Expected future cash flows used to determine the value in use of goodwill are inherently uncertain and could materially change over time. Should management's estimate of the future not reflect actual events, further impairments may be identified.

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

	Discount rate (pre-tax)		Growth rate	
	Half year ended 31 December			
	2015	2014	2015	2014
CGU	**%**	**%**	**%**	**%**
US Recycling Solutions	**15.9**	n/a	**2.3**	n/a
Continental Europe Recycling Solutions	**12.3**	n/a	**1.6 – 1.9**	n/a
Australia Metals	**14.7**	n/a	**2.8**	n/a
India Recycling Solutions	**22.0**	n/a	**8.3**	n/a
United Kingdom Metals	**11.0**	n/a	**1.9**	n/a

(d) Allocation of goodwill by CGU
Goodwill acquired through business combinations has been allocated to groups of CGUs that are expected to benefit from the acquisition. Goodwill is monitored and tested for impairment by management at the CGU level. The following CGUs have significant amounts of goodwill:

CGU	**Segment**	**31 December 2015 A$m**	**30 June 2015 A$m**
Continental Europe Recycling Solutions	Global E-Recycling	**64.5**	62.8
Australia Metals	ANZ Metals	**42.0**	42.1
US Recycling Solutions	Global E-Recycling	**-**	39.6
All other CGUs		**4.0**	5.5
Total		**110.5**	150.0

(e) Other Intangibles
As at 31 December 2015 and 30 June 2015, the balance of other intangibles was A$65.8 million and A$79.2 million, respectively. In the half year ended 31 December 2015, the Group recognised an impairment charge of A$9.7 million related to other intangibles. The impairments are related to businesses which the Group intends to dispose or close.

Note 7 – Goodwill and Other Intangible Assets (continued)

(f) Impact of possible changes in key assumptions

The North America Metals CGU has A$65.9 million of goodwill and other intangibles as at 31 December 2015. The impairment testing for this CGU at 31 December 2015 reflected excess headroom of A$3.4 million. An assessment of the impact of possible changes in key assumptions was performed to assess the recoverability of other long-lived assets for this CGU at 31 December 2015. If future cash flows were 10% lower or the discount rate was 1% higher, with all other assumptions being the same, an impairment charge of A$68.5 million or A$83.8 million, respectively, would have been recorded.

Note 8 – Interests in Other Entities

The Group has a 50% interest in SA Recycling LLC, which is engaged in the metal recycling business primarily in Southern California in the US. In the half year ended 31 December 2015, SA Recycling's operating results were significantly impacted by economic conditions. As a result, the Group assessed the recoverable amount of its investment in SA Recycling and recognised an impairment on its investment of A$119.1 million. The recoverable amount was based on a value-in-use calculation that was independently performed by a valuation firm. The impairment charge is reflected in the Group's North America Metals segment.

The carrying value of the Group's investment in SA Recycling is A$123.1 million (30 June 2015: A$243.1 million). Summarised profit or loss information of SA Recycling are set out below:

	Half year ended 31 December	
	2015 A$m	**2014 A$m**
Group's share of revenue, expenses and results		
Revenues	**203.9**	268.3
Expenses	**(211.3)**	(267.4)
(Loss)/profit for the half year	**(7.4)**	0.9

Note 9 - Borrowings

The Group has access to unsecured global multi-currency/multi-option loan facilities, all of which are subject to common terms. In December 2015, the Group renewed its loan facilities, which among other things, extended the maturity date through 31 October 2019 and amended certain loan covenants. The Group had access to the following credit standby arrangements at the balance date. The amount of credit available is subject to limits from loan covenants as specified in the loan facilities.

	31 December 2015 A$m	**30 June 2015 A$m**
Unsecured global multi-currency/multi-option loan facilities	**1,264.0**	1,574.1
Amount of credit unused	**1,228.0**	1,529.9

There have been no breaches of the Group's bank covenants during the period.

Note 10 – Equity

(a) Contributed equity

Movements in the ordinary share balance were as follows:

	Half year ended 31 December 2015		Half year ended 31 December 2014	
	Number of shares	**A$m**	**Number of shares**	**A$m**
On issue per share register at the beginning of the period	**204,864,886**	**2,797.4**	204,601,321	2,796.4
Shares bought-back	**(1,653,464)**	**(10.8)**	-	-
Issued under long-term incentive plans	**714,162**	**0.2**	90,562	0.1
On issue per share register at the end of the period	**203,925,584**	**2,786.8**	204,691,883	2,796.5

On 18 November 2015, the Company announced an on-market share buy-back program which will allow the buy-back of a maximum of 10% of issued capital, approximately 20.5 million ordinary shares, over a 12-month period on the ASX. The buy-back commenced on 7 December 2015 and the reacquired shares have been cancelled. Details regarding the shares purchased during the half year ended 31 December 2015 are as follows:

Ordinary shares purchased	**1,653,464**
High Price	**A$6.93**
Low Price	**A$6.27**
Average Price	**A$6.52**

Since the end of the half year and through 15 January 2016, the Company purchased an additional 1,517,368 ordinary shares for A$10.0 million.

(b) Reserves

	Share-based payments A$m	Available-for-sale investments A$m	Cash flow hedging A$m	Foreign currency translation A$m	Total A$m
Balance at 1 July 2014	126.2	0.1	1.3	(329.9)	(202.3)
Equity-settled share-based payment expense	6.1	-	-	-	6.1
Revaluation – gross	-	-	(2.6)	-	(2.6)
Transfer to profit or loss – gross	-	-	(1.4)	-	(1.4)
Foreign currency translation differences	-	-	-	168.8	168.8
Associates	-	-	0.3	-	0.3
Deferred tax	-	-	0.6	(19.0)	(18.4)
Balance at 31 December 2014	132.3	0.1	(1.8)	(180.1)	(49.5)
Balance at 1 July 2015	136.7	-	(0.6)	(114.1)	22.0
Equity-settled share-based payment expense	**5.4**	**-**	**-**	**-**	**5.4**
Revaluation – gross	**-**	**-**	**0.9**	**-**	**0.9**
Transfer to profit or loss – gross	**-**	**-**	**0.9**	**-**	**0.9**
Foreign currency translation differences	**-**	**-**	**-**	**72.0**	**72.0**
Deferred tax	**-**	**-**	**(0.6)**	**(8.5)**	**(9.1)**
Balance at 31 December 2015	**142.1**	**-**	**0.6**	**(50.6)**	**92.1**

Note 11 – Assets classified as held for sale

	31 December 2015 A$m	30 June 2015 A$m
Assets classified as held for sale		
Property, plant and equipment	**27.4**	1.8
	27.4	1.8

Assets held for sale at 31 December 2015 represents property and equipment in the US and Australia which the Group expects to sell within the next twelve months.

Note 12 – Contingencies

The Group has given guarantees in respect of the performance of contracts entered into in the ordinary course of business. The amounts of these guarantees provided by the Group, for which no amounts are recognised in the consolidated financial statements, as at 31 December 2015 was A$52.4 million (30 June 2015: A$61.4 million).

Note 13 – Fair value of financial instruments

The fair value measurement principles adopted in this report are consistent with those applied in the Company's annual financial report for the year ended 30 June 2015.

Financial instruments carried at fair value are classified by valuation method using the following hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial instruments measured at fair value by valuation method:

As at 31 December 2015	Level 1 A$m	Level 2 A$m	Level 3 A$m	Total A$m
Financial assets:				
Financial assets at fair value through profit or loss:				
Investments in marketable securities	**9.1**	**-**	**-**	**9.1**
Derivative financial instruments	**1.4**	**0.9**	**-**	**2.3**
	10.5	**0.9**	**-**	**11.4**
Financial liabilities:				
Derivative financial instruments	**0.6**	**1.8**	**-**	**2.4**
	0.6	**1.8**	**-**	**2.4**
As at 30 June 2015				
Financial assets:				
Financial assets at fair value through profit or loss:				
Investments in marketable securities	9.0	-	-	9.0
Derivative financial instruments	2.7	2.8	-	5.5
	11.7	2.8	-	14.5
Financial liabilities:				
Derivative financial instruments	0.1	1.5	-	1.6
	0.1	1.5	-	1.6

Note 13 – Fair value of financial instruments (continued)

During the reporting period, there were no transfers between level 1 and level 2 fair value measurements, or no transfers into or out of level 3 fair value measurements.

The fair value of financial instruments traded on active markets (such as publicly traded derivatives and investments in marketable securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. The fair value of financial instruments that are not traded in an active market (such as forward foreign exchange contracts) is determined using readily observable broker quotes. These instruments are included in level 2.

If one or more of the significant inputs is not based on observable market data, the fair value of financial instruments is included in level 3. The Group does not hold any financial instruments that are categorised as level 3 in the fair value hierarchy.

The Group also has financial assets and liabilities which are not measured at fair value. For cash and cash equivalents, trade and other receivables, trade and other payables and current borrowings, the fair value of the financial instruments approximates their carrying value as a result of the short maturity periods of these financial instruments. The fair value of non-current borrowings approximates their carrying value as all the borrowings have floating interest rates. The fair value of loans to third parties approximate their carrying value using current interest rates.

Note 14 – Discontinued Operations

In June 2014, the Group announced restructuring initiatives designed to reset and streamline the Global E-Recycling business as part of a Group strategic review that was undertaken. During the year ended 30 June 2015, the Group undertook actions to close these operations, which was completed by June 2015. The comparative profit and cash flows from discontinued operations has been re-presented below to include those operations classified as discontinued.

	Half year ended 31 December	
	2015	**2014**
Loss for the half year from discontinued operations	**A$m**	**A$m**
Revenue	-	23.7
Other income	-	1.3
Raw materials used and changes in inventories	-	(12.8)
Freight expense	-	(3.3)
Employee benefits expense	-	(6.4)
Depreciation and amortisation expense	-	(0.2)
Repairs and maintenance expense	-	(0.9)
Other expenses	-	(5.4)
Finance costs	-	(0.3)
Loss from discontinued operations before income tax	-	(4.3)
Income tax	-	-
Loss for the half year from discontinued operations	-	(4.3)
Cash flows from discontinued operations		
Net cash used in operating activities	-	(2.1)
Net cash from investing activities	-	0.1
Net cash from financing activities	-	2.0
Net cash flow for the half year	-	-

Sims Metal Management Limited
Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 25 are in accordance with the *Corporations Act 2001*, including:

i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

ii. giving a true and fair value view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date, and

(b) there are reasonable grounds to believe that Sims Metal Management Limited will be able to pay its debts as and when they become due and payable.

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

G N Brunsdon	G J Claro
Chairperson	Managing Director and Group CEO
Sydney	Sydney
19 February 2016	19 February 2016

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Independent Auditor's Review Report to the Members of Sims Metal Management Limited

We have reviewed the accompanying half-year financial report of Sims Metal Management Limited, which comprises the statement of financial position as at 31 December 2015, and the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 26.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sims Metal Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sim Metal Management Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants
Sydney, 19 February 2016