Appendix 4E

Sims Metal Management Limited
ABN 69 114 838 630

Preliminary Final Report

Results for announcement to the market

Current period: Year ended 30 June 2015
Previous corresponding period: Year ended 30 June 2014

Results				A$m
Revenue from ordinary activities	Down	10.1%	to	6,328.1
Profit from continuing operations after tax attributable to members	Up	573.6%	to	109.8
Net profit for the period attributable to members	Up	223.6%	to	109.9

Dividends (A¢)	Cents per Security	% Franked per Security
2015 Final Dividend	13.0	100%
2015 Interim Dividend	16.0	100%
Record date for final dividend	7 October 2015	
Payment date for final dividend	21 October 2015	

The Board has determined that the dividend reinvestment plan will not operate in relation to the final dividend.

Net tangible assets (A$)	30 June 2015	30 June 2014
Net tangible asset per security	9.19	7.91

For further explanation of the above figures, please refer to the Directors' Report and the consolidated financial statements, 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 full year financial report has been audited by Deloitte Touche Tohmatsu. A signed copy of their audit report is included in the financial report.

CONTENTS

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 year ended 30 June 2015 ("FY15").

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year 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. The Group's principal activities remain unchanged from the previous financial year.

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 - year ended 30 June			Closing rate - as at 30 June		
	2015	**2014**	**% Change**	**2015**	**2014**	**% Change**
US dollar	0.8382	0.9187	(8.8)	0.7680	0.9420	(18.5)
Euro	0.6963	0.6775	2.8	0.6866	0.6906	(0.6)
Pounds sterling	0.5307	0.5657	(6.2)	0.4885	0.5531	(11.7)

As at 30 June 2015, the cumulative effect of the retranslation of net assets of foreign controlled entities (recognised through the foreign currency translation reserve) was A$114.1 million compared to A$329.9 million as at 30 June 2014.

Summary

Sales revenue of A$6,310.9 million in FY15 was down 10.1% compared to sales revenue of A$7,021.2 million in the year ended 30 June 2014 ("FY14"). At constant currency, sales revenue was down 15.5% primarily due to lower sales volumes and lower average scrap metal prices. Sales volumes declined by 11.3% to 10.481 million tonnes in FY15 versus 11.815 million tonnes in FY14 due to lower intake volumes driven by lower prices and the impact from weather in the US during the third quarter of FY15. Average selling prices were lower for both ferrous and non-ferrous metals as prices dropped in the second half of FY15. See further discussion below under *External Operating Environment.*

Statutory net profit after tax ("NPAT") in FY15 was A$109.9 million compared to a statutory net loss after tax of A$88.9 million in FY14. On a constant currency basis, statutory NPAT was A$108.9 million. The improvement reflects lower operating expenses, freight, finance costs and tax expense and higher income from equity accounted investments. FY14 statutory NPAT includes a loss from discontinued operations of A$105.2 million and intangible asset impairments of A$28.0 million. Underlying NPAT was A$101.5 million in FY15, which was 17.2% higher than FY14. 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 FY15 was A$265.6 million, which was 19.4% higher than FY14. On a constant currency basis, statutory EBITDA was A$256.5 million in FY15. Underlying EBITDA of A$262.5 million was 3.7% higher than FY14. The increase in underlying EBITDA was primarily due to higher operating income from North America Metals ("NAM"), Europe Metals and Global E-Recycling, offset by lower operating income from Australia and New Zealand Metals ("ANZ Metals"). See further discussion below for results by operating segment.

Statutory diluted earnings per share increased to 53.3 cents per share in FY15 from a statutory loss of 43.5 cents per share in FY14. Underlying diluted earnings per share from continuing operations increased to 49.2 cents in FY15 from 42.3 cents per share in FY14.

The Directors have determined to pay a final dividend for FY15 of 13 cents per share (FY14: 10 cents per share), which will be fully franked. On 27 March 2015, an interim dividend for FY15 of 16 cents per share was paid, which was fully franked.

External Operating Environment

North American secondary metals volumes continue to decline
A combination of falling commodity prices, abnormally-severe winter weather, and weaker end-market demand, placed downward pressure on secondary metal intake volumes across North America during FY15. Steel scrap collection in the United States declined a further 4% during FY15 (based on USGS data to April 2015). Export volumes declined by an even greater 10%, as consumption by domestic steel mills led to lower volumes available for export.

More broadly, the underlying drivers for US metallic scrap generation are positive. New light vehicle sales remain near 10 year highs, consumer confidence has lifted to pre-crisis levels, and there are early indications wage growth is beginning to improve. In time, this should lead to higher supply from obsolete consumer material. As well, construction spending across residential and non-residential segments continues to recover, supporting increased volumes from building and demolition activity.

Lower mining activity presents challenges in Australia
Following a decade of robust economic growth, driven by strong commodity prices and demand, the economic outlook in Australia has weakened. The sharp decline in iron ore, coal, and other commodity prices has placed many expansion projects on hold, as well as leading to the closure of some mines. As a result, GDP growth has begun to slow, with consumer spending and new residential construction only slightly offsetting the decline. This negatively impacted the flow of intake volumes, in particular from mining activity, during FY15.

To provide stimulus to the economy, the Reserve Bank of Australia has cut interest rates to record low levels. As a result of low interest rates and slumping mineral exports, the Australian dollar has weakened materially against the US dollar and other major currencies. This has provided some relief across the manufacturing and mining sectors, helping to partially abate the decline in activity.

UK economic growth gaining traction, but weighted to London and the service sector
Economic growth in the UK continues to improve. GDP growth of 2.6% in 2014 was the strongest since the financial crisis and the best amongst all G7 economies. New car sales hit a 10 year high in 2014 at 2.5 million vehicles, a 9% improvement over 2013. Further, consumer confidence has rebounded to levels last witnessed in the mid-2000s, with wage growth starting to return.

However, the UK economic recovery has been heavily weighted to the service sector and the city of London. By comparison, economic recovery in the west and north of the country still lags pre-crisis levels. UK manufacturing production output as well has begun to slow, creating a drag on secondary metal intake levels for the metals recycling industry.

Volume outlook for electronics recycling remains strong

Electronic scrap generation continues to increase dramatically according to a UN Report published in April 2015. The report estimates 41.8 million tonnes of end-of-life electronics (e-waste) were generated globally in 2014. The 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. Yet only a small portion was collected for recycling or reuse in an environmentally sound manner. In total, less than one-sixth is estimated to have been properly recycled or made available for reuse, according to the report's authors.

Generation of e-scrap is expected to increase given the continued growth of electronic components in all manner of consumer items. However, the economics of recycling such material remains dependent on the effectiveness of government-based collection and recycling programs, as well as the commodity prices of embedded material.

Segment Results

North America Metals

	Year ended 30 June		
A$m	**2015**	**2014**	**Variance %**
Sales revenue	3,416.5	3,995.7	(14.5)
Underlying EBITDA	80.7	74.5	8.3
Underlying EBIT	11.8	11.7	0.9
Sales tonnes (millions)	7.018	8.152	(13.9)
Underlying EBITDA margin	2.4%	1.9%	

Sales revenue for NAM of A$3,416.5 million in FY15 was 14.5% lower compared to FY14. At constant currency, sales revenue was 22.0% lower compared to FY14. The decrease was primarily due to 13.9% lower sales volumes and lower average selling prices.

Underlying EBITDA of A$80.7 million in FY15 was 8.3% higher compared to FY14. At constant currency, underlying EBITDA was A$73.7 million, slightly down from FY14. In spite of lower sales volumes and average selling prices, NAM was able to maintain profitability by reducing operating expenses and improving metal margin per tonne.

Within NAM, earnings improved strongly across the East and West regions, while business conditions in the Central region remain challenging. Headwinds from severe winter weather, falling commodity prices, contributed to the 14% decline in sales volumes which also weighed on the results.

ANZ Metals

	Year ended 30 June		
A$m	**2015**	**2014**	**Variance %**
Sales revenue	1,053.3	1,187.8	(11.3)
Underlying EBITDA	86.9	106.9	(18.7)
Underlying EBIT	59.2	79.2	(25.3)
Sales tonnes (millions)	1.874	2.054	(8.8)
Underlying EBITDA margin	8.3%	9.0%	

Sales revenue for ANZ Metals of A$1,053.3 million in FY15 was 11.3% lower compared to FY14. The decrease was primarily due to 8.8% lower sales volumes and lower average selling prices.

Underlying EBITDA of A$86.9 million in FY15 was 18.7% lower compared to FY14, primarily due to lower metal margins, partially offset by lower operating expenses. Profitability was impacted by falling commodity prices, which contributed to lower volumes and resulting margin compression. In addition, legacy supply agreements, unique to ANZ Metals, applied additional margin pressure due to lagging pricing features in a falling sales price environment.

Europe Metals

	Year ended 30 June		
A$m	**2015**	**2014**	**Variance %**
Sales revenue	1,036.6	1,063.5	(2.5)
Underlying EBITDA	37.1	29.2	27.1
Underlying EBIT	24.6	16.5	49.1
Sales tonnes (millions)	1.589	1.609	(1.2)
Underlying EBITDA margin	3.6%	2.7%	

Sales revenue for Europe Metals of A$1,036.6 million in FY15 was 2.5% lower compared to FY14. At constant currency, sales revenue was 8.6% lower compared to FY14 primarily due to lower average selling prices and ferrous sales volumes.

Underlying EBITDA of A$37.1 million in FY15 was 27.1% higher compared to FY14. At constant currency, underlying EBITDA was A$34.8 million. The improvement in underlying earnings was due to higher metal margins driven by higher metallic yields across the region's three shredders. Improved operational performance and cost reductions more than offset slightly lower sales volume.

Global E-Recycling (excluding discontinued operations)

	Year ended 30 June		
A$m	**2015**	**2014**	**Variance %**
Sales revenue	795.0	759.8	4.6
Underlying EBITDA	55.2	30.9	78.6
Underlying EBIT	44.0	17.1	157.3
Underlying EBITDA margin	6.9%	4.1%	

Sales revenue for Global E-Recycling of A$795.0 million in FY15 was 4.6% higher compared to FY14. At constant currency, sales revenue was 3.5% higher compared to FY14. The increase in sales revenue was primarily due to the higher sales in Continental Europe, partially offset by lower sales in the US.

Underlying EBITDA, excluding discontinued operations, of A$55.2 million in FY15 was 78.6% higher compared to FY14. At constant currency, underlying EBITDA was A$56.2 million. The improvement was primarily due to higher metal margins in Continental Europe and lower operating expenses in the US. The improvement in operating income was most notable from E-Recycling businesses in Continental Europe. Operating performance for Global E-Recycling is expected to continue to improve as optimisation initiatives take hold and the business transitions in the US and for global clients, to a higher value added and higher margin, service based model.

Reconciliation of Statutory Results to Underlying Results

A$m	EBITDA[1]		EBIT		NPAT	
Year ended 30 June	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Statutory results from continuing operations	265.6	222.4	144.8	76.9	109.8	16.3
Statutory results from discontinued operations[5]	1.0	(97.6)	0.7	(104.5)	0.1	(105.2)
Reported earnings	266.6	124.8	145.5	(27.6)	109.9	(88.9)
Other significant items:						
Goodwill impairment	N/A[2]	N/A[2]	-	27.8	-	22.2
Other intangible asset impairment	N/A[2]	N/A[2]	-	0.7	-	0.7
Fixed asset impairment	-	40.9	-	40.9	-	41.6
Write-down of equipment spares	-	0.8	-	0.8	-	0.7
Natural disaster expenses, net of insurance recoveries	-	(2.8)	-	(2.8)	-	(2.8)
Fire destroyed assets, net of insurance recoveries	-	(5.3)	-	(5.3)	-	(5.3)
Reversal of an impairment of loan receivable	(0.6)	(4.9)	(0.6)	(4.9)	(0.6)	(4.9)
Inventory adjustments to net realisable value	-	0.9	-	0.9	-	0.9
Net impact from investments in associates	(2.8)	13.0	(2.8)	13.0	(2.8)	13.0
Adjustments made by joint ventures	-	3.0	-	3.0	-	3.0
Lease settlements/onerous leases	(5.9)	31.8	(5.9)	31.8	(5.9)	31.5
Redundancies	4.0	16.7	4.0	16.7	2.7	16.3
Settlement of disputes with third parties	-	1.3	-	1.3	-	1.3
One-time costs associated with new CEO	-	1.0	-	1.0	-	0.9
Net expense relating to yard closure/dilapidations	1.4	9.8	1.4	9.8	1.4	9.8
Credit provisions/losses	-	3.5	-	3.5	-	3.4
Multi-employer pension plan withdrawal liability	(5.9)	6.3	(5.9)	6.3	(5.9)	6.3
Loss on sale of business divisions	-	1.3	-	1.3	-	1.2
Other	-	0.3	-	0.3	-	0.3
Tax asset impairment/(reversal)[3]	-	-	-	-	(3.9)	17.6
Underlying results[4]	**256.8**	**242.4**	**135.7**	**118.5**	**94.9**	**68.8**
Underlying losses from discontinued operations[5]	5.7	10.7	6.0	17.1	6.6	17.8
Underlying results excluding dis-continued operations	**262.5**	**253.1**	**141.7**	**135.6**	**101.5**	**86.6**

[1] EBITDA is a measurement of non-conforming financial information. See table below that reconciles EBITDA to statutory net profit.

[2] N/A indicates that statutory EBITDA is calculated to exclude impairment of goodwill and other identified intangible assets in the presentation of both the statutory and underlying results.

[3] 2014 amount reflects impairment of US deferred tax assets. 2015 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 audited financial statements.

[5] Discontinued operations relate to Global E-Recycling businesses in Canada and the UK.

Reconciliation of Statutory NPAT to EBITDA

	Year ended 30 June	
A$m	**2015**	**2014**
Statutory net profit/(loss) after tax	**109.9**	**(88.9)**
Net (income)/loss from discontinued operations	**(0.1)**	105.2
Goodwill and intangible impairment charges	**-**	28.0
Depreciation and amortisation	**120.8**	117.5
Interest expense, net	**7.8**	14.2
Income tax expense	**27.2**	46.4
Statutory EBITDA	**265.6**	**222.4**

Cash flow and borrowings

Cash flow from operating activities of A$298.1 million in FY15 increased by A$88.0 million versus FY14 due to cash generated from operations, lower interest payments, higher dividends received from associates and joint ventures, partially offset by higher income tax payments.

Capital expenditures were A$95.3 million during FY15 compared to capital expenditures of A$64.1 million in FY14. Capital expenditures during FY15 were related primarily to investments in Western Australia for a new shredding operation. Cash consideration paid for acquisitions totalled A$5.7 million in FY15 and related to the acquisition of three businesses, one within the NAM segment and two within the ANZ Metals segment. The Group also generated A$16.0 million of cash from the sale of property, plant and equipment in FY15 including assets previously classified as held for sale. As discussed further below, the Group received A$74.5 million of cash from the sale of its interest in Chiho-Tiande Group ("CTG") and A$52.2 million of cash from the sale of a convertible bond issued by CTG.

During FY15, the Group paid cash dividends of A$53.2 million (FY14: nil). At 30 June 2015, the Group had a net cash position of A$313.9 million compared to a net cash position of A$42.3 million at 30 June 2014. 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 30 June	
	2015	**2014**
Total cash	**316.0**	57.2
Less: total borrowings	**(2.1)**	(14.9)
Net cash	**313.9**	42.3

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

Progress achieved towards five year strategic plan
During FY15 the Company continued to progress closer its five-year strategic targets. Further gains were realised across all aspects of the strategic plan, despite facing more difficult external market conditions. This progress was accomplished through the successful implementation of the internal initiatives set out in the Company's strategy to Streamline, Optimise and Grow the business. Since the start of the strategic plan in FY13, underlying EBIT has been increased by 112%.

Streamline initiatives accomplished during FY15 include the closure of non-core e-recycling facilities in the UK and Canada. These closures were completed during the second half of the fiscal year. In total, Streamline initiatives related to the closure of non-core facilities led to a direct EBIT benefit during FY15.

The initial results from Optimise initiatives were also encouraging. A Project Management Office (PMO) was established early in FY15 to assist in the development, implementation, and support of value enhancing strategic initiatives across the Group. Progress achieved during FY15 included the rollout of new raw material purchasing systems, improved intake quality control standards and enhancements to non-ferrous shred recovery systems leading to higher metal recovery rates and lower waste disposal. The direct benefit of these actions translated into higher EBIT per tonne margins across the Group.

Under the Grow component of the five year plan the Company acquired three small businesses to support North America and ANZ Metals. Additionally, the Global E-Recycling business expanded its platform through the opening of a new WEEE processing facility in Norway, bringing Global E-Recycling's total number of facilities to 33, operating across 16 countries.

Divestment of equity investment in Chiho-Tiande Group
In the second half of FY15, the Company disposed of its entire holding of 167 million ordinary shares in CTG to third parties. In addition, the Company also sold its convertible bond for the principal amount of HK$316 million. Total cash proceeds were received from the two transactions of circa A$127 million. China remains an important and attractive market, and the Company continues to investigate intelligent ways to service China's growing demand for secondary metals.

Stage One construction of the new major facility in Western Australia
The Company recently substantially completed the stage one construction of a new metals recycling facility in the ANZ Metals business. The stage one expansion included the construction of a new yard and shredder in Kwinana, Western Australia. Stage two of the expansion will commence during FY16 and will include an off-line downstream non-ferrous recovery plant employing the most advanced technology available.

The new operations represent the final stage of ANZ Metals' shredder replacement program and off-line downstream non-ferrous recovery plant installations in Australia. Upon completion, all operations will have expanded processing capacity with the most up-to-date metals recovery technology available. Kwinana itself will be the Company's largest operation in Australia, and will replace the current footprint-constrained operations running outdated equipment.

Market Conditions and Outlook

External market conditions for metals recycling remain challenging. Slowing internal demand in China has pushed exported steel into the markets of many of the Company's traditional customers. Lower commodity prices have subdued scrap metal collection rates. While, at the same time, the level of competition amongst metals recyclers in North America remains high.

Low ferrous scrap metal prices have diminished the economic appeal for collection of more marginal material by the Company's suppliers. As a consequence, the Company has witnessed deterioration in intake volumes, particularly in North America. At current ferrous scrap prices, the Company presently anticipates intake volumes in the year ended 30 June 2016 ("FY16") will be lower than FY15.

In order to ensure fixed costs are correctly matched to external operating conditions, the Company has initiated new Streamline actions, with related cost reduction benefits to be realised over the current fiscal year. Additionally, the Group expects to see gains as its Optimisation strategies are implemented further across the global operating footprint in the year ahead. Based on current expectations, the Company believes underlying EBIT in FY16 will be higher than the prior year.

NAMES AND PARTICULARS OF DIRECTORS

The following persons, together with their qualifications and experience, were directors of the Company during the financial year and up to the date of this report:

Geoffrey N Brunsdon B Comm (age 57)
Chairperson and Independent non-executive director

Mr Brunsdon was appointed as a director in November 2009, appointed Deputy Chairperson in September 2011 and appointed Chairperson of the Company on 1 March 2012. He is Chairperson of the Nomination/Governance Committee, and is a member of the Risk, Audit & Compliance Committee and the Remuneration Committee. Until June 2009, Mr Brunsdon was Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited. He is Chairman of IPE Limited (since 2004), APN Funds Management Limited (since November 2009), and MetLife Insurance Limited (since April 2011) and a member of the Takeovers Panel. He was a member of the listing committee of the Australian Securities Exchange between 1993 and 1997 and was a director of Sims Group Limited between 1999 and 2007. He is a Fellow of the Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australia and a Fellow of the Institute of Company Directors. Mr Brunsdon is also a director of the Wentworth Group of Concerned Scientists and Purves Environmental Custodians.

Robert J Bass MBA (age 66)
Independent non-executive director

Mr Bass was appointed as a director on 10 September 2013. He is Chairperson of the Risk, Audit & Compliance Committee, and is a member of the Nomination/Governance Committee and the Finance & Investment Committee. Mr Bass was formerly a partner at Deloitte & Touche from 1982, and Vice Chairman at Deloitte LLP from 2006, until his retirement in June 2012. He practiced at that firm for 39 years and was Lead Client Service Partner responsible for the development, planning, management, administration and delivery of services, including audits of consolidated financial statements to multinational clients in a variety of industries. Mr Bass is currently a director of Groupon Inc (since June 2012) and Apex Tool Group (since December 2014) and is Chairman of the Audit Committee of both companies. He is a graduate of Emory University and received an MBA from Columbia University. He is a Certified Public Accountant, New York and Connecticut, and a member of the American Institute of Certified Public Accountants and Connecticut State Society of Certified Public Accountants.

Galdino Claro B Mech Eng (age 56)
Group Chief Executive Officer and Managing Director

Mr Claro was appointed Group Chief Executive Officer and Managing Director of the Company on 4 November 2013. He is a member of the Safety, Health, Environment, Community& Sustainability Committee, the Nomination/Governance Committee and the Finance & Investment Committee. Mr Claro has nearly 30 years of global executive leadership experience in the worldwide metals industry. He served as Executive Vice President and Chief Executive Officer of Metals & Minerals at Harsco Corporation from July 2010 to November 2013. He also held various executive positions over a twenty year period with Alcoa Inc. such as President of Alcoa China based in Beijing, China and President of Alcoa Extrusions Europe based in Geneva, Switzerland among others. Mr Claro has a Mechanical Engineering background.

John T DiLacqua MBA (age 63)
Independent non-executive director

Mr DiLacqua was appointed as a director in September 2011. He is Chairperson of the Finance & Investment Committee, and is a member of the Risk, Audit & Compliance Committee and the Nomination/Governance Committee. Mr DiLacqua was formerly a director of Metal Management, Inc (since 2001), and was a director of Sims Metal Management Limited between March and November 2008. He was the Executive Chairman of Envirosource, Inc from May 2004 to December 2004 and had served as President and Chief Executive Officer of Envirosource from January 1999 to May 2004. From October 1997 to December 1998, Mr DiLacqua served as President of the US Ferrous Operations of Philip Metals, Inc, and, prior to that, from May 1994, as the President of Luria Brothers. He is a graduate of Temple University and received an MBA from Carnegie Mellon University. Mr DiLacqua is a Certified Public Accountant.

Georgia Nelson BS, MBA (age 65)
Independent non-executive director

Ms Nelson was appointed as a director in November 2014. She is a member of the Safety, Health, Environment, Community & Sustainability Committee and the Remuneration Committee. Ms Nelson provides consulting services through her company PTI Resources, LLC, on a variety of environmental and energy policy matters. Ms Nelson is the former founding president of Midwest Generation EME, LLC, an Edison International company with its corporate headquarters in Chicago. Previously, Ms Nelson was senior vice president of worldwide operations for Edison Mission Energy. Ms Nelson previously spent more than 25 years with Southern California Edison, a large US electric utility. Ms Nelson serves as a director of two publicly traded US corporations: Cummins Inc (CMI), a global engine and equipment manufacturer, and Ball Corporation (BLL), a global metals container manufacturing company, and one publicly traded Canadian corporation: TransAlta Corporation (TAC), a power generation and wholesale marketing company. Ms Nelson holds an MBA from the University of Southern California and a BS from Pepperdine University.

Deborah O'Toole LLB, MAICD (age 58)
Independent non-executive director

Ms O'Toole was appointed as a director in November 2014. She is a member of the Risk, Audit & Compliance Committee and the Finance & Investment Committee. Ms O'Toole has extensive executive experience across a number of sectors including over 20 years in the mining industry and, more recently, in transport and logistics which included managerial, operational and financial roles. She has been Chief Financial Officer in three ASX listed companies: M.I.M Holdings Limited, Queensland Cotton Holdings Limited and, most recently, through the privatisation of Aurizon Holdings Limited. Ms O'Toole's board experience includes directorships of the CSIRO, Norfolk Group, various companies in the MIM and Aurizon Groups, and Government and private sector advisory boards. She has acted as Chairperson of the Audit Committees of CSIRO, Norfolk Group and Pacific Aluminium. Ms O'Toole is currently a director of Credit Union Australia and the Wesley Research Institute.

Christopher J Renwick AM, FAIM, FAIE, FTSE - BA, LLB (age 72)
Independent non-executive director

Mr Renwick was appointed as a director in June 2007. Mr Renwick is Chairperson of the Remuneration Committee, and is a member of the Safety, Health, Environment, Community& Sustainability Committee and the Nomination/Governance Committee. Mr Renwick was employed with the Rio Tinto Group for over 35 years, rising, in 1997, to Chief Executive, Rio Tinto Iron Ore, a position he held until his retirement in 2004. He has previously served as Chairman and director of Coal and Allied Industries Limited (2004 to 2011), Chairman of the Rio Tinto Aboriginal Fund (2004 to 2011) and director of Downer EDI Limited (2004 to 2010). Mr Renwick is a director of South East Regional Touring Opera Company Limited, a "not-for-profit" public company limited by guarantee, which operates as "Melbourne Opera".

Heather Ridout AO BEc (Hons) (age 61)
Independent non-executive director

Mrs Ridout was appointed as a director in September 2011. She is a member of the Safety, Health, Environment, Community & Sustainability Committee, the Remuneration Committee, the Risk, Audit & Compliance Committee and the Nomination/Governance Committee. Mrs Ridout was formerly the Chief Executive Officer of the Australian Industry Group from 2004 until her retirement in April 2012. She is a member of the Board of the Reserve Bank of Australia (since December 2011), and is a director of Australian Securities Exchange Limited (since August 2012) and Chair of the AustralianSuper Trustee Board, the largest industry fund in Australia. Mrs Ridout also serves on the Board of the Australian Chamber Orchestra and is also co-Chair of the Australian-Canada Economic Leadership Dialogue. She has an economics degree, with honours, from the University of Sydney.

Tamotsu (Tom) Sato BA (age 63)
Non-independent non-executive director

Mr Sato was appointed as a director in April 2013. He is Mitsui & Co., Ltd's nominated non-independent director. Mr Sato is a member of the Finance & Investment Committee and the Safety, Health, Environment, Community & Sustainability Committee. He joined Mitsui in 1975 and held various positions mainly in the steel making raw materials business within that company including Executive Director of Mitsui Coal Holdings (2002-2004) based in Brisbane, Senior Vice President of Mitsui Singapore (2006-2009) responsible for Asia Pacific, and from 2009 until his retirement in 2013 he was the President & CEO of Mitsui Raw Materials Development based in New York.

James T Thompson BS (age 65)
Independent non-executive director

Mr Thompson was appointed as a director in November 2009. He is Chairperson of the Safety, Health, Environment, Community & Sustainability Committee, and is a member of the Finance & Investment Committee and the Remuneration Committee. Mr Thompson was, from 2004 until his retirement in 2007, Executive Vice President Commercial for The Mosaic Company, one of the world's largest fertiliser companies, with sales of US$9 billion and some 8,000 employees, which is publicly traded on the New York Stock Exchange. Prior to that, he was engaged for 30 years in the steel industry from 1974–2004 in various roles at Cargill, Inc of Minnesota, United States, leading to the position of President of Cargill Steel Group from 1996–2004. During that period, Mr Thompson also served for a time as Co-Chairman of the North Star BlueScope Steel joint venture, and was a member of various industry boards, including AISI (American Iron and Steel Institute), SMA (Steel Manufacturers Institute) and MSCI (Metals Service Center Institute). He is currently a director of Hawkins, Inc, and serves as Chairman of the Board of Visitors of the University of Wisconsin School of Education. Mr Thompson has a BS from the University of Wisconsin Madison.

Messrs Bobins and **Morris** each retired from the Board of Directors on 13 November 2014.

COMPANY SECRETARIES

Frank Moratti B Comm, LLB, MBA (Executive)

Mr Moratti was appointed to the position of Company Secretary in 1997. Before joining the Company, he held positions of assistant company secretary/legal counsel in a number of publicly listed companies over a period of some 12 years and, prior to that, worked as a solicitor with a major legal practice.

Scott Miller BS, MS, JD, PE

Mr Miller was appointed to the position of Company Secretary in 2008. Since joining the Company in 1997, Mr Miller has held positions as legal counsel and manager for environmental affairs for North American operations. Before joining the Company, he held positions at an environmental mediation firm, as an attorney with a major legal practice and as a consulting engineer.

DIRECTORS' MEETINGS

The following table shows the actual board and committee meetings held during the financial year and the number of meetings attended by each director:

	Board of Directors	Risk, Audit & Compliance Committee	Safety, Health, Environment, Community & Sustainability Committee	Remuneration Committee	Finance & Investment Committee	Nomination/ Governance Committee
Meetings held	9	6	5	5	7	4
G Brunsdon[1]	9	6		5	4	3
G Claro	9		5		7	4
R Bass[2]	8	6			3	2
N Bobins[3]	4				3	1
J DiLacqua[4]	9	6			7	2
G Morris[5]	4	3		3		1
G Nelson[6]	5		3	1		
D O'Toole[7]	6	3			3	
C Renwick	9		5	5		4
H Ridout	9	6	5	5		4
T Sato	9		5		7	
J Thompson	9		5	5	7	

[1] Mr Brunsdon resigned from the Finance & Investment Committee and was appointed to the Nomination/Governance Committee on 13 November 2014.
[2] Mr Bass was appointed to the Finance & Investment Committee and the Nomination/Governance Committee on13 November 2014.
[3] Mr Bobins retired from the Board of Directors and the Finance & Investment Committee and Nomination/Governance Committee on 13 November 2014.
[4] Mr DiLacqua was appointed to the Nomination/Governance Committee on13 November 2014.
[5] Mr Morris retired from the Board of Directors and the Risk, Audit & Compliance Committee, Remuneration Committee and Nomination/Governance Committee on 13 November 2014.
[6] Ms Nelson was appointed to the Board of Directors on 1 November 2014 and was appointed to the Safety, Health, Environment Community & Sustainability Committee and the Remuneration Committee on 13 November 2014.
[7] Ms O'Toole was appointed to the Board of Directors on 1 November 2014 and was appointed to the Finance & Investment Committee and the Risk, Audit & Compliance Committee on 13 November 2014.

DIRECTORS' INTERESTS

As at the date of this report, the interests of the directors in the shares, options, or performance rights of the Company are set forth below:

	Shares
G Brunsdon	22,057
R Bass	15,000
G Claro*	38,253
J DiLacqua	2,500
G Nelson	6,700
D O'Toole	3,000
C Renwick	13,144
H Ridout	5,000
T Sato	-
J Thompson	12,000

***** refer to the Remuneration Report for information on options and rights held by Mr Claro.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year not otherwise disclosed elsewhere in this report.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Directors are not aware of any items, transactions or events of a material or unusual nature that have arisen since the end of the financial year which will significantly affect, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the Group is set out in the Operating and Financial Review.

Further information on likely developments in the operations of the Group and the expected results of operations in subsequent financial years have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulations and reporting requirements in Australia as well as other countries in which it operates. The Group has operating licenses and consents in place at each of its operating sites as prescribed by relevant environmental laws and regulations in each respective location and comprehensive environmental management systems and audit procedures to support compliance. Further information on the consolidated entity's performance in respect of environmental regulation is set out in our Annual Sustainability Report.

Under s299(1)(f) of the Corporations Act, an entity is required to provide a summary of its environmental performance in terms of compliance with Australian environmental regulation. The Group's Australian operations are subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* (EEO) and the *National Greenhouse and Energy Reporting Act 2007* (NGER).

The EEO Act requires the Group to assess the energy usage of its Australian operations, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including intended actions by the Group. The Group continues to meet its obligations under this Act.

The NGER Act requires the Group to report its annual greenhouse emissions and energy use of its Australian operations. The Group has implemented systems and processes for the collection and calculation of the data required so as to prepare and submit the relevant report to the Greenhouse and Energy Data Officer annually.

There have been no significant known breaches of the Group's license conditions or any environmental regulations to which it is subject.

INSURANCE AND INDEMNIFICATION OF OFFICERS

During the financial year, the Company had contracts in place insuring all directors and executives 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 or the amount of the premium paid as such disclosure is prohibited under the terms of the contracts.

SHARE OPTION AND RIGHTS

Unissued shares
As of the date of this report, there are 9,036,307 share options outstanding and 5,783,775 rights outstanding in relation to the Company's ordinary shares. Refer to Note 24 of the consolidated financial statements for further details of the options and rights outstanding as at 30 June 2015. Option and right holders do not have any right, by virtue of the option or right, to participate in any share issue of the Company.

Shares issued as a result of the exercise of options and vesting of rights
During the financial year, there were 100,521 ordinary shares issued upon the exercise of share options and 163,044 ordinary shares issued in connection with the vesting of rights. Refer to Note 24 of the consolidated financial statements for further details of shares issued pursuant to share-based awards. Subsequent to the end of the financial year and up to the date of this report, there have been no ordinary shares issued in connection with the exercise of share options or in connection with vesting of rights.

NON-AUDIT SERVICES

The Company may decide to employ its external auditor (Deloitte Touche Tohmatsu) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are set out in Note 25 of the consolidated financial statements.

The Board has considered the position and, in accordance with advice received from the Risk, Audit & Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set forth in Note 25 of the consolidated financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Risk, Audit & Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants.*

A copy of the auditor's independence declaration as required under section *307C of the Corporations Act 2001* is set out on page 50.

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.

REMARKS BY THE CHAIRPERSON OF THE REMUNERATION COMMITTEE

Dear Shareholder

We are pleased to present our Remuneration Report for financial year 2015 (FY15).

FY15 proved to be a more positive year for our Company as evidenced by our statutory profit of A$110 million. This result was achieved in challenging external market conditions for the metals recycling industry. In recognition of the result achieved in difficult market conditions, the Remuneration Committee administered the Company's short-term incentive (STI) and long-term incentive (LTI) plans carefully to balance a reward for those who contributed to the strong result with the need to control remuneration and costs in FY15.

During FY15, our focus was to align our STI performance goals to the strategic plan of the Company. This will continue to be our focus in financial year 2016 (FY16). Achievement of the budget is critical to the success of the strategic plan, and the STI performance goals in each portfolio of our businesses will be measured against the FY16 budget. Once again, there will be a financial gateway in the STI plan, whereby there must be a specific return on controlled capital employed (ROCCE) achieved for each part of the business, before any STI payment is made for that part of the business. For FY16, Regional Executives will see 25% of their financial goals tied to Group ROCCE results, as opposed to 20% in FY15. Tying Regional Executives' STI to Group financial performance encourages collaboration at the Group level and a focus on Group results.

Achievement of budget in FY16 will generate a target STI payout. Achievement of financial goals will be measured using a range which defines threshold as being 80% of target up to a maximum of 130% of target. In FY15, this range was defined as 85% of target for threshold to 125% of target for maximum.

We continuously look at the structure of our LTI plan design to assess its competitiveness with international standards and the global labour market for key talent in which we compete. With the tax treatment of employee share schemes in Australia changing from 1 July 2015, the Company anticipates discontinuing phantom option grants under the LTI plan for our Australian participants.

We will continue to review and strengthen our remuneration framework in FY16, particularly in respect of the individual non-financial measures in the STI plan, more strongly relating pay outcomes with the achievement of the Company's strategic plan.

The following pages outline the actual remuneration outcomes for FY15 in light of Company performance, as well as providing further detail on our executive remuneration framework. We welcome and value your feedback on our executive remuneration practices.

Yours sincerely

Christopher Renwick
Remuneration Committee Chairperson
RemCoChair@simsmm.com

The Remuneration Committee of the Board of Directors of Sims Metal Management Limited (Committee) presents the Remuneration Report for the Company and the Group for FY15. The Remuneration Report provides details on elements of the Company's remuneration program and actions taken by the Committee in FY15, to support the program's goal of attracting, retaining and motivating key executives who lead our businesses. The information provided in this Remuneration Report has been audited by our independent external auditor, Deloitte Touche Tohmatsu.

The Remuneration Report is set out as follows:

1. REMUNERATION SNAPSHOT

1.1 Key Management Personnel (KMP)

The Remuneration Report is focused on the Company's executive remuneration program for FY15 and certain elements of our FY16 program. It also explains the Committee's remuneration decisions made in FY15 for the KMP, consisting of the below Non-Executive Directors and Executives.

Name	Position	Country	Term as KMP
Non-Executive Directors			
Geoffrey N Brunsdon	Chairperson and Independent Non-Executive Director	Australia	Full Year
Robert J Bass	Independent Non-Executive Director	USA	Full Year
John T DiLacqua	Independent Non-Executive Director	USA	Full Year
Georgia Nelson[1]	Independent Non-Executive Director	USA	Partial Year
Deborah O'Toole[1]	Independent Non-Executive Director	Australia	Partial Year
Christopher J Renwick	Independent Non-Executive Director	Australia	Full Year
Heather Ridout	Independent Non-Executive Director	Australia	Full Year
Tamotsu (Tom) Sato	Non-Independent Non-Executive Director	Japan	Full Year
James T Thompson	Independent Non-Executive Director	USA	Full Year

1. Appointed to the Board on 1 November 2014.

Former Non-Executive Directors			
Norman R Bobins[2]	Independent Non-Executive Director	USA	Partial Year
Gerald E Morris[2]	Independent Non-Executive Director	USA	Partial Year

2. Retired from the Board on 13 November 2014.

Executives			
Executive Director and Group CEO			
Galdino Claro	Group Chief Executive Officer and Managing Director	USA	Full Year
Executives			
Fred Knechtel[1]	Group Chief Financial Officer	USA	Partial Year
William Schmiedel[2]	President – Global Trade	USA	Full Year
Darron McGree[3]	Managing Director – Australia and New Zealand Metals	Australia	Full Year
Stephen Skurnac	President – Global Sims Recycling Solutions (SRS)	USA	Full Year
Former Executives			
Robert Kelman[4]	Managing Director – European Metals	USA	N/A
Robert C Larry[5]	Group Chief Financial Officer	USA	N/A

[1] Mr Knechtel joined the Company on 28 October 2014.

[2] Mr Schmiedel's role expanded in FY15 to be more strategic in nature.

[3] Mr McGree's employment with the Company ended on 30 June 2015.

[4] In FY14, Mr Kelman was President – North America Metals. In FY15, this role was assumed by Mr Claro and Mr Kelman was seconded to the United Kingdom in a new developmental role as Managing Director – European Metals. This new role was not considered to be a KMP.

[5] Mr Larry's employment with the Company ended on 21 August 2014.

1.2 Actual Remuneration Outcomes for FY15

Remuneration component	Outcome
Fixed remuneration	• After freezing executive fixed remuneration levels for existing KMP in FY14, some of our Executives received remuneration increases in FY15. • Darron McGree received a package increase of 3.5% effective from 1 July 2014. • Stephen Skurnac received a salary increase of 2.4% effective from 1 July 2014.
Short-term incentive (STI)	• **STI payments were lower than target, due to performance against our key financial measure, ROCCE, generally being below target.** • The Group CEO received 81% of his target STI opportunity. The individual performance goals for the Group CEO, as determined by the Committee, were based on specific goals within three main categories – safety, compliance and strategic objectives. • The Executives (excluding the Group CEO) received STI awards ranging from 12% to 180% of their target STI opportunities based on ROCCE and individual performance. ROCCE for the full year was above threshold and below target at the Group level, below threshold for the Australia and New Zealand Metals business, and maximum for the Global SRS business.
Long-term incentive (LTI)	• **No performance rights vested during the year** as the Company's TSR performance was below the median against its TSR peer group. • **Options vested during the year** in accordance with the terms of their grant. • On his hire date, 15 November 2013, the Group CEO received a RSU award equating to a value of US$1 million, half of which vested on 1 December 2014. • Mr McGree was the only KMP who exercised options or phantom options during FY15.

In the context of the above comments, actual remuneration received by Executives during FY15 is set out below. This disclosure is provided on a voluntary basis to provide additional transparency and to clearly demonstrate the strong linkage between 'at-risk' pay and Company performance.

As seen in the table below, actual incentive pay was lower than target incentive pay. LTI awards were significantly lower than the amounts that are required to be disclosed in the statutory remuneration table (see Section 4).

Executives (A$)	Fixed remuneration[1]	Actual cash bonus[2]	Target cash bonus[3]	Actual long-term incentives[4]	Target long-term incentives	Actual total remuneration	Target total remuneration
G Claro[5]	**1,501,259**	**1,108,895**	1,371,988	**711,123**	2,743,975	**3,321,277**	5,617,222
F Knechtel[5]	**661,631**	**693,524**	835,123	**-**	1,252,684	**1,355,155**	2,749,438
W Schmiedel[5]	**1,012,615**	**794,573**	944,882	**108,040**	944,882	**1,915,228**	2,902,379
D McGree	**781,863**	**94,711**	778,568	**198,972**	778,568	**1,075,546**	2,338,999
S Skurnac[5]	**964,635**	**825,379**	458,125	**50,152**	610,833	**1,840,166**	2,033,593

[1] Fixed remuneration includes cash salary, other benefits, pension and superannuation, and annual leave accruals. It is the same as the statutory remuneration disclosures.

[2] Actual cash bonus refers to the Executive's total bonus that was earned in FY15, and will be paid in September 2015 following the finalisation of the Company's audited financial results. These figures are the same as the statutory remuneration disclosures. Mr Knechtel received a US$200,000 signing bonus upon commencement of employment. Mr. Schmiedel received a bonus based on the profitability of the Global Trade business in the amount of US$25,885.

[3] For the definition of target cash bonus, refer to section 3.4.

[4] Actual LTI refers to options granted in prior years that vested during FY15. The value has been calculated using the closing share price of the Company's shares on the business day prior to vesting after deducting the exercise price. There is no value attributable to performance rights because none vested in FY15. Mr Claro had an RSU award which partially vested on 1 December 2014. The value is determined based on the share price on the day of vest. The LTI value is significantly lower than target LTI and is different to the LTI figures in the statutory remuneration table. This is because the LTI figures in the statutory remuneration table reflect the amortised value of the entire LTI award (that may or may not vest) in accordance with the accounting standards.

[5] All KMPs, except for Mr McGree, received their cash payments in United States dollars.

1.3 Outlook for FY16

While we will continue to strengthen our executive remuneration framework in FY16, we will be revisiting the overall design to ensure that performance measures in our incentive plans are strongly aligned with our key performance drivers and the Company's 5 year strategic plan advised to the market on 23 July 2014.

Specifically, in the STI plan, we will seek to align the STI performance goals to the strategic plan through incorporation of our FY16 budget in the performance goals for our portfolio of businesses. The STI plan will be based 80% on financial performance (ROCCE) and 20% on non-financial and individual goals. For FY16, Regional Executives will now see 25% of their financial goals tied to Group ROCCE results, as opposed to 20% in FY15. Tying Regional Executives' STI to Group financial performance encourages collaboration at the Group level and a focus on Group results.

For FY16, achievement of budget will generate a target STI payout. Achievement of financial goals will be measured using a range which defines threshold as being 80% of target up to a maximum of 130% of target. In FY15, this range was defined as 85% of target (for threshold) to 125% of target (for maximum).

For the LTI plan, we continuously look at the structure of our plan design to assess its competitiveness by international standards and the global labour market for key talent in which we compete. With the tax treatment of employee share schemes in Australia changing from 1 July 2015, the Company anticipates discontinuing phantom option grants under the LTI plan for our Australian participants commencing in FY16. As such, annual equity awards for our Executives will only consist of performance rights and options.

The table below indicates how our remuneration framework will be aligned to our key performance drivers in FY16.

Performance driver	How the driver is incorporated into the Executive remuneration framework	
Increasing alignment with shareholders	LTI	• A significant portion of the Executives' total remuneration opportunity (50% for the Group CEO and between 33% and 42% for Executives) is delivered as equity in the LTI plan • 50% of the performance rights in the LTI plan are based on relative TSR • 100% of the options are only expected to be exercised if there has been absolute share price growth
Strong financial performance	STI	• 80% of the Group CEO's and Group Executives' STI is based on Group ROCCE • 20% of the Regional Executives' STI financial goals is based on Group ROCCE, with 80% being based on business unit ROCCE
	LTI	• 50% of the performance rights in the LTI plan are based on earnings per share
Strong safety performance	STI	• Long-term injury frequency rate and medically-treated injury frequency rate are included in the 20% allocated to non-financial measures in the STI plan
Alignment with 5 year strategic plan	STI	• Goals that are directly linked to the execution of the 5 year strategic plan for the financial year will be included in the 20% allocated to non-financial measures in the STI plan. This encourages a focus on multi-year performance
Strong compliance performance	STI	• Maintaining a strong internal control structure as well as procedures for financial reporting will be included in the 20% allocated to non-financial measures in the STI plan

2. <u>REMUNERATION GOVERNANCE</u>

We have a strong remuneration governance framework, with the Board being ultimately responsible for the Company’s executive remuneration practices. The Remuneration Committee advises the Board in making remuneration decisions.

2.1 Remuneration Philosophy

Our remuneration philosophy is designed to provide remuneration that:

- attracts, motivates and retains the best and brightest senior executives, leadership and staff personnel;
- drives the Company’s strategic plan; and
- aligns reward opportunities with shareholder interests.

Due to our global scale, our remuneration practices take into account local market practice, particularly in the USA, our largest geographic region, where we compete for much of our talent and business. Our executive remuneration framework consists of fixed remuneration, short-term incentives and long-term incentives.

2.2 The Remuneration Committee

The primary role of the Remuneration Committee (Committee) is to support and advise the Board on the implementation and maintenance of coherent, fair and responsible remuneration policies and practices, which are observed by the Company and which enable it to attract and retain executives and directors who will create value for shareholders. The Remuneration Committee Charter, a copy of which is available on the Company's website at www.simsmm.com, provides further information on the role and responsibilities of the Committee.

The diagram below illustrates the role of the Board, the Committee, management and external advisors (including remuneration consultants) in relation to remuneration.

Board
(Reviews and approves the recommendations made by the Committee)

Final recommendations made by the Committee are reviewed and approved by the Board in respect of:

- Executive remuneration philosophy and policies
- Executive remuneration and incentive performance packages
- Introduction and application of equity-based schemes
- The establishment and review of performance goals for the Group CEO
- Executive recruitment, retention and termination policies
- Non-Executive Directors' fees and framework

Remuneration Committee
(Reviews and makes recommendations to the Board)

Members of the Committee during FY15 were:

- Christopher J Renwick – Chairperson
- Geoffrey N Brunsdon – Member
- Georgia Nelson – Member
- James T Thompson – Member
- Heather Ridout – Member

External remuneration consultant

Engaged directly by the Committee to provide advice and market updates in relation to Non-Executive Directors and executive remuneration matters.

The Committee considers recommendations presented by management in developing an executive remuneration philosophy, policy and framework aligned to the Company's overall strategic direction. Mr Bass is Chairperson of the Risk, Audit & Compliance Committee and seeks to ensure that remuneration practices are designed in a risk-aware manner and are consistent with the Company's overall risk management framework.

Management
(Makes recommendations to the Committee in developing and implementing the remuneration strategy)

In addition to the above, in recognition of the value and advantages of having a diversified workforce and consistent with the Company's Workforce Diversity Policy (a copy of which can be found on the Company's website at www.simsmm.com), the Committee is responsible for reviewing and approving the measureable objectives for achieving diversity as noted in the Company's Corporate Governance Statement.

2.3 Committee Activities

During FY15, the Committee met on five occasions, with remuneration matters a standing agenda item on each occasion. The Committee has a strong focus on the relationship between business performance, risk management and remuneration, with the following activities occurring during the financial year:

- Review of key senior executive appointments and terminations
- Review of Short Term Incentive (STI) and Long Term Incentive (LTI) arrangements
- Review of reward outcomes (Fixed, STI and LTI) for key senior executives
- Review of diversity and inclusion initiatives
- Review of succession plans for key senior executives
- Review of non-executive directors' fees
- Appointment of the remuneration consultant

2.4 Peer Group and Competitive Positioning

Our remuneration program is designed to reward achievement of financial, strategic and personal goals and to attract, retain and motivate our leaders in our highly competitive market for top talent.

The Committee, in consultation with its independent external remuneration consultant Ernst & Young, periodically examines the composition, pay practices and remuneration data for a group of domestic and international listed companies, as a source of benchmarking data to better understand the appropriate total value and mix of pay for our KMP. Our remuneration decisions are based on the level of Company and individual performance; hence, benchmarking data is used solely to access the competitiveness of remuneration across our comparator group within our industry.

The Committee looks at each company in the comparator group and each component of remuneration – fixed; STI and LTI (and the nature of the hurdles) – to satisfy itself that KMP remuneration is both competitive in the markets in which the Company operates and competes for talent, and can be regarded as reasonable from the views and interest of our shareholders.

Based on the Committee's annual review, with input from Ernst & Young, no changes were made to the peer group in FY15, which comprises the 15 listed companies below. The Committee believes that these companies continue to be a reasonable group to benchmark remuneration practices:

FY15 Sims Metal Management Peer Group – Australian listed companies	
Arrium Limited	Boral Limited
BlueScope Steel Limited	Brambles Limited

FY15 Sims Metal Management Peer Group – USA listed companies	
AK Steel Holding Corporation	Republic Services Inc.
Allegheny Technologies Inc.	Schnitzer Steel Industries Inc.
Commercial Metals Co.	Steel Dynamics Inc.
Masco Corporation	USG Corporation
Nucor Corporation	Waste Management Inc.
Reliance Steel & Aluminum Co.	

The Committee recognizes that while data may be available on the performance of our non-US listed peer companies, the remuneration data is limited in terms of comparable benchmarks and other information for certain non-US peers. Therefore, the remuneration peer group differs from the TSR peer group considering size of the companies and the availability of publicly disclosed executive remuneration levels.

Given the disparate measures of size in the remuneration peer group, the Committee does not set a specific target remuneration percentile based on peer market data alone. Based on recent benchmark analyses, the target total remuneration at the Group CEO level is below median of comparable CEOs within the remuneration peer group.

2.5 External Remuneration Consultant

In FY15, the Committee appointed Ernst & Young as its remuneration advisor. During the financial year, Ernst & Young provided the Committee with market updates and advice in relation to Non-Executive Directors and executive remuneration matters, including the compensation of the Group CEO.

During FY15, no remuneration recommendations, as defined under the *Corporations Act 2001*(Cth), were provided by Ernst & Young.

2.6 Risk Management

The Company's remuneration framework is structured to provide a balance of cash and equity; short-term and long-term incentives with individual and financial objectives over various performance periods. The Company's remuneration programs are designed to encourage the right amount of risk-taking that is consistent with our business goals and strategic imperatives. The remuneration programs are also designed to support the Company's commitment to operating in a manner consistent with the highest standards of corporate governance, which is fundamental to promoting investors' confidence and creating long-term value.

The following policies and procedures relating to the Company's remuneration programs help discourage imprudent risk taking:

- The remuneration programs incorporate performance metrics over multiple time frames to discourage undue focus on near term results, or on any one specific metric in order to reinforce a balance in performance measures
- The STI and LTI plans contain a cap on the maximum payout achievable
- Under our LTI plan, awards are unvested for at least three years under the plan's performance-based vesting schedule
- Performance rights are used for the annual awards to Executives
- The remuneration plan design requires all payouts under our STI and LTI plans to be subject to the discretion of the Committee

3. REMUNERATION FRAMEWORK

Our executive remuneration framework is heavily skewed towards variable pay to drive Company performance, with 75% of the Group CEO's target pay, and between 63-71% of target pay for the other Executives, being at-risk, subject to challenging short-term and long-term hurdles.

3.1 Remuneration Principles and Strategy

The Group operates from more than 200 locations across five continents. Given our global scale, it is imperative that the executive remuneration policy and framework reflect the international nature of the Company and the fact that our executives are based throughout the world.

As the Company's success is dependent upon the quality of its people, the primary aim of the Company's executive remuneration policy is to recognize and reward outstanding achievement, and to attract, motivate and retain high calibre leaders to support our long-term growth objectives and return value to our shareholders. To do so, the Company provides executive remuneration packages that are competitive and commensurate with executive responsibilities and accountabilities.

The executive remuneration policy also seeks to ensure alignment with the Company's remuneration philosophy, strategic plan and shareholder interests. The Committee believes this practice ensures that the Company's remuneration policies and principles reflect the global environment through appropriately balancing competitive market practice in the USA, UK and Australia.

The remuneration framework is continually reviewed by the Committee to promote good governance and serve the best interest of our shareholders and stakeholders. The Company also undertakes an annual remuneration review to determine the total remuneration positioning of our executives relative to the market.

A snapshot of the Company's remuneration principles and its components, and how they support the Company's overall vision is illustrated in the diagram below.

Mission

Our mission is to be the best in class recycler of metals and electronics in all markets we operate. Our industry leadership will be driven by the strengths of our partnership with our suppliers, the excellence of our products and services to our customers, and the attractiveness of our returns to shareholders.

Remuneration Principles

Reward capability, experience and performance against business strategy	Provide a competitive reward for contribution to growth in shareholder wealth	Provide a clear structure for earning rewards	Provide recognition for individual performance contributions in line with the Company's strategic plan	Support the Company's core values of safety, integrity, respect, transparency and social responsibility

Remuneration Components

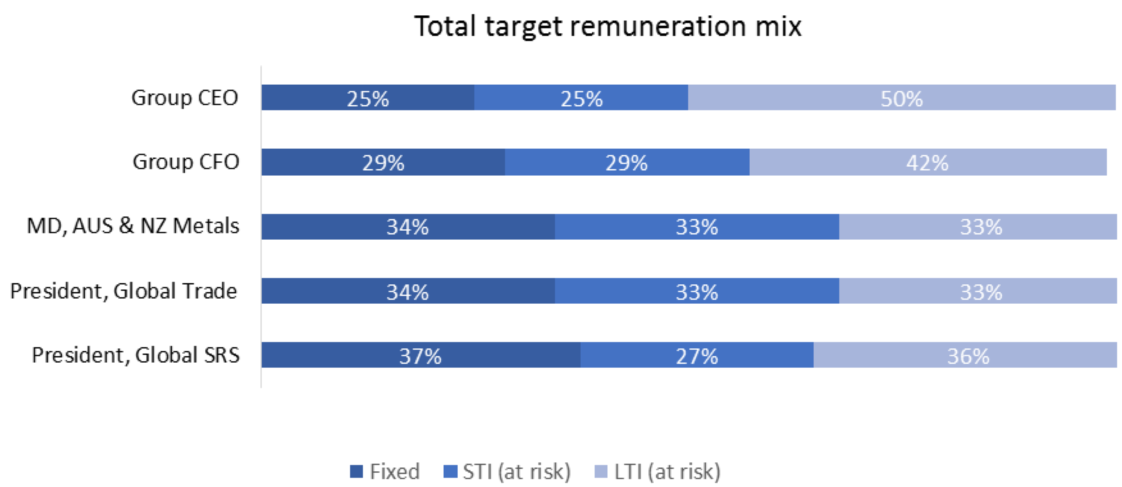
	Fixed remuneration	Short-term incentive	Long-term incentive
What is the purpose of this remuneration component?	To be able to attract and retain quality talent.	To reward executives for Company, business unit and individual contributions.	To retain executives and ensure their interests and rewards are aligned with the longer term interests and rewards of shareholders.
How is this remuneration component determined?	Based on capability, experience, responsibilities and accountability, commensurate with role. Set with reference to market data against a relevant peer group.	Based on financial targets (ROCCE) and individual performance goals (such as safety, environment and sustainability, implementation of the strategic plan, talent management and shareholder and community relations).	All equity is subject to continued service. Hurdles are based on relative TSR, earnings per share, and absolute share price appreciation (inherent in the options).
Over what period is performance assessed?	Not applicable	12 months.	Performance rights have a 3 year performance period. Options vest over 1-3 years, and can be exercised up to the end of Year 7.
How is this remuneration component delivered?	Annual salary, benefits and pension / superannuation.	Cash.	Performance rights and options.

3.2 Total Target Remuneration mix

Under our remuneration framework, a mix of fixed and variable pay components is included with different time horizons and payout forms used to reward both annual and long-term sustainable performance. A strong pay-for-performance culture inherent in our incentive plan designs provides a direct link between pay and financial outcomes through the use of performance measures that are tied directly to financial achievement and our strategic initiatives.

In line with the Company's intent to ensure our Executive remuneration framework is aligned to the Company's performance, a significant portion of an Executive's remuneration is 'at-risk'. 'At-risk' means an absence of certainty regarding the payment of a particular component of remuneration in the event agreed-upon performance hurdles or employment conditions are not met during the performance period. Details on each of these Plans are outlined below.

The following chart sets out the FY15 total target remuneration mix; that is, fixed remuneration (salary / package), target STI, and LTI for the Executives.



3.3 Fixed remuneration

Fixed remuneration primarily seeks to attract and retain high calibre Executives. It provides competitive opportunities for remuneration commensurate with job scope, required competencies, and performance.

Fixed remuneration comprises base salary and benefits:

- Base salary is determined on an individual basis, taking into consideration the individual's capability, experience, responsibilities and accountability, as well as external market factors and benchmark data.
- Benefits programs vary by market and may include health insurance, life and disability insurance, retirement programs (depending on national government and tax regulations) and automobile allowances.

Remuneration packages (including fixed components of base salaries and benefits) are reviewed annually. In reviewing any changes to Executive remuneration, the Committee references individual performance, as well as its competitiveness against the remuneration peer group (provided under Section 2.4 of this report).

There are no guaranteed increases to any components of fixed remuneration for any of the Executives.

3.4 Variable Remuneration

The ‘at-risk’ component of remuneration comprises both short-term and long-term incentives.

3.4.1 STI Plan

Key developments in FY15:

Threshold Group ROCCE for the full financial year had to be achieved before any STI payments were awarded to the Group CEO and Group Executives. In addition, both the Group CEO and Group Executives continued to have 80% of their target STI based on Group ROCCE for FY15. Regional Executives had 80% of the financial portion of their STI (or 64% of their total STI target) based on business unit ROCCE; the remaining 20% of the financial portion of their STI (or 16% of their total STI target) was based on Group ROCCE. To receive the 20% of target STI based on non-financial measures, Executives had to achieve a threshold level of ROCCE for FY15.

Executives are eligible to participate in the Company’s STI plan. The Committee believes that the STI plan is a key motivator to drive alignment with Company strategy and values, by rewarding for a mix of Company, business unit and individual contributions.

The table below summarises the key aspects of the STI plan.

What is the STI plan?	- Under the STI plan, eligible employees have an opportunity to earn an annual cash incentive based on the achievement of pre-defined financial (ROCCE) targets and individual goals over the financial year. - Company, business unit and individual goals are set on an annual basis, to align with achievement of the Company’s financial, business, and strategic priorities.
What is ROCCE and why is it used?	- ROCCE is an acronym that means return on controlled capital employed and is calculated as profit divided by funds deployed: o Profit in the numerator refers to earnings before interest and taxes which the Committee believes represents ordinary earnings within the influence of management. o Controlled capital employed (CCE) in the denominator is total funds used by management in the business and represents the average balances of CCE (net assets adjusted for cash, external borrowings, taxes and intercompany balances) throughout the financial year to generate ordinary earnings. o ROCCE rewards investment decisions that deliver higher returns (efficient use of capital) rather than just increased profits. - Debt capital cannot be used by management to manipulate higher net asset returns since debt is not subtracted in determining the funds employed in the denominator. - For these reasons ROCCE is selected as the most appropriate measure of management’s success in delivering shareholder value. - ROCCE is subject to adjustments as approved at the Committee’s discretion.

What is the range of STI opportunity?

- The STI is determined by reference to three hurdles:
    - Threshold
    - Target
    - Maximum
- For FY15, the threshold was determined by reference to 85% of target. At threshold, a portion of target STI is paid depending on an individual's position and this increases in a linear fashion to 100% at target. STI payments as they relate to individual performance goals cannot be paid unless the ROCCE threshold performance is reached.
- The STI target opportunity is 100% of fixed remuneration for the Group CEO, and ranges from 75% to 100% of fixed remuneration for Executives.
- The actual STI award can range from a minimum of nil to a maximum of 200% of the target opportunity for all Executives (including the Group CEO) depending upon performance achieved against pre-defined goals.

What is the financial gateway?

- In FY14, a financial gateway was introduced into the STI plan. This means that a financial threshold must be achieved before any STI payment is made:
    - For the Group CEO and Group Executives, the financial gateway is threshold Group ROCCE (for the full financial year), which must be achieved before any of the payment is awarded.
    - For Regional Executives, the Group ROCCE threshold must be achieved before any of the Group financial component is awarded. The business unit ROCCE threshold must be achieved before any payment can be made against the business unit ROCCE or individual goals.
- A financial gateway creates stronger alignment between STI payments and Company financial performance.

What is the weighting between Group, business unit and individual performance goals?

- Once the financial gateway is achieved, the STI plan rewards eligible employees for both financial and individual goals. The below table shows the weight attributable to each STI measure.

Position	**Financial measures**		**Individual goals** *(subject to ROCCE threshold)*
	Group ROCCE	**Business unit ROCCE**	
Group CEO	80%	N/A	20%
Group Executives	80%	N/A	20%
Regional Executives	16%	64%	20%

What are the Group and business unit measures and why were they chosen?

- The Group CEO and Group Executives have 80% of their STI dependent upon Group ROCCE.
- The Regional Executives have 80% of the financial portion of their STI (or 64% of their total STI target) based on business unit ROCCE, creating strong line of sight to the level of ROCCE that they can influence. The remaining 20% of the financial portion of their STI (or 16% of their total STI target) is based on Group ROCCE to encourage collaboration at the Group level and a focus on Group results.
- ROCCE was chosen to represent 80% of the STI measures because it is the Company's key financial measure. See above for further information on ROCCE.

What are the individual goals and why were they chosen?	- Individual non-financial goals are set in several key performance areas focusing on individual initiatives that are critical to the overall success of the Company and the execution of the Company's 5 year strategic plan. - For the Group CEO, the Committee established for FY15 a matrix of approximately 10 specific criteria summarised into three categories – safety (reflecting Long-Term Injury Frequency Rate and recordable injuries), compliance and strategic objectives. - For the other Executives, the individual goals may include:

Individual goals	Description
Safety, Health, Environment, Community & Sustainability (SHECS)	• Reduction in critical safety incident metrics (i.e. Long-Term Injury Frequency Rate and Medically-Treated Injury Frequency Rate) and environmental incidents • Increase in community involvement activity
Compliance	• Ensure a strong internal control environment
Strategic measures	• Achievement of critical initiatives in support of the Company's 5 year strategic plan
Talent management	• This includes measures such as succession planning (eg identifying 1-3 year succession candidates) and management development (eg addressing talent gaps identified during the succession planning process)

Why aren't the specific performance targets disclosed?	The Committee understands the desire for greater transparency of specific targets. However, given the Company's size and position in the industry, the Company believes disclosing precise financial / individual goals would put it at a competitive disadvantage due to commercial sensitivity.
How are the performance measures determined?	- The financial hurdles are determined by referencing the Company's current year budget and cost of capital in consideration of the current economic cycle. - The individual goals are determined taking into consideration the areas of specific focus by the Group CEO and Executives to support the delivery of the Company's 5 year strategic plan.
How is performance assessed?	**Assessing Company performance:** - First, the financial gateway of Group ROCCE / business unit ROCCE is assessed. If the financial gateway is not met, there are no payments made under the STI plan. - Second, if the financial gateway is met, payment is then determined by reference to ROCCE and individual goals. Once the threshold hurdle is met, awards against the ROCCE targets are linear in calculation until the maximum hurdle is reached. - Actual performance against the financial targets is set out in Section 3.4.4 **Assessing individual performance** - An individual's performance is rated on a scale of 0 to 4. Participants must receive a weighted average rating of at least 2.0 (meets expectations) in order to receive target payment based on the individual performance component. A rating below 1.75 results in no award with regard to the individual performance component. - The Group CEO's performance is assessed by the Committee and a recommended payment is approved by the Board. Each Executive's performance is assessed by the Group CEO, and recommended payments are considered and, if appropriate, approved by the Committee.
Does the Board have discretion?	- The Board maintains full discretion over the level of any STI awards paid to the Group CEO and Executives.

How is the STI delivered?	- The STI is delivered as cash. Any payments are made in September following the finalisation of the Company’s audited financial results.
Why is there no STI deferral and clawback?	- During FY15, the Committee considered the introduction of STI deferral for the Group CEO and Executives. However, given the Group CEO and Executives have a meaningful weighting on the LTI in their remuneration mix (ranging from 33% to 50%), the Committee concluded that it was not necessary at this time to introduce STI deferral for shareholder alignment or retention purposes. - The Company currently does not have a policy that allows for the clawback of STI payments. The Committee recognises that the clawback of STI payments may be appropriate in certain circumstances and the Company may consider introducing a clawback policy in the future.
What are the termination provisions?	- A voluntary termination prior to the last calendar day of the financial year will result in no STI being paid for the year unless the Committee determines otherwise. Upon a qualifying cessation (i.e. generally, termination due to death, permanent disability, redundancy, or in other circumstances determined at the discretion of the Board), STI performance for the relevant period will be assessed and paid. See Section 5 for further information on the Group CEO’s entitlement to any STI on termination. - No STI payments will be made in the case of termination for cause.

3.4.2 LTI Plan

The LTI plan seeks to be competitive across the Company's key geographical areas, being the USA, UK and Australia. Accordingly, a portion of an annual grant under the LTI plan is based on rights subject to relative TSR and EPS (consistent with Australian market practice) and a portion is based on options which an Executive would only be expected to exercise, and realise the rewards of, if there has been absolute share price growth (consistent with USA market practice).

The Company believes that the LTI plan is one of the more rigorous in the market because Executives only receive full LTI vesting if there has been earnings growth, absolute share price growth, and superior relative total shareholder returns. Both rights and options are also subject to continued service.

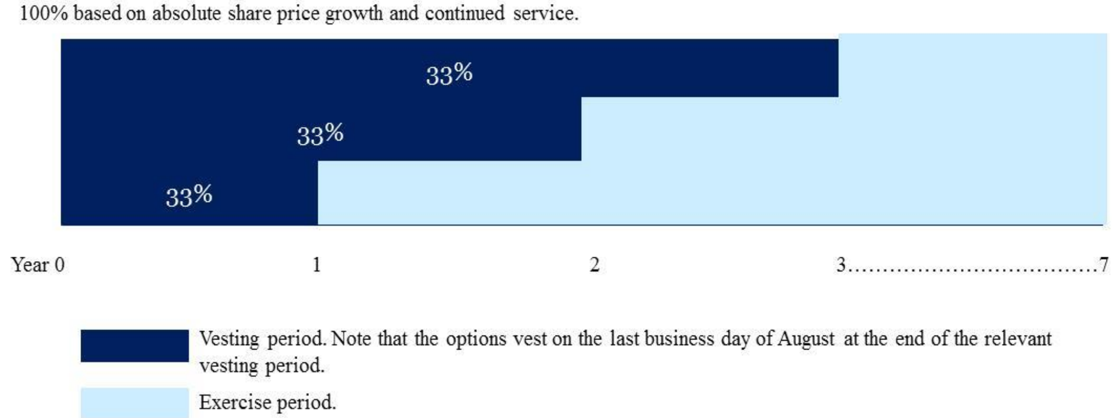
The diagram below outlines the key characteristics of the annual grant under the FY15 LTI plan:

Performance rights

- Constitutes 80% of the Group CEO LTI award and 67% of the Executive LTI award.
- 50% subject to relative TSR, 50% subject to EPS. All rights are based on continued service.

Options / phantom options

- Constitutes 20% of the Group CEO LTI award and 33% of the Executive LTI award.
- 100% based on absolute share price growth and continued service.



Further detail on the annual grants under the FY15 LTI plan is outlined in the table below:

<table>
<tr><td>What is the purpose of the LTI plan?</td><td>- The LTI plan incentivises Executives to achieve earnings, share price and relative total shareholder return targets over a 1-3 year period (80% of the Group CEO’s grant and 2/3 of the other Executives’ grants are not eligible for vesting until the third year). Executive rewards under the LTI plan are aligned with the shareholder experience as the ultimate reward an Executive receives is dependent upon the Company’s share price.</td></tr>
<tr><td>What is the frequency and timing of the awards?</td><td>- The Company’s shareholders approved an LTI award for the Group CEO at the Company’s 2014 Annual General Meeting (AGM). In conjunction with the AGM, the Committee approved and granted LTI awards for the Executives.
- Awards are typically made on an annual basis.</td></tr>
<tr><td>What instruments are offered under the LTI plan?</td><td>The table below provides further information on the three equity instruments:
<table>
<tr><th>Instrument</th><th>Description</th></tr>
<tr><td>Performance rights</td><td>- A performance right is a contractual right to acquire an ordinary share for nil consideration if specified performance conditions are met. All the Executives received performance rights.</td></tr>
<tr><td>Options</td><td>- An option is a contract that gives the holder the right, but not the obligation, to acquire an ordinary share at a fixed price over a specified period of time. In respect of option grants prior to FY14, USA participants have their options settled in American Depositary Shares (ADSs) unless otherwise determined by the Board.
- Options reward Executives for absolute share price performance because the options only have value if the Company’s share price exceeds the exercise price at the end of the vesting period. All the Executives, other than Mr McGree, received options.</td></tr>
<tr><td>Phantom options</td><td>- Phantom options operate in the same manner as options; however, they are cash-settled rather than equity-settled. Accordingly, rather than receiving an ordinary share in the Company upon exercise, the Executive receives the equivalent value in cash.
- Because of its differing securities laws and taxation treatments, phantom options have been offered to participants in Australia since 1 July 2010. Mr McGree, given he is resident in Australia, is the only Executive who received phantom options.
- With the tax treatment of employee share schemes in Australia changing from 1 July 2015, the Company anticipates discontinuing phantom option grants under the LTI plan for our Australian participants commencing in FY16.</td></tr>
</table></td></tr>
<tr><td>Why are options included as part of the LTI plan?</td><td>- Options are a small component of the LTI award, representing 20% of the LTI opportunity for the Group CEO and 33% of the LTI opportunity for the Executives.
- Options are included in the LTI plan because it is critical that the Company, in light of the geographic spread of its operations and talent pool, has a globally competitive remuneration framework. While the grant of rights subject to relative TSR and EPS reflects Australian competitive market practice, the grant of options subject to vesting over a 1-3 year period reflects competitive USA market practice. If options were not included as part of the LTI plan, there is a risk that the Company would not be able to attract quality talent in the USA, its largest operating jurisdiction.</td></tr>
</table>

What is the target and maximum LTI opportunity?	- The target LTI opportunity is 200% of fixed remuneration for the Group CEO and ranges between 100% and 150% of fixed remuneration for Executives. - The maximum LTI opportunity is dependent on the number of rights that vest, the number of options that are exercised, and the Company's share price at the vesting / exercise date.
How is the number of LTI awards determined?	- The number of rights and options granted is determined based on the fair value of the rights and options on the date of approval by the Committee. The fair value of rights is calculated by Mercer for the Committee using a Black-Scholes, Binomial or Monte Carlo simulation option pricing model as appropriate. - The Company uses a discounted fair value approach in determining the size of LTI grants to be consistent with the grant date fair value used for expensing and to reflect the degree of difficulty in goal achievement. This method also considers the approach used by Mercer in obtaining competitive data from the Company's Australian remuneration peer group companies, where Mercer applied discounts to peer company target LTI values to reflect the risk of forfeiture from performing below levels required to receive full target payouts. - As a result of the discounts, market LTIs for the Australian peer companies that are reviewed by the Committee are reported at much lower than target levels. The comparable adjustment for the Company is determined at grant using the fair value approach to determining the number of target shares based on the target dollar value.

What are the performance measures and why were they chosen?

Performance measure	Rationale and comments
Relative TSR (50% of performance rights based on value) - TSR performance is measured over a three-year period. For grants made in FY15 this is from 1 July 2014 through to 30 June 2017. - The peer group is: (see Peer companies table below) - The vesting schedule is: (see vesting schedule table below) - Re-testing was removed from LTI grants commencing in FY14.	- The relative TSR hurdle ensures that Executives are only rewarded when the Company's TSR is at least equivalent to the median company in a peer group. - The peer group was chosen as it reflects companies that are comparable to the Company in terms of industry, footprint and complexity. - The use of relative TSR is common market practice in Australia. - Re-testing has been removed following consideration of shareholder and proxy adviser feedback, and to further align the LTI plan with common market practice in Australia.

Peer companies	
AK Steel Holding Corporation	Nucor Corporation
Alcoa Inc.	POSCO
Allegheny Technologies Inc.	Reliance Steel & Aluminum Co.
ArcelorMittal S.A.	Schnitzer Steel Industries Inc.
Arrium Limited	Steel Dynamics Inc.
BlueScope Steel Limited	Tokyo Steel MFG Co Ltd.
Commercial Metals Co.	U.S. Steel Corporation
Gerdau S.A.	

TSR growth relative to the peer group	Proportion of TSR grant vesting
Less than 50^{th} percentile	0%
50^{th} percentile	50%
50^{th} percentile to 75^{th} percentile	Pro-rata straight line
75^{th} percentile or higher	100%

<table>
<tr>
<td></td>
<td>EPS (50% of performance rights based on value)
- EPS performance is measured over a three-year period based on statutory EPS. For grants made in FY15 this is from FY15 through to FY17.
- The vesting schedule is:
<table>
<tr><th>Cumulative EPS growth</th><th>Proportion of EPS grant vesting</th></tr>
<tr><td>Less than $1.70</td><td>0%</td></tr>
<tr><td>$1.70</td><td>50%</td></tr>
<tr><td>$1.70 to $2.00</td><td>Pro-rata straight line</td></tr>
<tr><td>$2.00 or higher</td><td>100%</td></tr>
</table>
</td>
<td>- EPS was chosen as a hurdle because it is consistent with the Committee’s goal of aligning management incentives with a reasonable level of net income for shareholders.
- The use of EPS is common market practice in Australia.
- The EPS hurdle rates were determined by the Committee to represent earnings over a 3 year vesting schedule that would be rigorous in prevailing economic conditions.</td>
</tr>
<tr>
<td></td>
<td>Absolute share price growth (100% of options)
- Options have an inherent absolute share price growth hurdle, being the exercise price. This is because the Company’s share price must increase and exceed the exercise price at the end of the vesting period for the options to deliver value to participants.
- The exercise price of options is set at grant, and is equal to the average closing share price for the five days preceding the grant date[1].
- The options vest in three equal instalments over a three-year period. Specifically, for grants made in FY15, each instalment vests on the last business day of August, as follows:
o One-third in 2015,
o One-third in 2016, and
o One-third in 2017.
- Options expire seven years after the date of grant.</td>
<td>- Options reward absolute growth in shareholder wealth.
- The use of options is common market practice in the USA, where the Company competes for much of its talent and business.
- The tiered vesting schedule over 1-3 years reflects common market practice in the USA.</td>
</tr>
<tr>
<td>Do participants receive dividends?</td>
<td colspan="2">- Holders of rights and options are not entitled to dividends over the term of the relevant vesting period (and in the case of options, until exercised).</td>
</tr>
<tr>
<td>Treatment of awards on termination of employment</td>
<td colspan="2">- As all instruments are subject to a continuous service provision, where a participant resigns, or is terminated for cause, his or her awards are forfeited.
- Where termination of employment is the result of a qualifying cessation (i.e. generally death, permanent disablement, redundancy, or in other circumstances at the discretion of the Board), a participant will be entitled to his or her unvested awards subject to any performance conditions, in accordance with the original vesting schedule.
- Any unvested rights held by an eligible terminated participant will be tested at the end of the relevant performance period. Any unvested awards will lapse at the end of the relevant performance period. In respect of the Group CEO’s entitlement to any continual vesting under the LTI plan on termination, see further Section 5.</td>
</tr>
<tr>
<td>How are awards treated on a change of control</td>
<td colspan="2">- The Board has the discretion to immediately vest the rights and options prior to their vesting date if there is a change of control event.
- The rights and options will immediately vest in the event that a takeover bid of the Company is recommended by the Board, or a scheme of arrangement concerning the Company, which would have a similar effect to a full takeover bid, is approved by the Company’s shareholders.</td>
</tr>
</table>

[1] For USA based Executives, option awards are not Incentive Stock Options for the purposes of section 422 of the United States Internal Revenue Code.

3.4.3. Link between 'at-risk' remuneration and Company performance

Outlined below is the Company's performance against key metrics over the past five financial years. The amounts below include both continuing and discontinued operations.

	Financial Year				
	2015	2014[1]	2013[1]	2012[1]	2011
Profit/(Loss) Before Interest and Tax (A$m)	145.5	(27.6)	(470.4)	(624.0)	293.1
Diluted EPS (cents)	53.3	(43.5)	(228.6)	(302.7)	90.9
Return on Shareholders' Equity	5.2%	(4.9%)	(24.2%)	(27.3%)	6.4%
Total dividends (cents)	29.0	10.0	0.0	20.0	47.0
Share price at 30 June A$	10.42	9.68	8.26	9.61	17.65

[1] FY14, FY13 and FY12 reflect goodwill and other intangible impairment charges of A$28.5 million, A$304.4 million and A$675.6 million respectively.

Linkage of STI outcomes to Company performance

The Group CEO and Group Executives have 80% of their target STI based on Group ROCCE, being Profit Before Interest and Tax (PBIT) divided by Average Controlled Capital Employed. The Regional Executives have 16% of their target STI based on Group ROCCE, with 64% based on business unit ROCCE. The remaining percentage of the STI for the Group CEO and Executives is based on individual performance goals (with a threshold ROCCE required to be achieved before any payments are made).

The table below outlines FY15 Group and business unit performance against the STI ROCCE targets. Below threshold performance as indicated resulted in no payout.

Group / business unit	G Claro	F Knechtel	W Schmiedel	D McGree	S Skurnac	Financial performance
Group	✓	✓	✓	✓	✓	
Global SRS					✓	
Australia/New Zealand Metals				✓		

Below threshold Above threshold At target At maximum

The table below outlines the proportion of the target STI that was earned and forfeited.

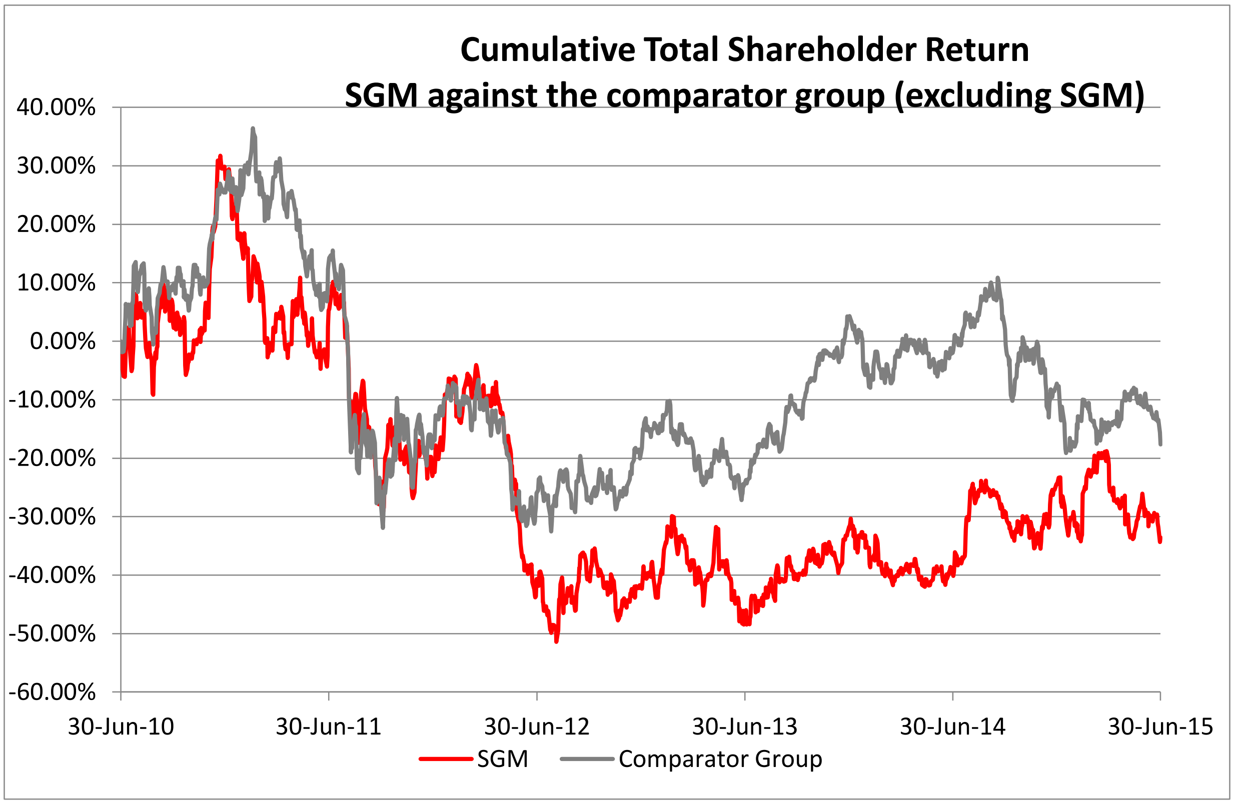
Name	Target STI opportunity (% fixed remuneration)	Proportion of target STI earned during FY15	Proportion of target STI forfeited during FY15
G Claro	100%	81%	19%
F Knechtel	100%	81%	19%
W Schmiedel	100%	81%	19%
D McGree	100%	12%	88%
S Skurnac	75%	180%	0%

Linkage of LTI outcomes to Company performance

The value of the annual awards granted to Executives under the LTI plan for FY15 is based on, in respect of performance rights, relative TSR or EPS and, in respect of options, absolute share price growth.

Relative TSR (hurdle for 50% of the rights based on value)

The TSR graph below compares the Company's (ASX: SGM) TSR against the peer group (as referenced above) for the five-year period ending 30 June 2015. TSR is the return to shareholders provided by share price appreciation plus dividends (which are assumed to be reinvested in the Company's shares), expressed as a percentage of the share price at the beginning of the measurement period adjusted, where appropriate, for bonus issues, capital consolidation or equivalents.



As the Company's TSR has been below the median against its peer group of companies, there has been no vesting under the LTI plan against the relative TSR hurdle since FY11. The table below outlines the status of the LTI grants that were outstanding as of 1 July 2015:

TSR Grant	Status
FY10	100% forfeited on 22 August 2014
FY11	100% forfeited on 21 August 2015
FY12	No vesting as of 30 June 2015. 68.75% will vest on 21 August 2015
FY13-FY15	Not yet eligible for testing

Earnings per share (hurdle for 50% of the rights based on value)

In FY14, an EPS hurdle was re-introduced into the LTI plan. For FY15, we continued to utilize the EPS hurdle. These rights will be eligible to vest based on EPS performance for the financial years 2015 through 2017. Including an EPS hurdle in the LTI plan is consistent with our goal to align management incentive with a reasonable level of net income for shareholders.

Absolute share price growth (hurdle for 100% of the options and phantom options)

Using options as a small part of the LTI grant is aligned to Company performance as it focuses Executives on absolute share price growth. This is because Executives only receive rewards from the options if the Company's share price increases above the option exercise price. Options create the strongest alignment to the shareholder experience because Executives only receive rewards if shareholders have similarly benefited.

4. EXECUTIVE STATUTORY REMUNERATION DISCLOSURES

4.1 Executive remuneration disclosures

Certain Executives (as disclosed below) are not residents of Australia. Their respective remuneration paid in foreign currency has been converted to Australian dollars at an average exchange rate over the year.

			Short-term benefits			Post-employment benefits				
(A$)	**Location**	**Financial Year**	**Cash salary [1]**	**Cash bonus[2]**	**Other benefits[3]**	**Pension and superannuation**	**Other long-term benefits[4]**	**Termination Benefits**	**Share-based payments[5]**	**Total**
Executives (including the Executive Director and Group CEO)										
G Claro[3,4,6,7]	USA	**2015**	**1,193,040**	**1,108,895**	**240,383**	**67,836**	**5,965**	**-**	**1,516,153**	**4,132,272**
		2014	722,178	1,263,742	165,264	62,180	5,442	-	904,954	3,123,760
F Knechtel[7,10]	USA	**2015**	**569,672**	**693,524**	**41,997**	**49,962**	**-**	**-**	**757,289**	**2,112,444**
B Schmiedel[4,7,11]	USA	**2015**	**944,894**	**794,573**	**21,946**	**45,775**	**5,965**	**-**	**523,563**	**2,336,716**
D McGree[4]	Australia	**2015**	**753,568**	**94,711**	**3,295**	**25,000**	**410,333**	**778,568**	**1,139,617**	**3,205,092**
		2014	727,240	884,243	11,490	25,000	12,105	-	590,173	2,250,251
S Skurnac[4,7,8]	USA	**2015**	**610,833**	**825,379**	**305,505**	**48,297**	**5,965**	**-**	**344,676**	**2,140,655**
		2014	544,247	124,741	178,784	35,424	5,442	-	244,513	1,133,151
Former Executives										
R Kelman[4,7,8]	USA	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2014	789,171	-	120,462	26,412	5,442	-	751,311	1,692,798
R Larry[4,7,9]	USA	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2014	745,632	-	65,135	33,337	5,442	791,336	770,342	2,411,224
Total		**2015**	**4,072,007**	**3,517,082**	**613,126**	**236,870**	**428,228**	**778,568**	**4,281,298**	**13,927,179**
		2014	3,528,468	2,272,726	541,135	182,353	33,873	791,336	3,261,293	10,611,184

1 Cash salary includes amounts sacrificed in lieu of other benefits at the discretion of the individual.

2 Cash bonus amounts for FY15 and FY14 reflect the amounts accrued for all Executives under the FY15 and FY14 STI plans respectively. In accordance with the Group CEO's offer of employment, he received a US$650,000 signing bonus which is reflected in FY14. This signing bonus was designed to compensate for the cash incentive Mr Claro would have received had he remained with his previous employer. In accordance with the Group CFO's offer of employment, he received a US$200,000 signing bonus.

3 Other short-term benefits include auto allowances, health and life insurance benefits, amounts accrued for annual leave during the period and personal security payments. For USA employees, it also includes a Paid Time Off policy which includes a carry-over feature of up to twice the annual entitlement. In lieu of "other benefits" as provided by the Group CEO's employment agreement, Mr Claro received a prorated payment of US$100,000 for FY14.

4 Other long-term benefits include amounts accrued for cash-based long-term incentive plans, long-service leave (for Mr McGree) and deferred compensation plans (for Messrs Claro, Schmiedel, Skurnac, Kelman and Larry).

5 Share-based payments represent the accounting expense (as computed pursuant to AASB 2, 'Share-based Payments') recognised by the Company for share-based awards.

6 Mr Claro commenced on 4 November 2013. Mr Claro's FY14 remuneration disclosed above reflects his remuneration for the period 4 November 2013 to 30 June 2014.

7 Messrs Claro, Knechtel, Schmiedel, Skurnac, Kelman and Larry received their cash payments in United States dollars.

8 Mr Kelman was seconded to the UK on 1 August 2014. Other short-term benefits include benefits associated with his Secondment Agreement such as relocation, house hunting expenses, child's tuition etc. Mr Skumac was seconded to the UK on 1 July 2013. Other short-term benefits include benefits associated with his Secondment Agreement such as transportation to the UK, house hunting expenses, relocation, housing allowance, etc.

9 Mr Larry's termination benefit is comprised primarily of 12 month's severance, Company paid health insurance and executive outplacement services.

10 Mr Knechtel commenced employment 28 October 2014 and reflects remuneration for the period 28 October 2014 to 30 June 2015.

11 In accordance with the terms of his employment agreement, Mr. Schmiedel received a special Global Trade bonus of US$25,885.

Fixed and actual 'at-risk' remuneration for FY15

Outlined below is the percentage of the Executives' (including the Executive Director and Group CEO) FY15 remuneration that was fixed and 'at-risk' based upon the statutory remuneration table. The percentage of their remuneration that consisted of rights/RSUs and options is also disclosed.

	Fixed Remuneration %	'At-Risk' Remuneration %	Remuneration consisting of rights/RSUs %	Remuneration consisting of options %
Executives				
G Claro	36%	64%	28%	8%
F Knechtel	31%	69%	29%	7%
W Schmiedel	43%	57%	12%	10%
D McGree	50%	50%	20%	15%
S Skurnac	45%	55%	10%	7%

Guidelines for approval of Discretionary Awards

The guidelines for approval authority limits for individual discretionary cash awards and aggregate discretionary cash and / or equity awards are:

- ***Individual awards:*** Any individual discretionary cash and / or equity award in excess of US$250,000 must be presented to the Committee for approval. This is a reduction in the prior threshold of US$500,000.

- ***Aggregate awards:*** If the aggregate sum of the cash and / or equity award per occurrence is in excess of the Group CEO Discretionary Capital Expenditure authority (currently US$1,000,000), then it must be presented to the Committee for approval.

All discretionary awards that are approved by the Group CEO are subsequently presented to the Committee for ratification.

Securities Trading Policy

The trading of securities issued to participants pursuant to the LTI plan is subject to, and conditional upon, compliance with the terms of the Company's policy titled *Dealings in Sims Metal Management Limited Securities* (a copy of which is available on the Company's website at www.simsmm.com).

Executives are prohibited from entering into any hedging arrangements over unvested awards under the LTI plan. The Company would consider a breach of the Securities Trading Policy as serious misconduct, which may lead to disciplinary action up to and including dismissal.

5. EXECUTIVE CONTRACTS

5.1 Executive Director and Group CEO

The key terms of Mr Claro's employment contract are:

Commencement date	Contract duration	Notice period from the Company	Notice period from the Executive	Termination provisions
4 November 2013	The executive signed an ongoing contract effective 22 August 2014	3 months prior notice in writing	3 months prior notice in writing	Mr Claro's employment may be terminated immediately by the Company for cause, or by either party for convenience, or by Mr Claro for good reason, each term as defined in the contract.

Termination of employment: If Mr Claro's employment is terminated by the Company for convenience on 3 months' written notice, then Mr Claro will be entitled to:

(a) a Severance Payment (see below);
(b) a pro-rata STI in respect of the performance year in which the termination occurs and based on the actual performance results of the Group for that year (Pro-Rata Bonus), unless the Board determines otherwise acting reasonably having regard to the performance of Mr Claro over the preceding years;
(c) continued vesting of any equity awards under the LTI plan (subject to any performance hurdles) granted to him before termination (Continued Equity Award Vesting), unless the Board determines otherwise as above;
(d) any accrued but unpaid remuneration, accrued but untaken holiday leave (subject to Company policy) and reimbursement for incurred expenses (Accrued Benefits); and
(e) up to 12 months of Company paid health insurance premiums (Insurance).

If Mr Claro terminates his employment for good reason, then he will be entitled to the Severance Payment, Pro-Rata Bonus, Continued Equity Award Vesting, Accrued Benefits, and the Insurance.

If his employment is terminated on the death or permanent disablement of Mr Claro, or in other circumstances determined at the discretion of the Board, then Mr Claro (or his beneficiary or legal representative) will be entitled to the Pro-Rata Bonus, Continued Equity Award Vesting and, other than on death, the Insurance.

If his employment is terminated by the Company for Cause, or if Mr Claro terminates for convenience on 3 months' written notice, then Mr Claro is only entitled to the Accrued Benefits.

Generally, as approved by shareholders on 14 November 2013, a Severance Payment is equal to Mr Claro's final year's total fixed remuneration.

Change of control: A change of control, as defined in the contract, of the Company, may allow Mr Claro to terminate his employment for good reason.

5.2 Executives

The key terms of the Executives' employment contracts are:

Name	Contract duration	Notice period from the Company	Notice period from the Executive	Termination provisions (other than for cause) and change of control provisions
F Knechtel	- The executive signed an ongoing contract effective 22 August 2014	3 months prior notice in writing	3 months prior notice in writing	**Termination:** The termination provisions contain similar benefits as illustrated above under the Group CEO's contract, including: - 12 months base salary - Pro-rata STI bonus payment based on terms of the STI Plan - LTI awards continue to vest (subject to any performance conditions) in accordance with their original vesting schedule - Up to 12 months of Company paid health insurance premiums **Change of control:** The executive may be allowed to terminate his employment for good reason
S Skurnac	- The executive signed an ongoing contract effective 1 July 2014	3 months prior notice in writing	3 months prior notice in writing	**Termination:** The termination provisions are the same as in Mr Knechtel's contract described above **Change of control:** The executive may be allowed to terminate his employment for good reason
W Schmiedel	- The executive signed an ongoing contract effective 1 July 2014	3 months prior notice in writing	3 months prior notice in writing	**Termination:** The termination provisions are broadly the same as in Mr Knechtel's contract described above **Change of control:** The executive may be allowed to terminate his employment for good reason
D McGree	- The executive's employment with the Company ended on 30 June 2015; however, he remains available to the Company through to July 2016	12 months prior notice in writing	3 months prior notice in writing	**Termination:** - 12 months total fixed remuneration or payment in lieu - In the event of redundancy, entitled to the greater of 12 months' notice or payment in lieu, or a benefit calculated by reference to the Sims Group Redundancy Policy up to a maximum of 18 months total fixed remuneration plus most recent STI award, depending upon years of service **Change of control:** Entitled to a payment equivalent to six months total fixed remuneration if he remains in the employ of the Company six months after a takeover of the Company (or if he is terminated within six months of such a takeover)

6. NON-EXECUTIVE DIRECTORS' FEES

Key development:

In recognition of Company performance, it was agreed that NED fees, which were reduced by 10% in FY14, revert to FY13 levels in FY15.

6.1 Approach to determining the fees of Non-Executive Directors (NEDs)

The level of NED fees reflects the need to reward directors for their commitment to the corporate governance of the Company, their active participation in the affairs of the business and the contribution they make generally to the maximisation of shareholder value. The Company aims to provide a level of fees for NEDs taking into account, among other things, fees paid for similar roles in comparable companies, the time commitment, risk and responsibility accepted by NEDs, and recognition of their commercial expertise and experience.

6.2 NEDs' fees

The total amount of fees, including superannuation, for all NEDs must not exceed the limit approved by shareholders. The current NED fee cap is A$3,000,000 per annum, approved at the Company's 2009 AGM.

In FY14, based on the Company's performance and in an effort to reduce costs, NED fees were reduced by 10%. In FY15, NED fees reverted to FY13 levels. In addition, a review of NED Committee fees was undertaken in FY15 which resulted in the following changes subsequent to the 2014 AGM:

- the annual chairperson fee for the Risk, Audit & Compliance Committee was reduced from A$/US$65,000 to A$/US$25,000;
- the annual chairperson fee for all other Board committees was reduced from A$/US$35,000 to A$/US$25,000;
- the Chairperson of the Board does not receive a fee for chairing the Nomination/Governance Committee; and
- additional annual fees of A$/US$8,000 are paid for committee membership.

The table below outlines NED fees for FY14 and FY15:

NED FEES (A$)/(US$)	2014	2015
Base fee (Chairperson)	405,475	450,528
Base fee (NED)	183,082	203,424
Chairperson Risk, Audit & Compliance Committee[1]	58,500	25,000
Chairperson Safety, Health, Environment, Community & Sustainability Committee[2]	31,500	25,000
Chairperson Remuneration Committee[2]	31,500	25,000
Chairperson Finance & Investment Committee[2]	31,500	25,000
Chairperson Nomination/Governance Committee[2]	31,500	25,000
Committee membership[3]	-	8,000

1 The annual fee was A$/US$65,000 through the 2014 AGM.
2 The annual fee was A$/US$35,000 through the 2014 AGM.
3 Effective after the 2014 AGM.

NEDs also receive reimbursement for reasonable travel, accommodation and other expenses incurred in travelling to and/or from meetings of the Board, or when otherwise engaged in the business of the Company in accordance with Board policy.

NEDs are not currently covered by any contract of employment; therefore, they have no contract duration, notice period for termination, or entitlement to termination payments. NEDs do not participate in any incentive (cash or equity-based) arrangements.

6.3 Superannuation; no retirement benefits

For Australian resident NEDs, superannuation is paid in addition to the above fees. The Company pays superannuation at 9.50% for each Australian resident NED. Superannuation is not paid in respect of overseas directors. NEDs do not receive any retirement benefits.

Statutory NED remuneration disclosures

For NEDs who receive payments in foreign currencies, the table below reflects the Australian dollar equivalent based on the exchange rate at the date of payment. Accordingly, exchange rate movements have influenced the disclosed fee level. For US resident NEDs, the table below also discloses the actual US dollar payments made to them.

			Short-term benefits	Post-employment benefits		
Name	**Location**	**Financial Year**	**Cash Fees**	**Super-annuation[7]**	**Total A$**	**Total US$**
R Bass[1, 2]	USA	**2015**	**247,700**	**-**	**247,700**	**229,391**
		2014	160,080	-	160,080	147,262
N Bobins[1,3]	USA	**2015**	**93,439**	**-**	**93,439**	**87,772**
		2014	233,551	-	233,551	214,582
G Brunsdon[4]	Australia	**2015**	**460,661**	**43,763**	**504,424**	**n/a**
		2014	605,475	56,006	661,481	n/a
J DiLacqua[1]	USA	**2015**	**261,361**	**-**	**261,361**	**242,224**
		2014	233,537	-	233,537	214,582
G Morris[1, 3]	USA	**2015**	**105,196**	**-**	**105,196**	**98,816**
		2014	266,315	-	266,315	244,657
G Nelson[1,5]	USA	**2015**	**153,368**	**-**	**153,368**	**138,522**
D O'Toole[5]	Australia	**2015**	**145,750**	**13,846**	**159,596**	**n/a**
C Renwick	Australia	**2015**	**242,224**	**23,011**	**265,235**	**n/a**
		2014	214,582	19,849	234,431	n/a
H Ridout	Australia	**2015**	**223,691**	**21,250**	**244,941**	**n/a**
		2014	183,082	16,935	200,017	n/a
T Sato[6]	Japan	**2015**	**213,424**	-	**213,424**	**n/a**
		2014	183,082	-	183,082	n/a
J Thompson[1,4]	USA	**2015**	**261,361**	-	**261,361**	**242,224**
		2014	446,348	-	446,348	414,582
Total		**2015**	**2,408,175**	**101,870**	**2,510,045**	**1,038,949**
		2014	2,526,052	92,790	2,618,842	1,235,665

[1] Messrs Bass, Bobins, DiLacqua, Morris and Thompson and Ms Nelson are residents of the USA and received their payments in US dollars. Fees for FY14 and FY15 that were paid in US dollars were converted at a rate of A$1 to US$1 as established by the Committee in July 2011.

[2] Mr Bass was appointed to the Board on 10 September 2013.

[3] Messrs Bobins and Morris retired from the Board on 13 November 2014.

[4] FY14 fees for Messrs Brunsdon and Thompson include a special one-off award in the amount of A$200,000 and US$200,000, respectively, for leading the Company during the period that the Company operated without a Group CEO.

[5] Ms Nelson and Ms O'Toole were appointed to the Board on 1 November 2014 and elected at the 2014 AGM on 13 November 2014.

[6] Mr Sato is Mitsui's representative director. His NED fees are paid to a Mitsui affiliate in Australia.

[7] Superannuation contributions are made on behalf of Australian resident NEDs to satisfy the Company's obligations under Australian Superannuation Guarantee legislation.

7. SHARE-BASED PAYMENT DISCLOSURES AND EQUITY HOLDINGS

7.1 Options provided as Remuneration

The following table summarises the terms of outstanding option grants (and phantom option grants where applicable) for the Executives (including the Executive Director and Group CEO).

Name	Grant date	Number granted	Exercise price	Fair value at grant date	Date next tranche can be exercised	Expiry date	% of options that have vested	Maximum total value of unvested grant[1]
Ordinary Shares (A$)								
G Claro	15 Nov 13	138,714	$ 9.98	$ 2.77	31 Aug 15	15 Nov 20	33.3%	$ 69,584
	14 Nov 14	172,866	$ 10.85	$ 2.61	31 Aug 15	14 Nov 21	0%	$ 252,405
F Knechtel	14 Nov 14	131,528	$ 10.85	$ 2.61	31 Aug 15	14 Nov 21	0%	$ 192,046
D McGree	16 Nov 12	146,268[2]	$ 9.29	$ 2.35[2]	31 Aug 15	16 Nov 19	66.7%	$ -[3]
	15 Nov 13	101,726[2]	$ 9.98	$ 2.22[2]	31 Aug 15	15 Nov 20	33.3%	$ -[3]
	14 Nov 14	89,442[2]	$ 10.85	$ 2.13[2]	31 Aug 15	14 Nov 21	0%	$ -[3]
W Schmiedel	15 Nov 13	75,032	$ 9.98	$ 2.77	31 Aug 15	15 Nov 20	33.3%	$ 37,639
	14 Nov 14	99,210	$ 10.85	$ 2.61	31 Aug 15	14 Nov 21	0%	$ 144,859
S Skurnac	15 Nov 13	54,768	$ 9.98	$ 2.77	31 Aug 15	15 Nov 20	33.3%	$ 27,474
	14 Nov 14	64,136	$ 10.85	$ 2.61	31 Aug 15	14 Nov 21	0%	$ 93,646
ADSs (US$)								
W Schmiedel	16 Nov 12	89,505	$ 9.49	$ 2.18	31 Aug 15	16 Nov 19	66.7%	$ 4,248
S Skurnac	16 Nov 12	21,042	$ 9.49	$ 2.18	31 Aug 15	16 Nov 19	66.7%	$ 999

1 No options will vest if the vesting conditions are not satisfied, hence the minimum value of unvested awards is nil. The maximum value of the unvested awards has been determined as the amount of the grant date fair value that is yet to be expensed.

2 Represents a cash-settled phantom option grant. In accordance with AASB 2, the fair value is as of the end of the reporting period.

3 Mr McGree ceased employment with the Group on 30 June 2015 which was determined to be a "Qualifying Cessation" in accordance with the LTI plan rules. The maximum value of the unvested award is nil as the remaining fair value of the awards was fully expensed in FY15.

The number of options over ordinary shares or ADSs in the Company held during the financial year by each Executive (including the Executive Director and Group CEO) is set out below. Values are in Australian dollars for ordinary shares and US dollars for ADSs.

Name	Instrument that options are over	Balance at 1 July 2014	Number Granted	Number Exercised	Balance at 30 June 2015	Vested	Unvested	Number of options that vested during FY15	Value of options granted during FY15	Value of options that were exercised or sold during FY15[1]
G Claro	Ordinary shares	138,714	172,866	-	311,580	46,238	265,342	46,238	$ 451,180	$ -
F Knechtel	Ordinary shares	-	131,528	-	131,528	-	131,528	-	$ 343,288	$ -
D McGree[2]	Ordinary shares	486,258	89,442	(131,421)	444,279	238,264	206,015[3]	111,751	$ 190,810	$ 383,991
W Schmiedel	ADSs	251,687	-	-	251,687	221,852	29,835	47,566	$ -	$ -
	Ordinary shares	75,032	99,210	-	174,242	25,011	149,231	25,011	$ 258,938	$ -
S Skurnac	ADSs	58,623	-	-	58,623	51,609	7,014	11,182	$ -	$ -
	Ordinary shares	54,768	64,136	-	118,904	18,256	100,648	18,256	$ 167,395	$ -

No options lapsed during the financial year.

[1] The value at exercise date of the options that were exercised during the financial year has been determined as the intrinsic value of the options at that date (share price less exercise price).

[2] Includes cash-settled option grants.

[3] Mr McGree's cessation of employment was determined to be a "Qualifying Cessation" under the LTI plan rules. Therefore, any unvested options will continue to vest pursuant to the original terms of the option grants.

7.2 Performance Rights and Restricted Stock Units (RSUs) provided as Remuneration

The following table summarises the terms of outstanding performance rights and RSUs for the Executives (including the Executive Director and Group CEO). None of these performance rights and RSUs have vested.

Name	Grant date	Number granted	Fair value at grant date	Date next tranche vests	Expiry Date	Maximum total value of unvested grant[1]
Ordinary Shares (A$)						
G Claro	15 Nov 13	123,436	$ 5.38	31 Aug 16	31 Aug 16	$ 245,448
	15 Nov 13	78,153	$ 9.61	31 Aug 16	31 Aug 16	$ 751,050[2]
	15 Nov 13[3]	58,252	$ 9.82	01 Dec 15	01 Dec 15	$ 117,930
	14 Nov 14	127,467	$ 7.45	31 Aug 17	31 Aug 17	$ 650,307
	14 Nov 14	91,781	$ 10.10	31 Aug 17	31 Aug 17	$ 780,896[4]
F Knechtel	28 Oct 14[5]	34,955	$ 10.33	28 Oct 15	28 Oct 15	$ 118,389
	28 Oct 14[5]	34,955	$ 10.02	28 Oct 16	28 Oct 16	$ 232,542
	28 Oct 14[5]	34,955	$ 9.72	28 Oct 17	28 Oct 17	$ 263,572
	14 Nov 14	48,493	$ 7.45	31 Aug 17	31 Aug 17	$ 247,400
	14 Nov 14	34,917	$ 10.10	31 Aug 17	31 Aug 17	$ 297,082[4]
D McGree	16 Nov 12	54,589	$ 5.29	31 Aug 15	31 Aug 17	$ -[6]
	15 Nov 13	45,261	$ 5.38	31 Aug 16	31 Aug 16	$ -[6]
	15 Nov 13	28,657	$ 9.61	31 Aug 16	31 Aug 16	$ 275,394[2]
	14 Nov 14	32,976	$ 7.45	31 Aug 17	31 Aug 17	$ -[6]
	14 Nov 14	23,744	$ 10.10	31 Aug 17	31 Aug 17	$ 119,907[4]
W Schmiedel	15 Nov 13	43,354	$ 5.38	31 Aug 16	31 Aug 16	$ 86,208
	15 Nov 13	21,983	$ 9.61	31 Aug 16	31 Aug 16	$ 211,257[2]
	14 Nov 14	36,577	$ 7.45	31 Aug 17	31 Aug 17	$ 186,607
	14 Nov 14	26,337	$ 10.10	31 Aug 17	31 Aug 17	$ 244,082[4]
S Skurnac	15 Nov 13	31,646	$ 5.38	31 Aug 16	31 Aug 16	$ 62,927
	15 Nov 13	16,046	$ 9.61	31 Aug 16	31 Aug 16	$ 154,202[2]
	14 Nov 14	23,646	$ 7.45	31 Aug 17	31 Aug 17	$ 120,636
	14 Nov 14	17,026	$ 10.10	31 Aug 17	31 Aug 17	$ 144,862[4]
ADSs (US$)						
W Schmiedel	30 Nov 10	14,489	$ 9.29	21 Aug 15	21 Aug 15	$ -
	17 Dec 10	10,998	$ 9.29	21 Aug 15	21 Aug 15	$ -
	11 Nov 11	31,211	$ 8.24	21 Aug 15	31 Aug 16	$ -
	16 Nov 12	46,961	$ 4.12	31 Aug 15	31 Aug 17	$ 10,368
S Skurnac	30 Nov 10	4,477	$ 9.29	21 Aug 15	21 Aug 15	$ -
	11 Nov 11	7,338	$ 8.24	21 Aug 15	31 Aug 16	$ -
	16 Nov 12	11,040	$ 4.12	31 Aug 15	31 Aug 17	$ 2,438
	27 Jun 13	16,067	$ 7.30	27 Jun 16	27 Jun 16	$ 38,811

[1] No performance rights will vest if the vesting conditions are not satisfied, hence the minimum value of unvested awards is nil. The maximum value of the unvested performance rights has been determined as the amount of the grant date fair value that is yet to be expensed.

[2] These grants relate to performance rights issued in FY14 subject to an EPS hurdle. Based on the Company's assessment at 30 June 2015, these performance rights will not vest. No amount has been expensed relating to these performance rights in FY15.

[3] Mr Claro received a sign-on RSU award in FY14 equating to a value of US$1 million, half of which vested on 1 December 2014.

[4] These grants relate to performance rights issued in FY15 subject to an EPS hurdle. Based on the Company's assessment at 30 June 2015, only 50% of these performance rights are expected to vest.

[5] Mr Knechtel received a sign-on RSU award on his commencement date of 28 October 2014 equating to a value of US$1 million.

[6] Mr McGree ceased employment with the Group on 30 June 2015 which was determined to be a "Qualifying Cessation" in accordance with the LTI plan rules. The maximum value of the unvested award is nil as the remaining fair value of the awards was fully expensed in FY15.

The number of performance rights and RSUs to ordinary shares or ADSs in the Company held during the financial year by each Executive (including the Executive Director and Group CEO) is set out below.

Name	Instrument that performance rights and RSUs are over	Balance at 1 July 2014	Number Granted	Number Vested	Number Forfeited	Balance at 30 June 2015
G Claro	Ordinary shares	318,094	219,248	(58,253)	-	479,089
F Knechtel	Ordinary shares	-	188,275	-	-	188,275
D McGree	Ordinary shares	208,930	56,720	-	(80,423)	185,227[1]
W Schmiedel	ADSs	120,509	-	-	(16,850)	103,659
	Ordinary shares	65,337	62,914	-	-	128,251
S Skurnac	ADSs	42,310	-	-	(3,388)	38,922
	Ordinary shares	47,692	40,672	-	-	88,364

[1] Mr McGree's cessation of employment was determined to be a "Qualifying Cessation" under the LTI plan rules. Therefore, any qualifying unvested performance rights will continue to vest pursuant to the original terms of the performance rights grants.

7.3 Share Holdings

The number of shares in the Company held during the financial year by each Director and other KMP, including their personally related parties, is set out below:

Name	Balance at 1 July 2014	Received on exercise of options, performance rights and RSUs	Purchases / (sales)	Other changes during the year	Balance at 30 June 2015
Non-Executive Directors					
R Bass	10,600	-	4,400	-	15,000
N Bobins	54,600	-	-	(54,600) [1]	-
G Brunsdon	22,057	-	-	-	22,057
J DiLacqua	-	-	2,500	-	2,500
G Morris	40,500	-	-	(40,500) [1]	-
G Nelson	-	-	6,700	-	6,700
D O'Toole	-	-	3,000	-	3,000
C Renwick	13,144	-	-	-	13,144
H Ridout	-	-	5,000	-	5,000
T Sato	-	-	-	-	-
J Thompson	12,000	-	-	-	12,000
Executives					
G Claro	-	58,253	(20,000)	-	38,253
F Knechtel	-	-	-	-	-
D McGree	47,462	-	-	-	47,462
W Schmiedel	4,413	-	113	-	4,526
S. Skurnac (ADSs)	2,498	-	58	-	2,556

[1] Represents shares held at time of retirement from the Board.

8. OTHER TRANSACTIONS WITH KMP

Transactions entered into with any Directors or other KMP of the Group, including their personally related parties, are at normal commercial terms.

Mr Sato serves as the representative director for Mitsui & Co. His director remuneration is paid directly to Mitsui & Co. In FY15, the Group paid A$213,424 to Mitsui & Co. for director remuneration (2014: A$183,082).

9. SHAREHOLDER OUTREACH

The Company has an active shareholder outreach process and routinely interacts with its shareholders to better understand their views on the Company's executive remuneration programs. Although the last publicly disclosed advisory vote on the Company's remuneration report received majority support, the Committee and senior management believe it is critical to continue to engage with shareholders on remuneration and governance matters.

The Committee considers all feedback from the Company's shareholders and stakeholders, as well as additional information from its independent compensation consultant and other advisors, to highlight possible changes to the Company's executive remuneration programs.

The Company, as well as members of the Committee, believe that it is critical to continue to seek shareholder input on the Company's programs, to ensure best-in-class remuneration plan design, in order to provide the appropriate rewards to the Company's senior leaders and executive teams to drive sustainable financial growth and shareholder value.

At the 2014 AGM, the Company's shareholders approved the resolution to adopt the FY14 Remuneration Report with 98% of proxy votes having been cast in favour.

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
Chairperson
Sydney
21 August 2015

G Claro
Managing Director and Group CEO
New York
20 August 2015

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

21 August 2015

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 audit of the financial statements of Sims Metal Management Limited for the financial year ended 30 June 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Sims Metal Management Limited
Consolidated Income Statements
For the year ended 30 June 2015

	Note	2015 A$m	2014 A$m (restated)
Continuing operations			
Revenue	6	**6,328.1**	7,036.4
Other income	7	**48.8**	20.7
Raw materials used and changes in inventories		**(4,477.1)**	(5,177.1)
Freight expense		**(491.5)**	(519.9)
Employee benefits expense		**(581.4)**	(553.1)
Depreciation and amortisation expense	7	**(120.8)**	(117.5)
Repairs and maintenance expense		**(95.7)**	(96.0)
Other expenses		**(468.3)**	(476.3)
Impairment of goodwill and other intangibles	7	**-**	(28.0)
Finance costs	7	**(17.3)**	(23.2)
Share of results of associates and joint ventures	28	**12.2**	(3.3)
Profit before income tax		**137.0**	62.7
Income tax expense	8	**(27.2)**	(46.4)
Profit from continuing operations		**109.8**	16.3
Discontinued operations			
Income/(loss) from discontinued operations	33	**0.1**	(105.2)
Profit/(loss) for the year		**109.9**	(88.9)

		A¢	A¢ (restated)
Earnings/(loss) per share			
From continuing and discontinued operations			
Basic	4	**53.7**	(43.5)
Diluted	4	**53.3**	(43.5)
From continuing operations			
Basic	4	**53.6**	8.0
Diluted	4	**53.2**	8.0

The consolidated income statements should be read in conjunction with the accompanying notes. See note 33 for details regarding restatement of balances for the year ended 30 June 2014 to separately show those operations classified as discontinued in the current financial year.

Sims Metal Management Limited
Consolidated Statements of Comprehensive Income
For the year ended 30 June 2015

	Note	2015 A$m	2014 A$m
Profit/(loss) for the year		**109.9**	(88.9)
Other comprehensive income:			
Items that may be reclassified to profit or loss, net of tax			
Movement in cash flow hedge reserve	20	**(2.2)**	4.4
Foreign exchange translation differences arising during the period	20	**216.6**	(17.8)
Recycling of foreign currency translation reserve on disposal of foreign operations and associates	20	**(1.0)**	(4.8)
Share of other comprehensive income of associates	28	**0.4**	0.3
Items that will not be reclassified to profit or loss, net of tax			
Re-measurements of defined benefit plans	18	**(3.1)**	(2.6)
Other comprehensive income/(loss) for the year, net of tax		**210.7**	(20.5)
Total comprehensive income/(loss) for the year		**320.6**	(109.4)

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 30 June 2015

	Note	2015 A$m	2014 A$m
Current assets			
Cash and cash equivalents	31	**316.0**	57.2
Trade and other receivables	9	**396.6**	445.6
Inventory	10	**476.4**	545.0
Other financial assets	11	**15.4**	51.8
Assets classified as held for sale	32	**1.8**	7.4
Total current assets		**1,206.2**	1,107.0
Non-current assets			
Investments in associates and joint ventures	28	**299.4**	314.9
Other financial assets	11	**12.4**	7.2
Property, plant and equipment	12	**1,031.8**	903.0
Retirement benefit assets	18	**2.9**	2.1
Deferred tax assets	8	**99.9**	99.4
Goodwill	13	**150.0**	139.3
Other intangible assets	14	**79.2**	76.5
Total non-current assets		**1,675.6**	1,542.4
Total assets		**2,881.8**	2,649.4
Current liabilities			
Trade and other payables	15	**527.7**	571.4
Borrowings	16	**0.5**	0.5
Other financial liabilities	11	**1.6**	4.5
Current tax liabilities		**12.2**	24.8
Provisions	17	**64.0**	76.4
Total current liabilities		**606.0**	677.6
Non-current liabilities			
Payables	15	**6.8**	6.5
Borrowings	16	**1.6**	14.4
Deferred tax liabilities	8	**96.4**	66.0
Provisions	17	**51.8**	46.4
Retirement benefit obligations	18	**6.4**	4.6
Total non-current liabilities		**163.0**	137.9
Total liabilities		**769.0**	815.5
Net assets		**2,112.8**	1,833.9
Equity			
Contributed equity	19	**2,797.4**	2,796.4
Reserves	20	**22.0**	(202.3)
Accumulated deficit	20	**(706.6)**	(760.2)
Total equity		**2,112.8**	1,833.9

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 year ended 30 June 2015

	Note	Contributed equity A$m	Reserves A$m	Accumulated deficit A$m	Total equity A$m
Balance at 1 July 2013		2,795.7	(197.8)	(668.7)	1,929.2
Loss for the year		-	-	(88.9)	(88.9)
Other comprehensive loss		-	(17.9)	(2.6)	(20.5)
Total comprehensive loss for the year		-	(17.9)	(91.5)	(109.4)
Transactions with owners in their capacity as owners:					
Share options exercised		0.7	-	-	0.7
Share-based payments expense, net of tax		-	13.4	-	13.4
		0.7	13.4	-	14.1
Balance at 30 June 2014		2,796.4	(202.3)	(760.2)	1,833.9
Profit for the year		**-**	**-**	**109.9**	**109.9**
Other comprehensive income/(loss)		**-**	**213.8**	**(3.1)**	**210.7**
Total comprehensive income/(loss) for the year		**-**	**213.8**	**106.8**	**320.6**
Transactions with owners in their capacity as owners:					
Dividends paid	21	**-**	**-**	**(53.2)**	**(53.2)**
Share options exercised		**1.0**	**-**	**-**	**1.0**
Share-based payments expense, net of tax		**-**	**10.5**	**-**	**10.5**
		1.0	**10.5**	**(53.2)**	**(41.7)**
Balance at 30 June 2015		**2,797.4**	**22.0**	**(706.6)**	**2,112.8**

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 year ended 30 June 2015

	Note	2015 A$m	2014 A$m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**6,526.3**	7,295.5
Payments to suppliers and employees (inclusive of GST)		**(6,197.8)**	(7,066.6)
Interest received		**7.7**	6.0
Interest paid		**(15.8)**	(22.6)
Insurance recoveries		**5.1**	8.9
Dividends received from associates and joint ventures		**13.1**	8.0
Income taxes paid		**(40.5)**	(19.1)
Net cash inflows from operating activities	31	**298.1**	210.1
Cash flows from investing activities			
Payments for property, plant and equipment	12	**(95.3)**	(64.1)
Proceeds from sale of property, plant and equipment		**11.8**	4.8
Proceeds from sale of assets held for sale		**4.2**	-
Payments for acquisition of subsidiaries, net of cash acquired	26	**(5.7)**	-
Proceeds from sale of business divisions	26	**-**	38.4
Proceeds from sale of interest in associate	28	**74.5**	-
Proceeds from sale of a loan	11(a)	**52.2**	-
Payments for other financial assets		**(1.0)**	(1.1)
Proceeds from sale of other financial assets		**1.5**	1.7
Loans to a joint venture		**-**	(3.6)
Proceeds from repayment on joint venture loans		**-**	3.6
Loans to third parties		**(0.8)**	(1.1)
Proceeds from repayment on third party loans		**0.3**	20.5
Net cash inflows/(outflows) from investing activities		**41.7**	(0.9)
Cash flows from financing activities			
Proceeds from borrowings		**2,001.7**	2,660.7
Repayment of borrowings		**(2,049.4)**	(2,859.1)
Fees paid for loan facilities		**-**	(1.7)
Repayment of finance leases		**(0.5)**	(0.3)
Proceeds from issue of shares		**1.0**	0.7
Dividends paid	21	**(53.2)**	-
Net cash outflows from financing activities		**(100.4)**	(199.7)
Net increase in cash and cash equivalents		**239.4**	9.5
Cash and cash equivalents at the beginning of the financial year		**57.2**	46.9
Effects of exchange rate changes on cash and cash equivalents		**19.4**	0.8
Cash and cash equivalents at the end of the financial year	31	**316.0**	57.2

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

Sims Metal Management Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

Note 1 – Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting entity

Sims Metal Management Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures and joint operations. The Group is a for-profit entity for the purpose of preparing the consolidated financial statements.

(b) Basis of preparation

Statement of compliance
The consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with Australian Accounting Standards ensures that the consolidated financial statements comply with International Financial Reporting Standards ("IFRS").

Historical cost convention
The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, defined benefit plan assets associated with retirement benefit obligations and liabilities for cash-settled share based payments, which are measured at fair value.

Rounding of amounts
The Company is of a kind referred to in 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.

(c) Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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.

(d) New accounting standards and interpretations

New and amended accounting standards issued by the AASB and IASB which became effective on 1 July 2014 that are relevant to the Group include:

- AASB 1031 *Materiality* (2013)
- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-9 *Amendments to Australian Accounting Standards* – Part B: *Materiality*
- AASB 2014-1 *Amendments to Australian Account Standards*
    - Part A: *Annual Improvements 2010-2012 and 2011-2013 Cycles*
    - Part B: *Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)*
    - Part C: *Materiality*

The adoption of the above accounting standards had no material impact on the Group.

Note 1 – Summary of significant accounting policies (continued)

(d) New accounting standards and interpretations (continued)

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2015 and have not been applied in preparing these consolidated financial statements. The Group's assessment of the impact of new standards, amendments to standards and interpretations applicable to the Group is set out below:

AASB 9 Financial Instruments
AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities and sets out new hedge accounting requirements. The impact of AASB 9 is being assessed by management but is not expected to have a significant impact on the Group's accounting for financial assets and financial liabilities. AASB 9 is effective for annual periods beginning on or after 1 July 2018, and is available for early adoption.

AASB 15 Revenue from Contracts with Customers
AASB 15 establishes a new, single revenue accounting model which replaces existing revenue recognition guidance. The concept of transfer of risks and rewards is replaced with the notion that revenue is recognised when a customer obtains control of a good or service, that is, when the customer has the ability to direct the use of and obtain the benefits from the good or service. Additionally, the standard introduces requirements regarding variable consideration, allocation of transaction price based on relative standalone selling price and the time value of money with respect to longer-term contracts. AASB 15 is effective for annual periods beginning on or after 1 January 2017, and is available for early adoption. The Group has not yet assessed how its revenue recognition policy will be impacted by the new rules.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(e) Basis of consolidation

(i) Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates
An associate is an entity over whose operating and financial policies the Group exercises significant influence, but not control. Significant influence is presumed to exist where the Group has between 20% and 50% of the voting rights, but can also arise where the Group holds less than 20% if it has the power to be actively involved and influential in policy decisions impacting the entity. The Group's investment in associates includes goodwill identified on acquisition. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Note 1 – Summary of significant accounting policies (continued)

(e) Basis of consolidation (continued)

(ii) Associates (continued)
The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

(iii) Joint arrangements
Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined that it has both joint operations and joint ventures.

Joint operations
The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 28(g).

Joint ventures
Interests in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

(iv) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(v) Changes in ownership interests
When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Note 1 – Summary of significant accounting policies (continued)

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(g) Foreign currency translation

(i) Functional and presentation currency
The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars ("A$"), which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Note 1 – Summary of significant accounting policies (continued)

(g) Foreign currency translation (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in other comprehensive income.

(iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case they are translated at the date of the transaction); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, borrowings and other financial instruments designated as hedges of such investments, or long-term intragroup borrowings which, in substance, form part of the Group's net investment in an entity, are recognised in other comprehensive income. When a loss of control occurs over a foreign operation, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on disposal where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are presented as a deferred income liability and are credited to other income in the income statement on a straight-line basis over the expected lives of the related assets.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances. Amounts billed to customers in respect of shipping and handling are classified as sales revenue where the Group is responsible for carriage, insurance and freight. All shipping and handling costs incurred by the Group are recognised as freight expense in the income statement.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Note 1 – Summary of significant accounting policies (continued)

(i) Revenue recognition (continued)

Revenue is recognised for the major business activities as follows:

(i) Sale of goods
Revenue from the sale of goods is recognised when there is persuasive evidence of an arrangement, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Group, the quantity and quality of the goods have been determined with reasonable accuracy, the price is fixed or determinable and collectability is reasonably assured.

Revenue is therefore generally recognised when title passes. Title for both our ferrous and non-ferrous secondary recycling products and recycling solutions products are based on contract terms which vary across businesses. The majority of the Group's ferrous bulk cargo sales arrangements specify that title passes once all material has been loaded onto a vessel (i.e. passed the ship's rail).

A significant portion of these ferrous exports sales are made with letters of credit, reducing credit risk. Further, non-ferrous export sales typically require a deposit prior to shipment. However, domestic ferrous and non-ferrous sales are made on open account.

(ii) Service revenue
Service revenue represents revenue earned from the collection of end-of-life post-consumer products for the purpose of product recycling. Service revenue is recognised when the services have been provided. Service revenue received in advance of the service being rendered is deferred.

(iii) Interest income
Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend income
Dividends are recognised when the right to receive payment is established.

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates provisions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction impacts neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1 – Summary of significant accounting policies (continued)

(j) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Tax consolidation legislation
Sims Metal Management Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 31 October 2005. Sims Metal Management Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing and funding agreement that provides for the allocation of income tax liabilities between entities should the head entity default on its tax payment obligations. No amounts have been recognised in the consolidated financial statements in respect of this agreement on the basis that the probability of default is remote.

(ii) Investment allowances
Entities within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(k) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

(l) Segment information

Operating segments are reported in a manner consistent with the internal reporting that was provided to the Managing Director and Group Chief Executive Officer ("CEO"), who is the chief operating decision maker. Details on the Group's segments are set out in note 5.

Note 1 – Summary of significant accounting policies (continued)

(m) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets ("CGUs"). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

(n) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days following shipment, except in the case of certain ferrous shipments made to export destinations, which are generally secured by letters of credit that are collected on negotiated terms but generally within 10 days of shipment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written-off by reducing the carrying amount directly. An allowance account (a provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Indicators of impairment would include significant financial difficulties of the debtor, likelihood of the debtor's insolvency, default or delinquency in payment, or a significant deterioration in creditworthiness. The amount of the impairment provision is recognised in profit or loss within other expenses.

When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written-off against the provision for impairment account. Subsequent recoveries of amounts previously written-off are credited against other expenses in profit or loss.

(p) Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is based on weighted average and comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditures, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale including freight.

Stores consist of consumable and maintenance stores and spare parts when they do not meet the definition of property, plant and equipment. Stores and spare parts are valued at the lower of cost and net realisable value. Cost is determined using either the first-in-first out ("FIFO") or the weighted average method.

Note 1 – Summary of significant accounting policies (continued)

(q) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities associated with an asset classified as held for sale and the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in profit or loss.

(r) Property, plant and equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditures that are directly attributable to the acquisition and installation of the items. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost net of their residual values, over their estimated useful lives, as follows:

- Buildings – 25 to 40 years
- Plant and equipment – 1 to 20 years
- Leasehold improvements – lesser of life of asset or life of the lease

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is written-down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount as set out in note 1(m). Gains and losses on disposals are determined by comparing proceeds with carrying amounts and recognised in profit or loss.

Note 1 – Summary of significant accounting policies (continued)

(s) Financial assets

(i) Classification
The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(ii) Reclassification
The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(iii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Note 1 – Summary of significant accounting policies (continued)

(s) Financial assets (continued)

(iv)Measurement (continued)
Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

(v) Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in note 1(o).

Assets classified as available-for-sale
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Note 1 – Summary of significant accounting policies (continued)

(t) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or a firm commitment ("fair value hedges") or (ii) hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions ("cash flow hedges").

Certain derivative instruments do not qualify for hedge accounting, despite being valid economic hedges of the relevant risks. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

The Group documents, at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 11. Movements in the hedging reserve in equity are shown in note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

Options and warrants associated with listed equity securities and the conversion feature of convertible loans are classified as derivatives on the statement of financial position.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item impacts profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within revenue.

Where the hedged item is the cost of a non-financial asset or liability, such as a forecast transaction for the purchase of property, plant and equipment, the amounts recognised within other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gains or losses that were deferred in equity are immediately transferred to profit or loss.

Note 1 – Summary of significant accounting policies (continued)

(u) Goodwill and other intangible assets

(i) Goodwill
Goodwill is measured as described in note 1(f). Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination from which the goodwill arose.

(ii) Trade name
Trade name relates principally to the "Metal Management" trading name. This intangible asset has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the trade name over its estimated useful life, which is 20 years.

(iii) Supplier relationships and contracts
Supplier relationships and contracts acquired as part of a business combination are recognised separately from goodwill. The supplier relationships and contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the supplier relationships or straight-line method (as appropriate) over their estimated useful lives, which currently vary from one to eight years.

(iv) Permits
Permits acquired as part of a business combination are recognised separately from goodwill. Permits are issued by state and local governments and are renewable at little or no cost and are thus considered to have an indefinite life. Permits are carried at their fair value at the date of acquisition and are not amortised. Instead, permits are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses. Permits that relate to facilities that have closed, relocated or sold are written-off to nil at the time the facility is closed, relocated or sold.

(v) Trade and other payables

Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of a financial year, which are unpaid. The amounts are unsecured and are usually payable within 30 days of recognition.

(w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as prepayments and amortised to finance costs on a straight-line basis over the term of the loan facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Note 1 – Summary of significant accounting policies (continued)

(x) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time required to complete and prepare the asset for its intended use. Other borrowing costs are recognised as expenses in the period in which they are incurred.

(y) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions for onerous leases are recognised when the Group believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease. Provisions for dilapidation costs are recognised on a lease by lease basis.

(z) Employee benefits

(i) Short-term obligations
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(ii) Other long-term employee benefit obligations
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period in which the employees render the related service. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefits
The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Past service costs, resulting from either a plan amendment or a curtailment are recognised immediately in profit or loss.

Net interest expense relating to defined benefit plans represents the net change in present value of plan obligations and the value of plan assets resulting from the passage of time, and is determined by applying the discount rate to the present value of the benefit obligation at the start of the year, and to the fair value of plan assets at the start of the year, taking into account expected changes in the obligation or plan assets during the year.

Note 1 – Summary of significant accounting policies (continued)

(z) Employee benefits (continued)

(iii) Retirement benefits (continued)
Re-measurements of the net defined benefit liability or asset, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest described above) are recognised within other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The defined benefit pension plan asset or obligation in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price.

Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

(iv) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits due more than 12 months after the end of the reporting period are discounted to present value.

(v) Share-based payments
Share-based compensation benefits are provided to certain employees via the schemes set out in note 24. For share-based arrangements, the fair value is measured at grant date and recognised as an employee benefit expense with a corresponding increase in equity. For cash-settled share-based arrangements, the fair value of the amount payable is recognised as an employee benefit expense with a corresponding increase to a liability. The liability is re-measured each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as an employee benefit expense in profit or loss.

The fair value at grant date is independently determined using either a binomial model or a Monte-Carlo simulation model. The model takes into account the exercise price, the term, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the grant. The fair value is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, earnings per share targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of shares that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

(aa) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

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

Note 1 – Summary of significant accounting policies (continued)

(ab) Dividends

A provision is made for the amount of any dividends declared on or before the end of the reporting period, but not distributed at the end of the reporting period.

(ac) Earnings per share (“EPS”)

Basic earnings per share is calculated by dividing net profit 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(ad) Goods and services or other value-added taxes (“GST”)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ae) Parent entity financial information

The financial information for the parent entity, Sims Metal Management Limited, disclosed in note 30, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of the Company. Dividends received from subsidiaries are recognised in the Company’s profit or loss, rather than being deducted from the carrying amount of the investments.

(ii) Tax consolidation legislation
The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Sims Metal Management Limited, and the controlled entities in the tax consolidated group, account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities’ financial statements.

The amount receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments.
Assets or liabilities arising under the tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Note 2 – Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk, commodity price risk and equity securities price risk), credit risk and liquidity risk. The Group's overall financial risk management strategy seeks to mitigate these risks to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments in certain circumstances in accordance with Board approved policies to hedge exposure to fluctuations in foreign exchange rates and commodity prices. Derivative financial instruments are used for hedging purposes and not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include monitoring key movements in interest rates, key transactions impacted by foreign exchange, commodity prices, equity prices and ageing analysis for credit risk. Risk management is carried out by a limited number of employees as authorised by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Risk, Audit & Compliance Committee ("RAC") of the Board oversees, on a quarterly basis, the monitoring of compliance by management with the Group's risk management framework. The RAC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are also reported to the RAC.

The carrying amounts and estimated fair value of all the Group's financial assets and liabilities approximate each other. The carrying amount is recognised in the statement of financial position as follows:

	Note	2015 A$m	2014 A$m
Financial assets:			
Cash and cash equivalents	31	**316.0**	57.2
Trade and other receivables	9	**396.6**	445.6
Other financial assets	11	**27.8**	59.0
Total financial assets		**740.4**	561.8
Financial liabilities:			
Trade and other payables	15	**534.5**	577.9
Borrowings	16	**2.1**	14.9
Other financial liabilities	11	**1.6**	4.5
Total financial liabilities		**538.2**	597.3

(a) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The market risks to which the Group is exposed are discussed in further detail below.

(i) Interest rate risk
Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. The Group's main exposure to interest rate risk arises from borrowings at variable interest rates. The Group does not use any derivative financial instruments to manage its exposure to interest rate risk. Cash deposits, loans to third parties and associates and borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Note 2 – Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)
The Group's borrowings are sourced primarily from domestic, but also offshore, markets. The Group's borrowings consist primarily of foreign currency denominated borrowings and are managed in accordance with targeted currency, interest rate, liquidity and debt portfolio maturity profiles.

Specifically, interest rate risk is managed on the Group's net debt portfolio by:

- providing access to diverse sources of funding;
- reducing risks of refinancing by establishing and managing in accordance with target maturity profiles; and
- negotiating interest rates with the Group's banks based on a variable pricing matrix, which generally involves a LIBOR rate plus a margin.

The Group's weighted average interest rate on interest-bearing liabilities for the year ended 30 June 2015 was 1.9% (2014: 2.6%). The interest rate risk for interest-bearing liabilities is immaterial in terms of possible impact on profit or loss.

(ii) Price risk
Commodity price risk
The Group is exposed to risks associated with fluctuations in the market price for ferrous and non-ferrous metals and precious metals, which are at times volatile. The Group seeks to mitigate commodity price risk by seeking to turn over its inventories quickly, instead of holding inventories in anticipation of higher commodity prices. The ability of the Group to accomplish an adequate level of inventory turnover can be a function of demand and market conditions which are not always steady. The Group uses forward commodity contracts matched to purchases or sales of non-ferrous metals (primarily copper, nickel and aluminum) and certain precious metals (primarily gold, silver and palladium) where viable forward commodity contracts are available to minimise price risk exposure.

The Group's normal policy is to sell its products at prevailing market prices. Exceptions to this rule are subject to limits and policies approved by the Board and to systems of internal controls and compliance monitoring. The Group's exposure to commodity prices is, to an extent, diversified by virtue of its broad commodity base.

At the end of the reporting period, none of the Group's forward commodity contracts qualified for hedge accounting, despite being valid economic hedges of the relevant risk. Accordingly, any movement in commodity rates that impact the fair value of these forward commodity contracts are recorded in profit or loss. Note 11 shows the carrying amount of the Group's forward commodity contracts at the end of the reporting period.

The following table shows the effect on post-tax profit from a 10% appreciation in commodity prices at the end of the reporting period being applied to outstanding forward commodity contracts, with all other variables held constant. A 10% sensitivity has been selected, as this is considered reasonable, given the current level of commodity prices and the volatility observed both on a historical basis and on market expectations for future movements.

	2015 A$m	**2014 A$m**
Impact on post-tax profit – higher/(lower)	**(8.9)**	(11.3)

A 10% depreciation of the stated commodity prices would have an equal and opposite effect.

Note 2 – Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)
Equity securities price risk
The Group is exposed to equity securities price risk through financial instruments classified as fair value through profit or loss, whose valuations are partially derived from equity prices of listed securities. The Group does not attempt to manage the price risk related to these financial instruments.

The Group is also exposed to equity securities price risk through investments in marketable securities. These marketable securities are traded in major financial markets. The price risk for these investments is immaterial in terms of possible impact on profit or loss.

(iii) Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to transactions settled in US dollars. Financial assets and liabilities denominated in currencies other than the functional currency of an entity are periodically restated to their functional currency, and the associated gain or loss is taken to profit or loss. The exposure of an entity to transaction risk is minimised by matching local currency income with local currency costs.

The Group seeks to denominate borrowings in the currencies of its principal assets and cash flows. These are primarily denominated in US dollars, British pounds sterling, Euros and Australian dollars.

In accordance with Board approved policies, the Group enters into forward foreign exchange contracts to buy and sell specific amounts of various foreign currencies in the future at predetermined exchange rates. The forward foreign exchange contracts are used to hedge transactions denominated in currencies that are not the functional currency of the relevant entity. These contracts are hedging highly probable forecasted transactions and recognised assets and liabilities for the ensuing financial year. The contracts are timed to mature when monies from the forecasted sales are scheduled to be received or when payments for purchases are scheduled to be made (generally three to six months).

The Group's exposure to foreign exchange risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	Net financial assets/(liabilities)	
	2015	**2014**
Currency:	**A$m**	**A$m**
US dollar	**9.0**	6.8
Euro	**27.6**	8.8
British pounds sterling	**0.7**	0.2

The table below shows the net impact of a 10% appreciation of the relevant currency against the Australian dollar for the balances above with all other variables held constant and the corresponding effect on the Group's forward foreign exchange contracts with all other variables held constant. A sensitivity of 10% has been selected, as this is considered reasonable, given the current level of exchange rates and the volatility observed both on a historical basis and on market expectations for future movements.

Note 2 – Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

	US dollar		Euro		British pounds	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	A$m	**A$m**	**A$m**	**A$m**	**A$m**	**A$m**
Impact on post-tax profit – (lower)/higher	**(5.5)**	(1.7)	**(0.3)**	0.1	**0.1**	0.0
Impact on equity – higher/(lower)	**33.9**	19.8	**-**	(1.2)	**-**	-

The impact on equity includes the effect from intragroup long-term borrowings which, in substance, form part of the Group's investment in an entity. Exchange gains and losses on these balances are recorded in the foreign currency translation reserve.

A 10% depreciation of the relevant currency against the Australian dollar would have an equal and opposite effect.

Translation risk
The financial statements for each of the Group's foreign operations are prepared in local currency, being their functional currency. For the purposes of preparing the Group's consolidated financial information, each foreign operation's financial statements are translated into Australian dollars using the applicable foreign exchange rates as at the balance date. A translation risk, therefore, exists on translating the financial statements of the Group's foreign operations into Australian dollars for the purposes of reporting consolidated financial information. As a result, volatility in foreign exchange rates can impact the Group's net assets, net profit and the foreign currency translation reserve and, as a result, can influence compliance with credit agreements.

(b) Liquidity risk

Liquidity risk is associated with ensuring that there is sufficient cash and cash equivalents on hand and the availability of funding through an adequate amount of committed credit facilities to meet the Group's obligations as they mature and the ability to close out market positions.

The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic and volatile nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

The Group has access to unsecured global multi-currency/multi-option loan facilities, all of which are subject to common terms. The loan facilities have maturities through 31 October 2016. The Group also has annual rights to extend the maturity by an additional year in certain circumstances. The Group had access to the following credit standby arrangements at the balance date. The amount of credit available is subject to limits from covenants as specified in the loan facilities.

	2015	**2014**
	A$m	**A$m**
Unsecured global multi-currency/multi-option loan facilities	**1,574.1**	1,352.9
Amount of credit unused	**1,529.9**	1,314.9

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

Note 2 – Financial risk management (continued)

(b) Liquidity risk (continued)

The contractual cash flows of the Group's financial liabilities are shown in the table below. The contractual amounts represent the future undiscounted cash flows. The amounts for interest bearing liabilities also include interest cash flows and therefore, do not equate to the carrying amount. The expected timing of cash outflows are set out below:

	Less than 1 year A$m	Between 1 and 2 years A$m	Between 2 and 5 years A$m	Over 5 years A$m	Total A$m
2015					
Non-derivatives:					
Trade and other payables	**527.7**	**1.8**	**0.8**	**4.2**	**534.5**
Finance lease liabilities	**0.6**	**0.6**	**1.1**	**0.1**	**2.4**
Borrowings (excluding finance leases)	**-**	**-**	**-**	**-**	**-**
Derivatives:					
Net settled (forward commodity contracts)	**0.1**	**-**	**-**	**-**	**0.1**
Gross settled (forward foreign exchange contracts):					
- (inflows)	**(76.2)**	**-**	**-**	**-**	**(76.2)**
- outflows	**77.7**	**-**	**-**	**-**	**77.7**
	529.9	**2.4**	**1.9**	**4.3**	**538.5**
Interest on financial commitments	**10.6**	**3.6**	**-**	**-**	**14.2**
Financial guarantees[1]	**61.4**	**-**	**-**	**-**	**61.4**
	601.9	**6.0**	**1.9**	**4.3**	**614.1**
2014					
Non-derivatives:					
Trade and other payables	571.4	1.9	2.8	1.8	577.9
Finance lease liabilities	0.6	0.6	1.7	0.1	3.0
Borrowings (excluding finance leases)	0.4	0.4	12.4	-	13.2
Derivatives:					
Net settled (forward commodity contracts)	4.3	-	-	-	4.3
Gross settled (forward foreign exchange contracts):					
- (inflows)	(38.7)	-	-	-	(38.7)
- outflows	38.9	-	-	-	38.9
	576.9	2.9	16.9	1.9	598.6
Interest on financial commitments	9.6	9.6	3.3	-	22.5
Financial guarantees[1]	54.1	-	-	-	54.1
	640.6	12.5	20.2	1.9	675.2

[1] Refer to note 22(a) for details on financial guarantees. The amounts disclosed above are the maximum amounts allocated to the earliest period in which the guarantee could be called. However, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement.

(c) Credit risk

Credit risk is the risk that a counterparty will not complete its obligations under a financial instrument and cause a financial loss to the Group. The Group has exposure to credit risk on all financial assets included in the Group's statement of financial position.

Note 2 – Financial risk management (continued)

(c) Credit risk (continued)

The Group establishes credit limits for its customers. Trade and other receivables consist of a large number of customers, spread across various metal producing sectors in international markets. The Group does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of the Group's customers and, where appropriate, an impairment provision is raised. For certain customers, the Group purchases credit insurance to protect itself against collection risks.

The Group is also exposed to credit risk arising from the Group's transactions in derivative contracts. For credit purposes, there is only a credit risk where the counterparty is liable to pay the Group in the event of a closeout. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash transactions are limited to financial institutions that have a minimum credit rating of "A" by either Standard & Poor's or Moody's. Management also monitors the current credit exposure with each counterparty. Any changes to counterparties or their credit limits must be approved by the Group Chief Financial Officer. Refer to note 9 for quantitative data.

Note 3 – Critical accounting estimates and judgements

Certain amounts included in the consolidated financial statements involve the use of estimation and/or judgement. Estimates and judgements used in preparation of the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including the expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from actual results.

The Group has identified the following areas that involve critical judgements and estimations that have the most significant effect on the amounts recognised in the consolidated financial statements.

Impairment of goodwill
Goodwill is tested for impairment in accordance with the accounting policy stated in note 1(m). For goodwill impairment testing, the recoverable amount of each CGU is determined based on the higher of its value in use or fair value less costs to sell. These calculations require the use of assumptions such as discount rates, exchange rates, growth rates and other assumptions. As at 30 June 2015, the carrying amount of goodwill was A$150.0 million. Refer to note 13 for details of these assumptions and the potential impact of changes to the assumptions.

Taxation
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods. For more information see note 8(f).

Note 3 – Critical accounting estimates and judgements (continued)

Valuation of inventories
The Group's inventories primarily consist of ferrous and non-ferrous scrap metals. Quantities of inventories are determined using various estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification.

Inventories are stated at the lower of cost and net realisable value, with due allowance for excess, obsolete or slow moving items. Cost is determined by the weighted average method and comprises direct purchase costs, direct labour and an appropriate portion of fixed and variable overhead costs (refer to note 1(p)). The Group reviews its inventory at the end of each reporting period to determine if it is properly stated at net realisable value. Net realisable value is based on current assessments of future demand and market conditions. Given the significance of inventories to the consolidated statement of financial position, the determination of net realisable value is considered to be a critical accounting estimate. Impairment losses may be recognised on inventory in the next financial year if management needs to revise its estimates of net realisable value in response to changing market conditions.

Note 4 – Earnings/(loss) per share

	2015	**2014**
Basic earnings/(loss) per share (in A¢)		
From continuing operations	**53.6**	8.0
From discontinued operations	**0.1**	(51.5)
Total basic earnings/(loss) per share	**53.7**	(43.5)
Diluted earnings/(loss) per share (in A¢)		
From continuing operations	**53.2**	8.0
From discontinued operations	**0.1**	(51.5)
Total diluted earnings/(loss) per share	**53.3**	(43.5)
Weighted average number of shares used in the denominator ('000)		
Basic shares	**204,701**	204,410
Dilutive effect of share-based awards	**1,653**	-
Diluted shares	**206,354**	204,410

Due to the loss after tax in the year ended 30 June 2014, the dilutive effect of share-based awards, which was approximately 0.3 million, was not included as the result would have been anti-dilutive. Details relating to share awards are set out in note 24.

Note 5 – 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").

In July 2014, the Group CEO presented a strategic review which resulted in a change in the Group's management reporting structure. As a result, the Group's external reporting segments have changed with effect on 1 July 2014. Accordingly, segment data for the prior period presented for comparative purposes has been restated to reflect the newly reportable segment in accordance with AASB 8 *Operating Segments.*

The Group operates in four principal operating segments: North America Metals, Australia/New Zealand ("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" operating segment. Details of the segments are as follows:

Note 5 – Segment information (continued)

(a) Description of segments (continued)

- **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.
- **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, 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) Information about reportable segments

The following is an analysis of the Group's revenue, results, assets and liabilities and certain profit before income tax items and non-current assets 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
2015						
Total sales revenue	**3,416.5**	**1,053.3**	**1,036.6**	**795.0**	**9.5**	**6,310.9**
Other revenue	**4.5**	**5.0**	**0.4**	**0.1**	**7.2**	**17.2**
Total segment revenue	**3,421.0**	**1,058.3**	**1,037.0**	**795.1**	**16.7**	**6,328.1**
Segment EBITDA	**86.7**	**85.0**	**38.0**	**53.0**	**2.9**	**265.6**
Depreciation and amortisation expense	**(68.9)**	**(27.7)**	**(12.5)**	**(11.2)**	**(0.5)**	**(120.8)**
Segment EBIT	**17.8**	**57.3**	**25.5**	**41.8**	**2.4**	**144.8**
Interest income						**9.5**
Finance costs						**(17.3)**
Profit before tax from continuing operations						**137.0**

Note 5 – Segment information (continued)

(b) Information about reportable segments (continued)

	North America Metals A$m	ANZ Metals A$m	Europe Metals A$m	Global E-Recycling A$m	Unallocated A$m	Total A$m
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**
Other items:						
Share of results of investments accounted for using the equity method	**2.0**	**-**	**-**	**-**	**10.2**	**12.2**
Investments accounted for using the equity method	**264.6**	**0.1**	**-**	**-**	**34.7**	**299.4**
Acquisitions of property, plant and equipment	**38.4**	**44.7**	**5.2**	**5.5**	**1.5**	**95.3**
Impairment of property, plant and equipment	**(0.5)**	**-**	**-**	**-**	**-**	**(0.5)**
2014						
Total sales revenue	3,995.7	1,187.8	1,063.5	759.8	14.4	7,021.2
Other revenue	3.6	3.4	0.5	0.2	7.5	15.2
Total segment revenue	**3,999.3**	**1,191.2**	**1,064.0**	**760.0**	**21.9**	**7,036.4**
Segment EBITDA	**60.2**	**108.8**	**29.0**	**28.8**	**(4.4)**	**222.4**
Depreciation and amortisation expense	(62.8)	(27.7)	(12.7)	(13.8)	(0.5)	(117.5)
Goodwill impairment	-	-	-	(27.8)	-	(27.8)
Other intangible impairment	(0.2)	-	-	-	-	(0.2)
Segment EBIT	**(2.8)**	**81.1**	**16.3**	**(12.8)**	**(4.9)**	**76.9**
Interest income						9.0
Finance costs						(23.2)
Profit before tax from continuing operations						**62.7**
Assets	1,284.9	446.8	253.3	428.7	235.7	2,649.4
Liabilities	261.0	150.2	102.6	183.9	117.8	815.5
Net assets	**1,023.9**	**296.6**	**150.7**	**244.8**	**117.9**	**1,833.9**
Other items:						
Share of results of investments accounted for using the equity method	2.1	-	-	-	(5.4)	(3.3)
Investments accounted for using the equity method	225.4	0.1	-	-	89.4	314.9
Acquisitions of property, plant and equipment	35.8	16.9	4.2	7.1	0.1	64.1
Impairment (charge)/reversal of Property, plant and equipment	(2.1)	2.4	-	(0.2)	-	0.1

Note 5 – Segment information (continued)

(c) Other segment information

(i) 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.

(ii) Sales to external customers

	2015 A$m	2014 A$m
Australia	**365.1**	357.4
China	**833.9**	853.5
Turkey	**769.8**	1,058.7
United Kingdom	**309.9**	331.6
United States	**1,450.6**	1,720.8
Other	**2,581.6**	2,699.2
Total sales revenue	**6,310.9**	7,021.2

No single customer contributed 10% or more to the Group revenue for all the periods presented.

(iii) Revenue by product

	2015 A$m	2014 A$m
Ferrous secondary recycling	**4,067.7**	4,801.4
Non-ferrous secondary recycling	**1,341.7**	1,361.5
Recycling solutions	**795.0**	759.8
Secondary processing and other services	**106.5**	98.5
Total sales revenue	**6,310.9**	7,021.2

(iv) Non-current assets
Non-current assets (excluding financial assets and deferred tax assets) are held in the following countries:

	2015 A$m	2014 A$m
Australia	**298.4**	271.2
United States	**1,031.2**	871.3
United Kingdom	**103.5**	102.6
Other	**130.2**	190.7
	1,563.3	1,435.8

Note 6 – Revenue

	2015 A$m	2014 A$m
Sales revenue		
Sale of goods	**6,215.2**	6,936.3
Service revenue	**95.7**	84.9
	6,310.9	7,021.2
Other revenue		
Interest income	**9.5**	9.0
Rental and dividend income	**7.7**	6.2
	17.2	15.2
Total revenue	**6,328.1**	7,036.4

Note 7 – Items included in profit before income tax from continuing operations

(a) Other income

	2015 A$m	2014 A$m
Net gain on commodity derivatives	**30.3**	-
Net gain on currency derivatives	**2.1**	1.5
Net foreign exchange gain	**1.0**	-
Net gain on disposal of property, plant and equipment	**2.8**	-
Net gain on revaluation of financial assets at fair value through profit or loss	**-**	0.3
Gain on sale of other financial assets	**0.9**	0.3
Insurance recoveries	**5.1**	8.9
Government grants	**0.3**	0.3
Reimbursement of expenses from a third party	**-**	1.2
Third party commissions	**1.0**	2.2
Gain on sale of associates (note 20)	**1.0**	-
Other	**4.3**	6.0
Total other income	**48.8**	20.7

(b) Significant items

	2015 A$m	2014 A$m
Impairments:		
Impairment of goodwill (note 13)	**-**	27.8
Impairment of other intangible assets (note 14)	**-**	0.2
	-	28.0
Reversal of impairment of investment in an associate (note 28)	**(6.3)**	-
Impairment of trade receivables (note 9)	**0.3**	2.8
Reversal of impairment of third party loans	**(0.6)**	(4.9)
Impairment charge/(reversal) of property, plant and equipment (note 12)	**0.5**	(0.1)
Net loss on sale of business divisions (note 26)	**-**	1.3
Redundancies[1]	**7.8**	8.8
Provision recorded for disputes with third parties	**-**	1.3
Lease settlements and onerous lease provisions[2]	**-**	1.4
Yard closure costs and dilapidation (reversals)/provisions	**(1.6)**	2.5
(Income)/expense related to withdrawal liability from multi-employer pension plans (note 18)	**(5.9)**	6.3

[1] 2015 amount also includes acceleration of share-based compensation related to redundancies.
[2] Amounts include settlements for real estate leases which were terminated early and onerous lease provisions for under-utilised sites.

Note 7 – Items included in profit before income tax from continuing operations (continued)

(c) Specific expenses

	2015 A$m	2014 A$m
Depreciation and amortisation:		
Depreciation expense	**106.1**	99.3
Amortisation expense	**14.7**	18.2
	120.8	117.5
Finance costs[1]	**17.3**	23.2
Net loss on commodity derivatives	**-**	8.3
Net foreign exchange loss	**-**	0.9
Net loss on disposal of property, plant and equipment	**-**	2.3
Net loss on revaluation of financial assets at fair value through profit or loss	**0.9**	-
Equity-settled share-based payments expense	**13.4**	11.8
Cash-settled share-based payments expense	**1.2**	0.9
Defined contribution plan expense	**9.6**	12.4
Rental expenses relating to operating leases	**99.5**	95.0

[1] Finance costs include commitment fees paid on the Group's loan facilities of A$8.3 million (2014: A$8.1 million).

Note 8 – Income Taxes

	2015 A$m	2014 A$m
(a) Income tax expense		
Current income tax charge	**30.7**	37.8
Adjustments for prior years	**(1.9)**	(4.3)
Deferred income tax	**(1.6)**	12.9
Tax expense – continuing operations	**27.2**	46.4
Tax expense – discontinued operations (Note 33)	**-**	0.7
Income tax expense recognised in profit or loss	**27.2**	47.1
Deferred income tax expense included in tax expense from continuing operations comprises:		
(Increase)/decrease in deferred tax assets	**(3.4)**	20.3
Increase/(decrease) in deferred tax liabilities	**1.8**	(7.4)
	(1.6)	12.9
(b) Income tax charged/(credited) directly to equity		
Share-based payments	**2.9**	(1.6)
Exchange gain on foreign denominated intercompany loans	**29.4**	3.0
	32.3	1.4
(c) Tax expense/(benefit) relating to items of other comprehensive income		
Cash flow hedges	**(0.4)**	1.4
Defined benefit plans	**1.7**	2.4
	1.3	3.8

Note 8 – Income Taxes (continued)

	2015 A$m	2014 A$m
(d) Reconciliation of income tax expense to prima facie income tax expense		
Profit before income tax from continuing operations	**137.0**	62.7
Tax at the standard Australian rate of 30%	**41.1**	18.8
Effect of tax rates in other jurisdictions	**(0.7)**	(21.9)
Losses for which no deferred income tax asset is recognised	**2.7**	43.8
Recognition of tax effect of previously unrecognised tax losses	**(8.0)**	(0.6)
Non-deductible expenses	**4.5**	7.9
Non-assessable reversal of impairment of investment in associate	**(1.2)**	-
Share of net results of associates and joint ventures	**(1.6)**	1.7
Non-assessable income	**(6.8)**	(3.7)
Non-deductible impairment of goodwill and intangibles	**-**	3.6
Share-based payments	**1.8**	1.4
Adjustments for prior years	**(2.8)**	(4.3)
Other	**(1.8)**	(0.3)
Tax expense – continuing operations	**27.2**	46.4
Tax expense – discontinued operations (Note 33)	**-**	0.7
Income tax expense recognised in profit or loss	**27.2**	47.1

(e) Deferred tax assets and liabilities
Deferred tax assets
The balance comprises temporary difference attributable to:

	2015 A$m	2014 A$m
(amounts recognised in profit or loss)		
Provisions and other accruals	**16.1**	13.5
Employee benefits	**33.0**	19.8
Inventory and consumables	**2.4**	1.1
Property, plant and equipment	**4.3**	3.2
Intangibles	**27.0**	20.3
Joint ventures and associates	**2.4**	3.9
Tax loss carryforwards and tax credits	**13.0**	1.7
Share-based payments	**0.5**	7.5
Other	**0.3**	1.1
	99.0	72.1
(amounts recognised directly in equity)		
Share-based payments	**-**	2.9
Defined benefit plans	**0.7**	2.4
Cash flow hedges	**0.2**	-
Exchange loss on foreign denominated intercompany loans	**-**	22.0
	0.9	27.3
Movements		
Balance at 1 July	**99.4**	123.0
Charged to income statement	**3.4**	(20.3)
Adjustments for prior years	**5.3**	1.1
Transfers	**4.5**	-
Charged directly to equity and other comprehensive income	**(26.4)**	(5.0)
Foreign exchange differences	**13.7**	0.6
Balance at 30 June	**99.9**	99.4
Deferred tax assets expected to be recovered within 12 months	**52.4**	35.6
Deferred tax assets expected to be recovered after 12 months	**47.5**	63.8
	99.9	99.4

Note 8 – Income Taxes (continued)

	2015 A$m	2014 A$m
(e) Deferred tax assets and liabilities (continued)		
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
(amounts recognised in profit or loss)		
Intangible assets	**1.8**	1.5
Property, plant and equipment	**78.4**	55.3
Inventory and consumables	**2.3**	2.6
Joint ventures and associates	**4.2**	3.0
Employee benefits	**2.1**	1.7
Other	**0.2**	1.7
	89.0	65.8
(amounts recognised directly in equity)		
Cash flow hedges	**-**	0.2
Exchange gain on foreign denominated intercompany loans	**7.4**	-
	7.4	0.2
Movements		
Balance at 1 July	**66.0**	74.0
Charged to income statement	**1.8**	(7.4)
Charged directly to equity and other comprehensive income	**7.2**	0.2
Adjustments for prior years	**3.4**	-
Transfers	**4.5**	-
Acquisitions	**0.4**	-
Foreign exchange differences	**13.1**	(0.8)
Balance at 30 June	**96.4**	66.0
Deferred tax liabilities expected to be settled within 12 months	**12.0**	6.1
Deferred tax liabilities expected to be settled after 12 months	**84.4**	59.9
	96.4	66.0

(f) Unrecognised deferred tax assets

In the year ended 30 June 2014, the Group wrote-off a deferred tax asset of A$17.6 million related to unused tax losses for a tax group in the US as it was uncertain as to when these losses will be utilised. As of 30 June 2015, the Group has re-evaluated the deferred tax assets and made a determination that uncertainty still exists as to the utilisation of the deferred tax assets.

Deferred tax assets totaling A$98.0 million (2014: A$107.2 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$67.0 million (2014: A$83.2 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. Included in unrecognised tax losses are tax losses of A$22.6 million (2014: A$36.1 million) that will expire in 5 to 20 years. Other unused tax losses may be carried forward indefinitely.

(g) Unrecognised temporary differences associated with investments and interests

As at 30 June 2015, there were no unrecognised temporary differences associated with the Group's investments in subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should unremitted earnings be remitted.

Note 9 – Trade and other receivables

	2015 A$m	2014 A$m
Trade receivables	**317.8**	345.1
Provision for impairment of receivables	**(4.4)**	(10.8)
	313.4	334.3
Other receivables	**55.7**	80.8
Tax receivable	**2.6**	3.4
Prepayments	**24.9**	27.1
	83.2	111.3
	396.6	445.6

Occasionally, the Group will sell a portion of its trade receivables to third parties. All credit risk passes to the third party at the time of the assignment, such that the Group has no further exposure to default by the specific trade debtors. The amount of trade receivables sold to third parties was not significant in the periods presented. The third party is not obliged to accept offers of receivables and the Group is not obligated to make offers or pay commitment fees to the third party.

(a) Movements in provision for impairment of receivables

	2015 A$m	2014 A$m
Balance at 1 July	**10.8**	10.6
Provision for impairment recognised during the year	**0.3**	2.8
Write-offs	**(8.2)**	(2.5)
Foreign exchange differences	**1.5**	(0.1)
Balance at 30 June	**4.4**	10.8

The creation and release of the provision for impaired receivables has been included in other expenses in profit or loss. Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As at 30 June 2015, receivables of A$33.5 million (2014: A$42.5 million) were past due but not impaired and the Group does not hold any material collateral in relation to these receivables. These relate to a number of independent customers for whom there is no recent history of default. The ageing analyses of these receivables are as follows:

Days overdue:	2015 A$m	2014 A$m
1 – 30 days	**22.2**	30.4
31 – 60 days	**6.0**	7.3
Over 60 days	**5.3**	4.8
	33.5	42.5

(c) Other receivables and deferred expenses

Other receivable amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Note 9 – Trade and other receivables (continued)

(d) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign exchange risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(e) Fair value and credit risk

Due to their short-term nature, the carrying value of current receivables approximates its fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant, as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the Group's exposure to credit risk.

Note 10 – Inventory

	2015 A$m	2014 A$m
Raw materials	**99.5**	115.6
Finished goods	**357.9**	411.3
Stores and spare parts	**19.0**	18.1
	476.4	545.0

The cost of inventories recognised as expense during the year ended 30 June 2015 amounted to A$4,606.6 million (2014: A$5,301.2 million).

Note 11 – Other financial assets and liabilities

	2015 A$m	2014 A$m
Other financial assets – Current:		
Financial assets at fair value through profit or loss:		
Investments in marketable securities	**9.0**	7.5
Loans and other receivables:		
Convertible loan to an associate carried at amortised cost (a)	**-**	41.1
Loans to third parties carried at amortised cost	**0.9**	0.1
Derivative financial instruments (b):		
Forward foreign exchange contracts	**2.8**	3.0
Forward commodity contracts	**2.7**	0.1
	15.4	51.8
Other financial assets – Non-current:		
Loans and other receivables:		
Loans to third parties carried at amortised cost	**0.1**	-
Other receivables	**12.3**	7.2
	12.4	7.2
Other financial liabilities – Current:		
Derivative financial instruments (b):		
Forward foreign exchange contracts	**1.5**	0.2
Forward commodity contracts	**0.1**	4.3
	1.6	4.5

Note 11 – Other financial assets and liabilities (continued)

(a) Convertible loan

On 1 March 2012, the Group subscribed for a HK$315.6 million convertible loan from Chiho-Tiande Group Limited ("CTG"), a former associate of the Group. In June 2015, the Group sold the convertible loan to a third party for HK$315.6 million. The convertible loan carried an annual interest rate of 4% and was convertible at HK$6.00 per share.

The conversion feature of the convertible loan represented an embedded derivative, which was recorded as financial assets at fair value through profit or loss. The convertible loan was recorded at amortised cost using the effective interest method.

(b) Derivatives used by the Group

The Group is a party to derivative financial instruments in the normal course of business in order to hedge its exposure to currency fluctuations in foreign exchange rates and commodity prices in accordance with the Group's financial risk management policies, which are set out in note 2.

(i) Forward foreign exchange contracts
In order to protect against exchange rate movements in relation to material purchases and sales and underlying transactions between subsidiaries, the Group has entered into forward foreign exchange contracts to purchase foreign currencies for settlement of the related transaction. The Group's primary exposure is to US dollars, Euros and British pounds sterling as disclosed in note 2.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is deferred and recognised in other comprehensive income to the extent that the hedge is effective. When the cash flows occur, the amount is released to profit or loss. Any ineffective portion is charged to profit or loss.

(ii) Forward commodity contracts
The Group has entered into forward commodity contracts, which are economic hedges but do not satisfy the requirements for hedge accounting. These contracts protect against movements in the underlying commodity of the related material purchase or sale. The Group's primary exposure is to non-ferrous and precious metal prices as disclosed in note 2.

(c) Risk exposures

Information about the Group's exposure to credit risk, foreign exchange, price and interest rate risk is provided in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial instrument mentioned above.

(d) Fair value

The fair value measurement principles adopted in this report are consistent with those applied for the year ended 30 June 2014.

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).

Note 11 – Other financial assets and liabilities (continued)

(d) Fair value (continued)

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

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	**9.0**	**-**	**-**	**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**
2014				
Financial assets:				
Financial assets at fair value through profit or loss:				
Investments in marketable securities	7.5	-	-	7.5
Derivative financial instruments	0.1	3.0	-	3.1
	7.6	3.0	-	10.6
Financial liabilities:				
Derivative financial instruments	4.3	0.2	-	4.5
	4.3	0.2	-	4.5

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 and trade and other payables, 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 the convertible loan and other loans to third parties approximate their carrying value using current interest rates. Information on the fair value of borrowings is included in Note 16(b).

Note 12 – Property, plant and equipment

	Land A$m	Buildings A$m	Leasehold improve-ments A$m	Plant & equip-ment[1] A$m	Capital work in progress A$m	Total A$m
At 30 June 2015						
Cost	**319.7**	**332.1**	**86.6**	**1,188.4**	**70.0**	**1,996.8**
Accumulated depreciation	**-**	**(124.8)**	**(57.7)**	**(782.5)**	**-**	**(965.0)**
Net book amount	**319.7**	**207.3**	**28.9**	**405.9**	**70.0**	**1,031.8**
Year ended 30 June 2015						
Balance at 1 July	**270.5**	**174.3**	**30.4**	**387.5**	**40.3**	**903.0**
Additions	**-**	**1.0**	**0.8**	**8.2**	**85.3**	**95.3**
Disposals	**-**	**-**	**-**	**(3.7)**	**(0.1)**	**(3.8)**
Acquisitions (note 26)	**-**	**-**	**-**	**3.1**	**-**	**3.1**
Transfers	**(0.8)**	**18.1**	**1.7**	**39.8**	**(59.6)**	**(0.8)**
Reclassified from assets held for sale (note 32)	**0.6**	**0.2**	**-**	**3.3**	**-**	**4.1**
Impairments[2]	**-**	**-**	**(0.1)**	**(0.4)**	**0.2**	**(0.3)**
Depreciation expense[3]	**-**	**(15.9)**	**(7.2)**	**(83.3)**	**-**	**(106.4)**
Foreign exchange differences	**49.4**	**29.6**	**3.3**	**51.4**	**3.9**	**137.6**
Balance at 30 June	**319.7**	**207.3**	**28.9**	**405.9**	**70.0**	**1,031.8**
At 30 June 2014						
Cost	270.5	269.2	79.4	1,029.1	40.3	1,688.5
Accumulated depreciation	-	(94.9)	(49.0)	(641.6)	-	(785.5)
Net book amount	270.5	174.3	30.4	387.5	40.3	903.0
Year ended 30 June 2014						
Balance at 1 July	276.3	140.5	45.1	400.6	139.8	1,002.3
Additions	-	0.4	-	19.1	47.4	66.9
Disposals	(0.1)	(0.6)	-	(6.4)	(5.2)	(12.3)
Transfers	(0.4)	54.3	2.7	84.8	(141.4)	-
Reclassified as assets held for sale (note 32)	(1.9)	(2.5)	-	(3.0)	-	(7.4)
Impairments[2]	(0.2)	(0.2)	(10.9)	(27.5)	(2.1)	(40.9)
Depreciation expense[3]	-	(14.6)	(8.3)	(82.7)	-	(105.6)
Sale of business divisions (note 26)	(1.8)	(1.6)	(0.2)	(1.5)	-	(5.1)
Foreign exchange differences	(1.4)	(1.4)	2.0	4.1	1.8	5.1
Balance at 30 June	270.5	174.3	30.4	387.5	40.3	903.0

[1]The net book value of assets acquired through finance leases was A$2.1 million as at 30 June 2015 (30 June 2014: A$2.6 million).
[2]2015 impairments include reversals of A$0.2 million relating to discontinued operations. 2014 impairments includes A$41.0 million relating to discontinued operations.
[3]Includes depreciation expense for discontinued operations of A$0.3 million in 2015 and A$6.3 million in 2014.

Note 13 – Goodwill

(a) Movements in carrying amounts

	Year ended 30 June	
	2015	**2014**
	A$m	**A$m**
Cost	**1,547.8**	1,290.2
Accumulated impairment	**(1,397.8)**	(1,150.9)
Net book amount	**150.0**	139.3
Opening balance	**139.3**	166.5
Acquisition of subsidiaries (note 26)	**2.6**	-
Impairment charge	**-**	(27.8)
Foreign exchange differences	**8.1**	0.6
Ending balance	**150.0**	139.3

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**	**2015 A$m**	**2014 A$m**
US Recycling Solutions	Global E-Recycling	**39.6**	32.2
Continental Europe Recycling Solutions	Global E-Recycling	**62.8**	62.4
Australia Metals	ANZ Metals	**42.1**	40.8
All other CGUs		**5.5**	3.9
Total		**150.0**	139.3

(b) 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.

The value in use calculations use a five year cash flow projection, which is based initially on the budget for the 2016 financial year (as approved by the Board) and a four year forecast prepared by management. The four year forecast is developed using historical averages derived from four years of historical results and the budget for the 2016 financial year. 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.

Note 13 – Goodwill (continued)

(b) Key assumptions used for goodwill and intangible asset impairment tests (continued)

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

	Discount rate (pre-tax)		**Growth rate**	
	2015	**2014**	**2015**	**2014**
CGU	**%**	**%**	**%**	**%**
US Recycling Solutions	**14.7**	14.2	**2.3**	2.4
Continental Europe Recycling Solutions	**12.3**	9.9	**1.6–1.9**	1.8–2.7
Australia Metals	**14.7**	15.3	**2.8**	2.7
All other CGUs	**10.8-15.1**	11.5-17.3	**2.5-2.7**	1.2–2.7

(c) Goodwill impairment charges recognised

	2015	**2014**
CGU	**A$m**	**A$m**
US Recycling Solutions	**-**	27.8
Total	**-**	27.8

Year ended 30 June 2014
The impairment charge related to the US Recycling Solutions CGU was a result of the assessment of future cash flows. This CGU was impacted by margin pressure resulting from a competitive market landscape and volatility in underlying commodity pricing. As a result, the future cash flows for US Recycling Solutions CGU was reassessed which indicated the carrying value of goodwill was not fully recoverable leading to an impairment of A$27.8 million.

(d) Impact of possible changes in key assumptions

The valuations as at 30 June 2015 indicate sufficient headroom, except for the US Recycling Solutions CGU, such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill. The estimated recoverable amount for the US Recycling Solutions CGU exceeded its carrying value at 30 June 2015. However, if the discount rate was 1% higher or future cash flows were 10% lower, with all other assumptions being the same, an impairment charge of A$4.9 million or A$3.2 million, respectively, would have been recorded.

While the North America Metals CGU only has A$1.5 million of goodwill, an assessment of the impact of possible changes in key assumptions was performed to assess the recoverability of other long-lived assets as at 30 June 2015. The estimated recoverable amount for the North America Metals CGU exceeded its carrying value by 13%. However, if the discount rate was 1% higher, then an impairment charge of A$6.2 million would have been recorded to goodwill and other identified intangible assets.

Note 14 – Other intangible assets

	Supplier relation-ships A$m	Permits A$m	Licenses/ Contracts A$m	Trade-names A$m	Total A$m
At 30 June 2015					
Cost	**267.2**	**11.1**	**45.7**	**39.7**	**363.7**
Accumulated impairment	**(5.6)**	**(8.9)**	**(0.1)**	**(0.1)**	**(14.7)**
Accumulated amortisation	**(212.6)**	**-**	**(42.7)**	**(14.5)**	**(269.8)**
Net book amount	**49.0**	**2.2**	**2.9**	**25.1**	**79.2**
Year ended 30 June 2015					
Balance at 1 July	**49.3**	**1.8**	**3.2**	**22.2**	**76.5**
Amortisation charge	**(10.8)**	**-**	**(2.0)**	**(1.9)**	**(14.7)**
Acquisitions (note 26)	**0.4**	**-**	**1.4**	**-**	**1.8**
Foreign exchange differences	**10.1**	**0.4**	**0.3**	**4.8**	**15.6**
Balance at 30 June	**49.0**	**2.2**	**2.9**	**25.1**	**79.2**
At 30 June 2014					
Cost	221.6	9.1	36.7	32.4	299.8
Accumulated impairment	(4.9)	(7.3)	(0.1)	(0.1)	(12.4)
Accumulated amortisation	(167.4)	-	(33.4)	(10.1)	(210.9)
Net book amount	49.3	1.8	3.2	22.2	76.5
Year ended 30 June 2014					
Balance at 1 July	65.4	1.9	5.9	24.2	97.4
Disposals (note 26)	(1.0)	-	-	-	(1.0)
Impairment[1]	(0.5)	-	(0.1)	(0.1)	(0.7)
Amortisation charge[2]	(14.0)	-	(2.6)	(1.7)	(18.3)
Foreign exchange differences	(0.6)	(0.1)	-	(0.2)	(0.9)
Balance at 30 June	49.3	1.8	3.2	22.2	76.5

[1] Includes A$0.5 million of impairments related to discontinued operations.
[2] Includes A$0.1 million of amortisation related to discontinued operations.

Note 15 – Trade and other payables

	2015 A$m	2014 A$m
Current:		
Trade payables	**318.8**	378.3
Other payables	**168.4**	157.4
Deferred income	**40.5**	35.7
	527.7	571.4
Non-current:		
Other payables	**6.8**	6.5
	6.8	6.5

The Group’s exposure to currency and liquidity risk related to trade and other payables is set out in note 2. The fair value of the Group’s trade and other payables approximates its carrying value.

Note 16 – Borrowings

	2015 A$m	2014 A$m
Current borrowings:		
Finance lease liabilities	**0.5**	0.5
	0.5	0.5
Non-current borrowings:		
Bank loans	**-**	12.3
Finance lease liabilities	**1.6**	2.1
	1.6	14.4

Bank loans are unsecured but are subject to various guarantees/cross guarantees, cross defaults and indemnities from the Company and certain of its subsidiaries.

(a) Risk exposures

The Group's exposure to interest rate risk, as well as information relating to the facility arrangements is set out in note 2.

(b) Fair value

The fair value of bank loans approximate their carrying amount because they carry floating rates of interest. The fair value of finance lease liabilities was A$2.1 million (2014: A$2.7 million) and was measured by discounting estimated cash flows with an applicable quoted yield.

Note 17 – Provisions

	2015 A$m	2014 A$m
Employee benefits	**67.4**	61.5
Onerous lease provisions	**16.0**	29.8
Legal provisions	**18.3**	15.2
Environmental and dilapidations	**12.9**	13.3
Other	**1.2**	3.0
	115.8	122.8
Current	**64.0**	76.4
Non-current	**51.8**	46.4
	115.8	122.8

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

	Onerous Leases A$m	Legal A$m	Environ-mental and dilapidations A$m	Other A$m
Balance at 1 July	**29.8**	**15.2**	**13.3**	**3.0**
Provisions recognised/(reversed) in profit or loss	**(6.6)**	**1.9**	**3.3**	**1.1**
Payments	**(9.5)**	**(2.3)**	**(5.9)**	**(2.6)**
Foreign exchange differences	**2.3**	**3.5**	**2.2**	**(0.3)**
Balance at 30 June	**16.0**	**18.3**	**12.9**	**1.2**

Note 17 – Provisions (continued)

Onerous lease provisions comprise obligations for future rents payable net of rents receivable on onerous leases. The majority of the reversals recognised during the financial year relate to real estate leases in the UK and Canada which were settled in the financial year for less than the estimated provisions that were established in the prior financial year.

The Group is involved in legal and other disputes and, after taking legal advice, has established provisions taking into account the relevant facts of each dispute. The timing of cash outflows associated with legal claims cannot be reasonably determined. The environmental and dilapidations provision is an estimate of costs for property remediation that is expected to be required in the future.

Note 18 – Retirement benefit obligations

The Group operates a number of pension plans for the benefit of its employees throughout the world. The Group's pension plans are provided through either defined benefit and defined contribution plans. Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement. The defined contribution plans receive fixed contributions from Group companies with the Group's legal obligation limited to these contributions.

The Group operates different defined benefit plans in the UK, Australia and US. The specific characteristics (benefit formulas, funding policies and types of assets held) of the defined benefit plans vary according to the regulations and laws in the country where the defined benefit plans are offered.

In the UK, the defined benefit plan provides a benefit based on the members' final salary at retirement and length of service. The defined benefit plan is closed to new members and represents approximately 59% of the present value of obligations as at 30 June 2015 (30 June 2014: 57%).

In Australia, the defined benefit plan provides a lump sum benefit based on final salary and length of service. The defined benefit plan is closed to new members and represents approximately 15% of the present value of obligations as at 30 June 2015 (30 June 2014: 19%).

In the US, the Group sponsors three defined benefit plans which provide an annuity or lump sum benefits based on final average earnings or flat-dollar benefit units and years of credited service. Accrued benefits under two of the defined benefit plans have been frozen and represent approximately 16% of the present value of obligations as at 30 June 2015 (30 June 2014: 14%). The other defined benefit plan has frozen benefits for only nonunion employees, is closed to new union members and represents approximately 10% of the present value of obligations as at 30 June 2015 (30 June 2014: 10%).

The following sets out details in respect of the defined benefit sections only. The expense recognised in relation to the defined contribution plans is disclosed in note 7.

(a) Financial statement amounts

The amounts recognised in the statement of financial position are determined as follows:

	2015 A$m	**2014 A$m**
Retirement benefit assets	**2.9**	2.1
Retirement benefit obligations	**(6.4)**	(4.6)
Net retirement benefit obligations	**(3.5)**	(2.5)

Note 18 – Retirement benefit obligations (continued)

(a) Financial statement amounts (continued)

	Present value of obligations A$m	Fair value of plan assets A$m	Net amount A$m
Balance as at 1 July 2013	77.7	(73.8)	3.9
Service cost	1.2	-	1.2
Interest expense/(income)	3.4	(3.3)	0.1
Total amount recognised in profit or loss	4.6	(3.3)	1.3
Remeasurements:			
Return on plan assets greater than interest income	-	(4.6)	(4.6)
Actuarial (gains)/losses – experience	0.1	-	0.1
Actuarial (gains)/losses – demographic	0.1	-	0.1
Actuarial (gains)/losses – financial assumptions	4.6	-	4.6
Total amount recognised in other comprehensive income	4.8	(4.6)	0.2
Contributions:			
Employers	-	(3.0)	(3.0)
Plan participants	0.3	(0.3)	-
Benefit payments	(7.1)	7.1	-
Foreign exchange differences	3.8	(3.7)	0.1
Balance as at 30 June 2014	84.1	(81.6)	2.5
Service cost	**1.2**	**-**	**1.2**
Interest expense/(income)	**3.5**	**(3.3)**	**0.2**
Total amount recognised in profit or loss	**4.7**	**(3.3)**	**1.4**
Remeasurements:			
Return on plan assets greater than interest income	**-**	**(2.7)**	**(2.7)**
Actuarial (gains)/losses – experience	**0.1**	**-**	**0.1**
Actuarial (gains)/losses – demographic	**1.1**	**-**	**1.1**
Actuarial (gains)/losses – financial assumptions	**2.9**	**-**	**2.9**
Total amount recognised in other comprehensive income	**4.1**	**(2.7)**	**1.4**
Contributions:			
Employers	**-**	**(2.6)**	**(2.6)**
Plan participants	**0.3**	**(0.3)**	**-**
Benefit payments	**(4.3)**	**4.3**	**-**
Foreign exchange differences	**11.2**	**(10.4)**	**0.8**
Balance as at 30 June 2015	**100.1**	**(96.6)**	**3.5**

The Group has no legal obligation to settle the liability with an immediate contribution or additional one-off contributions. The Group intends to continue to contribute to the defined benefit plans based on recommendations from its actuaries.

Note 18 – Retirement benefit obligations (continued)

(b) Categories of plan assets

	2015 A$m	2014 A$m
Cash	**5.3**	1.4
Equity investments	**56.3**	51.9
Debt instruments	**26.8**	18.1
Hedge funds	**-**	3.1
Property	**8.2**	7.1
Total plan assets	**96.6**	81.6

An active market price exists for all plan assets. Assets of each defined benefit plan are managed by a dedicated investment committee in accordance with the plan rules and local regulations. The Group has representatives on these committees and promotes simple and diversified investment strategies. The goal is to limit investment risks to those necessary to fulfil the benefit commitment. The plans assets have no direct investments in the Group's equity securities or in property currently used by the Group. The actual return on plan assets was A$6.0 million at 30 June 2015 (2014: A$7.9 million).

(c) Principal actuarial assumptions

Actuarial assumptions used vary by type of plan and by country. The defined benefit plans liabilities are measured using the projected unit credit method using the principal actuarial assumptions set out below:

	2015	2014
Weighted average actuarial assumptions used at 30 June:		
Discount rate	**3.8%**	4.1%
Rate of increase in salaries	**3.5%**	3.6%
Rate of increase in Retail Price Index (UK defined benefit plan only)	**3.3%**	3.4%

Measurement of the Group's defined benefit plan obligations is sensitive to changes in certain key assumptions. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The impact from the change in assumption on the defined benefit obligation is set out below:

	2015 increase/ (decrease) A$m	2014 increase/ (decrease) A$m
Discount rate:		
Increase by 100 basis points	**(5.1)**	(11.2)
Decrease by 100 basis points	**6.0**	14.4
Rate of increase in salaries:		
Increase by 100 basis points	**1.3**	2.9
Decrease by 100 basis points	**(1.2)**	(2.5)
Rate of increase in inflation (UK defined benefit plan only):		
Increase by 100 basis points	**0.8**	6.3
Decrease by 100 basis points	**(0.8)**	(5.7)
Life expectancy (UK and US defined benefit plans only):		
Increase in longevity by 1 year	**2.6**	2.0

Note 18 – Retirement benefit obligations (continued)

(c) Principal actuarial assumptions (continued)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in insolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(d) Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- **Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities, which are expected to outperform bonds in the long-term while contributing volatility and risk in the short-term. The Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

- **Change in bond yields:** A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

- **Inflation risk:** Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

- **Life expectancy:** The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liability.

- **Salary increases:** Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

(e) Employer contributions and maturity profile

In accordance with British regulation, the UK defined benefit plan is required to perform a valuation every three years, and agree on a recovery plan to correct any deficit. The last valuation revealed a funding deficit of £4.5 million. The current recovery plan agreement was signed in January 2013, and the Group agreed to pay £70,000 per month with the goal of eliminating the shortfall by November 2018.

Including the funding deficit contributions in the UK, the Group expects to make contributions of A$2.8 million to the defined benefit plans during the next financial year.

The weighted average duration of the benefit obligation at 30 June 2015 is 15.7 years (2014:15.3 years).

Note 18 – Retirement benefit obligations (continued)

(f) Multi-employer pension plans

The Group participates in several multi-employer pension plans in the US which are based on collective bargaining agreements. The risks of participating in these multi-employer plans are different from single-employer plans in that (i) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be assumed by the remaining participating employers, and (iii) if the Group chooses to stop participating in any of its multi-employer plans, the Group may be required to pay those plans a withdrawal amount based on the underfunded status of the plan.

While these plans provide for defined benefits, as a result of insufficient information provided to the Group by the administrators of the plans, the Group accounts for these plans as defined contribution plans.

In the year ended 30 June 2014, the Group recorded an estimated withdrawal liability of A$6.3 million with respect to a multi-employer plan. The liability was based on the plan administrator's calculation. In the year ended 30 June 2015, the Group challenged the assessment of the withdrawal liability and settled the withdrawal liability which resulted in a reversal of the previously recognised expense of A$5.9 million.

Note 19 – Contributed equity

(a) Share capital

Ordinary shares, which have no par value, trade on the Australian Securities Exchange ("ASX") and 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. The Company does not have a limited amount of authorised capital.

The Company voluntarily delisted its shares from the New York Stock Exchange ("NYSE") on 11 October 2013. Following the NYSE delisting, the Company's American Depositary Shares ("ADS") trade in the US in the "over-the-counter" (OTC) market. ADSs have the same rights as ordinary shares, including participation in dividends and voting rights.

Movements in the ordinary share balance were as follows:

	Year ended 30 June 2015		**Year ended 30 June 2014**	
	Number of shares	**A$m**	**Number of shares**	**A$m**
On issue per share register at the beginning of the period	**204,601,321**	**2,796.4**	204,309,387	2,795.7
Issued under long-term incentive plans	**263,565**	**1.0**	291,934	0.7
On issue per share register at the end of the period	**204,864,886**	**2,797.4**	204,601,321	2,796.4

Note 19 – Contributed equity (continued)

(b) Capital risk management

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the Group remains in a sound financial position. In order to manage the capital structure, the Group may periodically adjust dividend policy, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure primarily using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt. As at 30 June 2015, the Group had a net cash position of A$313.9 million (30 June 2014: A$42.3 million).

Note 20 – Accumulated deficit and reserves

(a) Accumulated deficit

	2015 A$m	2014 A$m
Balance at 1 July	**(760.2)**	(668.7)
Profit/(loss) after tax	**109.9**	(88.9)
Dividends paid	**(53.2)**	-
Actuarial loss on defined benefit plans, net of tax	**(3.1)**	(2.6)
Balance at 30 June	**(706.6)**	(760.2)

(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 2013	112.8	0.1	(3.1)	(307.6)	(197.8)
Equity-settled share-based payment expense	11.8	-	-	-	11.8
Revaluation – gross	-	-	1.4	-	1.4
Transfer to profit or loss – gross	-	-	4.4	-	4.4
Foreign currency translation differences	-	-	-	(19.6)	(19.6)
Associates	-	-	-	0.3	0.3
Deferred tax	1.6	-	(1.4)	(3.0)	(2.8)
Balance at 30 June 2014	126.2	0.1	1.3	(329.9)	(202.3)
Equity-settled share-based payment expense	**13.4**	**-**	**-**	**-**	**13.4**
Revaluation – gross	**-**	**-**	**(1.2)**	**-**	**(1.2)**
Transfer to profit or loss – gross	**-**	**-**	**(1.4)**	**-**	**(1.4)**
Foreign currency translation differences	**-**	**-**	**-**	**246.0**	**246.0**
Associates[1]	**-**	**(0.1)**	**0.3**	**(0.8)**	**(0.6)**
Deferred tax	**(2.9)**	**-**	**0.4**	**(29.4)**	**(31.9)**
Balance at 30 June 2015	**136.7**	**-**	**(0.6)**	**(114.1)**	**22.0**

[1] Includes A$1.0 million gain on recycling of reserves on disposal of an associate.

Note 20 – Accumulated deficit and reserves (continued)

(c) Nature and purpose of reserves

(i) Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of share-based awards issued to employees.

(ii) Available-for-sale investments reserve
Changes in the fair value and exchange differences arising on translation of investments, such as equities classified as available-for-sale investments, are recognised in other comprehensive income as described in note 1(s) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(iii) Cash flow hedging reserve
The cash flow hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1(t). Amounts are recognised in profit or loss when the associated hedged transaction impacts profit or loss.

(iv) Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income, as described in note 1(g) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the Group no longer controls the foreign operation.

Note 21 – Dividends

(a) Dividends declared and paid during the year

	Cents per share	**Franked %**	**2015 A$m**	**2014 A$m**
Interim 2015	**16.0**	**100%**	**32.7**	**-**
Final 2014	**10.0**	**100%**	**20.5**	**-**
Interim 2014	0.0	0%	-	-
Final 2013	0.0	0%	-	-
Total dividends paid			**53.2**	**-**

The franked components of all dividends paid or declared were franked based on an Australian corporate tax rate of 30%.

(b) Dividends not recognised at year end

Since the end of the financial year, the directors have determined to pay a final dividend of 13 cents per share (2014: 10.0 cents per share), 100% franked based on Australian corporate taxes paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 21 October 2015, but not recognised as a liability at the end of the reporting period, is A$26.6 million (2014: A$20.5 million).

Note 21 – Dividends (continued)

(c) Franked dividends

	2015 A$m	2014 A$m
Estimated franking credits available for the subsequent financial years based on an Australian tax rate of 30% (2014: 30%)	**39.0**	32.8

The above amounts represent the balance of the franking account as at the end of the reporting date, adjusted for:

a) franking credits that will arise from the payment of the amount of the provision for income tax and franking debits that will arise from refunds;
b) franking debits that will arise from the payment of dividends recognised as a liability as at the reporting date; and
c) franking credits that will arise from the receipt of dividends recognised as receivables as at the reporting date.

Note 22 – Contingencies

(a) Guarantees

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 30 June 2015 was A$61.4 million (2014: A$54.1 million).

See note 30(b) for information related to guarantees provided by the Company.

(b) Tax audits

The Group files income tax returns in many jurisdictions throughout the world. Various tax authorities are currently reviewing or auditing the Group's income tax returns. Tax returns contain matters that could be subject to differing interpretations of applicable tax laws and regulations. While it is difficult to predict the ultimate outcome in some cases, the Group does not anticipate that there will be any material impact on the Group's consolidated financial statements from such audits or reviews.

(c) Environmental claims

The Group is subject to comprehensive environmental requirements relating to, among others, the acceptance, storage, treatment, handling and disposal of solid waste and hazardous waste; the discharge of materials and storm water into the environment; the management and treatment of wastewater and storm water; and the remediation of soil and groundwater contamination. As a consequence, the Group has incurred and will continue to incur environmental costs and liabilities associated with site and facility operation, closure, remediation, monitoring and licensing. Provisions have been made in respect of estimated environmental liabilities where obligations are known to exist and can be reasonably measured. However, additional liabilities may emerge due to a number of factors, including changes in environmental laws and regulations in each of the jurisdictions in which the Group operates or has operated. The Group cannot predict the extent to which it may be impacted in the future by any such changes in legislation or regulation.

(d) Legal claims

Various Group companies are parties to legal actions and claims that arise in the ordinary course of their business. While the outcome of such legal proceedings cannot be readily foreseen, the Group believes that they will be resolved without material effect on its financial statements. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably estimated.

Note 23 – Commitments

(a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised as liabilities are as follows:

	2015 A$m	2014 A$m
Property, plant and equipment	**16.0**	50.9

The capital commitments included above also include the Group's share relating to associates and joint arrangements.

(b) Lease commitments

(i) Operating leases
The Group has entered into various operating leases on property, plant and equipment. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Lease commitments for operating leases are as follows:

	2015 A$m	2014 A$m
Not later than one year	**88.6**	78.7
Later than one year, but not later than five years	**181.8**	157.1
Later than five years	**143.4**	125.6
Total lease commitments not recognised as liabilities	**413.8**	361.4

The lease commitments included above also include the Group's share relating to associates and joint arrangements.

Note 24 – Share ownership plans

The Company's share ownership plans are designed to link the rewards of eligible employees to the long-term performance of the Company and the returns generated for shareholders. The maximum number of shares that can be outstanding at any time under the share ownership plans is limited to 5% of the Company's issued capital. Grants under the share ownership plans can be in the form of options or share rights. Certain share ownership plans also provide for cash-settlement, which are determined by the Board.

An option is a contract that gives the holder the right, but not the obligation, to acquire the Company's shares at a fixed or determinable price for a specified period of time. Options have an exercise price based on the weighted average market price of the Company's ordinary shares during the five trading days up to the date of the grant. Share rights are a contractual right to acquire the Company's shares for nil consideration. Unless specified in the grants, holders of options and share rights are not entitled to dividends or voting rights.

Historically, the Company issued share-based awards to US-based employees that were settled in ADSs. However, beginning in November 2013, all new share-based awards are settled in ordinary shares.

Note 24 – Share ownership plans (continued)

(a) Effect of share-based payments on profit or loss and financial position

The expense recognised in the income statement in relation to share-based payments is disclosed in note 7. The carrying amount of liabilities for cash-settled share-based arrangements as at 30 June 2015 was A$1.7 million (2014: A$1.7 million). Where share-based awards are issued to employees of subsidiaries within the Group, the subsidiaries compensate the Company for the fair value of these share-based awards.

(b) Long-Term Incentive Plan ("LTIP")

In July 2003, the Company established a LTIP designed as a reward and retention tool for certain employees. Options and share rights granted under the LTIP may vest either based on continuous service or based on performance conditions. Share rights that contain performance conditions are referred to as performance rights, whereas share rights which only contain a continuous service condition are referred to as restricted share units. Cash-settled option grants are also made under the LTIP to certain employees.

(i) Equity-settled options

The fair value of equity-settled options granted is independently determined using a Binomial method, which allows for the effects of an early exercise for vested options assuming the share price exceeds one and a half times the exercise price. The significant weighted assumptions used to determine the fair value were as follows:

	Ordinary shares	
	2015	**2014**
Risk-free interest rate	**3.0%**	3.7%
Dividend yield	**3.0%**	3.0%
Volatility	**31.0%**	33.0%
Expected life (years)	**4.5**	4.2
Share price at grant date	**A$10.98**	A$10.45
Weighted average fair value	**A$2.61**	A$2.77

The volatility assumption is based on the actual volatility for the ordinary shares over a three year period to the valuation date.

Equity-settled options outstanding	**Number of options 2015**	**Weighted average exercise price 2015**	**Number of options 2014**	**Weighted average exercise price 2014**
Ordinary shares:				
Balance at 1 July	**2,364,735**	**A$13.25**	984,279	A$17.85
Granted	**1,358,069**	**A$10.85**	1,429,471	A$9.98
Forfeited	**(67,078)**	**A$12.09**	(49,015)	A$9.98
Exercised	**(92,803)**	**A$9.75**	-	-
Balance at 30 June	**3,562,923**	**A$12.45**	2,364,735	A$13.25
Exercisable at 30 June	**1,235,100**	**A$16.19**	800,737	A$19.60
ADSs:				
Balance at 1 July	**5,494,327**	**US$14.17**	5,532,758	US$14.14
Forfeited	**(13,225)**	**US$9.49**	(38,431)	US$10.12
Exercised	**(7,718)**	**US$9.49**	-	-
Balance at 30 June	**5,473,384**	**US$14.18**	5,494,327	US$14.17
Exercisable at 30 June	**4,831,703**	**US$14.81**	3,814,915	US$15.85

For equity-settled options exercised during the year ended 30 June 2015, the weighted average share price at the date of exercise was A$12.39 for ordinary shares and US$10.96 for ADSs (2014: nil).

Note 24 – Share ownership plans (continued)

(b) Long-Term Incentive Plan ("LTIP") (continued)

(i) Equity-settled options (continued)
Information about outstanding and exercisable equity-settled options as at 30 June 2015 is as follows:

	Outstanding			Exercisable		
Exercise price range	**Number of options**	**Weighted average exercise price**	**Weighted average remaining contractual life (years)**	**Number of options**	**Weighted average exercise price**	**Weighted average remaining contractual life (years)**
Ordinary shares:						
A$9.00–A$9.29	178,968	A$9.29	4.38	109,050	A$9.29	4.38
A$9.30–A$9.99	1,296,529	A$9.98	5.38	396,693	A$9.98	5.38
A$10.00–A$26.00	2,087,426	A$14.26	4.75	729,357	A$20.60	1.72
	3,562,923	**A$12.45**	**4.96**	**1,235,100**	**A$16.19**	**3.13**
ADSs:						
US$9.00–US$10.99	1,959,969	US$9.49	4.38	1,318,288	US$9.49	4.38
US$11.00–US$19.99	2,225,097	US$14.58	2.75	2,225,097	US$14.58	2.75
US$20.00–US$25.00	1,288,318	US$20.65	1.23	1,288,318	US$20.65	1.23
	5,473,384	**US$14.18**	**2.98**	**4,831,703**	**US$14.81**	**2.79**

(ii) Cash-settled options
The fair value of cash-settled options is determined in the same manner as equity-settled options. The liability for cash-settled options is remeasured at each reporting date. The significant weighted assumptions used to remeasure the fair value at 30 June 2015 were as follows:

Granted during year ended 30 June	**2015**	**2014**
Risk-free interest rate	**2.3%**	3.0%
Dividend yield	**3.0%**	3.0%
Volatility	**31.0%**	33.0%
Expected life (years)	**2.94**	3.3
Share price at reporting date	**A$10.42**	A$9.68
Weighted average fair value	**A$1.68**	A$2.16

Cash-settled options outstanding	**Number of options 2015**	**Weighted average exercise price 2015**	**Number of options 2014**	**Weighted average exercise price 2014**
Ordinary shares:				
Balance at 1 July	**1,378,043**	**A$11.52**	1,102,193	A$11.97
Granted	**323,697**	**A$10.85**	364,527	A$9.98
Forfeited	**-**	-	(88,677)	A$10.84
Exercised	**(380,022)**	**A$10.85**	-	-
Balance at 30 June	**1,321,718**	**A$11.95**	1,378,043	A$11.52
Exercisable at 30 June	**585,599**	**A$14.14**	581,309	A$13.54

For cash-settled options exercised during the year ended 30 June 2015, the weighted average share price at the date of exercise was A$12.44 (2014: nil).

Note 24 – Share ownership plans (continued)

(b) Long-Term Incentive Plan ("LTIP") (continued)

(iii) Performance rights
Performance rights vest after a period of three to five years, but only if the performance hurdle has been met. Performance hurdles are either based on Total Shareholder Return ("TSR") or on Earnings per Share ("EPS") criteria. In the year ended 30 June 2015, 300,807 share rights (2014: 103,118) were forfeited as the performance conditions were not satisfied.

TSR right grants made in the years ended 30 June 2015 and 2014 are measured using a hurdle over a three-year period (commencing at the beginning of the financial year) against a comparator group of companies. Full vesting of the TSR rights occurs when the Company's TSR is at (or exceeds) the 75th percentile relative to the comparator group, scaling down to 50% vesting on a straight-line basis for median performance. Below median performance, no vesting occurs.

EPS right grants made in the year ended 30 June 2015 are measured based on the achievement of cumulate EPS of A$2.00 per share over a three-year period (commencing at the beginning of the financial year). Full vesting of the EPS rights occurs when the Company's EPS exceeds A$2.00 per share, scaling down to 50% vesting on a straight-line basis for cumulative EPS of A$1.70 per share. No vesting occurs if cumulative EPS is below A$1.70 per share.

The fair value of TSR share rights granted is independently determined using a Black-Scholes method to produce a Monte-Carlo simulation model which allows for the incorporation for a TSR performance condition that must be met before the share rights vest. The fair value of EPS share rights is determined based on the market price of the Company's shares on the date of grant and the Company's dividend yield.

The significant weighted assumptions used to determine the fair value were as follows:

	Ordinary shares	
	2015	**2014**
Dividend yield	**3.0%**	3.0%
Risk-free interest rate	**2.6%**	2.9%
Volatility	**31.0%**	33.0%
Share price at grant date	**A$10.98**	A$10.45

Performance rights outstanding	**Number of shares 2015**	**Weighted average fair value at grant date 2015**	**Number of shares 2014**	**Weighted average fair value at grant date 2014**
Ordinary shares:				
Non-vested balance at 1 July	**1,855,634**	**A$7.21**	688,036	A$9.60
Granted	**1,006,570**	**A$8.30**	1,289,654	A$6.21
Forfeited/cancelled	**(164,024)**	**A$13.37**	(122,056)	A$10.19
Vested	**-**	**-**	-	-
Non-vested balance at 30 June	**2,698,180**	**A$7.32**	1,855,634	A$7.21
ADSs:				
Balance at 1 July	**2,903,065**	**US$6.85**	3,084,759	US$6.99
Forfeited/cancelled	**(499,305)**	**US$10.90**	(181,694)	US$9.14
Vested	**-**	**-**	-	-
Non-vested balance at 30 June	**2,403,760**	**US$6.25**	2,903,065	US$6.85

Note 24 – Share ownership plans (continued)

(b) Long-Term Incentive Plan ("LTIP") (continued)

(iv) Restricted share units
Restricted share units granted to employees typically vest over a period up to three years. The fair value of restricted share units is determined based on the market price of the Company's shares on the date of grant and the Company's dividend yield.

Restricted share units outstanding	**Number of shares 2015**	**Weighted average fair value at grant date 2015**	**Number of shares 2014**	**Weighted average fair value at grant date 2014**
Ordinary shares:				
Non-vested balance at 1 July	**371,175**	**A$9.72**	10,014	A$15.05
Granted	**290,641**	**A$10.10**	386,879	A$9.72
Forfeited/cancelled	**(8,222)**	**A$9.61**	(13,125)	A$9.61
Vested	**(63,945)**	**A$10.07**	(12,593)	A$16.77
Non-vested balance at 30 June	**589,649**	**A$9.87**	371,175	A$9.72
ADSs:				
Balance at 1 July	**195,352**	**US$8.87**	431,186	US$9.80
Granted	**-**	**-**	12,180	US$7.64
Forfeited/cancelled	**(4,067)**	**US$8.59**	(50,673)	US$8.43
Vested	**(99,099)**	**US$9.38**	(197,341)	US$10.94
Non-vested balance at 30 June	**92,186**	**US$8.34**	195,352	US$8.87

(c) Transition Incentive Share Plan related to the Metal Management merger

In accordance with the terms and conditions of the merger agreement with Metal Management Inc., the Sims Group Limited Transition Incentive Plan ("SGLTIP") was established. The SGLTIP assumed the rights and obligations of Metal Management under its former plan ("MMI Plan"). No additional grants can be made under the SGLTIP.

The options assumed were held by the former directors of Metal Management Inc. who became directors of the Company on the merger date. Each outstanding share option under the MMI Plan was converted into 2.05 options of the Company. Each option represents the right to acquire one ADS. In addition, the exercise price of each outstanding option under the MMI Plan was converted at the same exchange ratio. All the options assumed were fully vested and therefore the fair value was recorded as a component of the purchase price for Metal Management Inc. During the year ended 30 June 2014, of the 492,000 outstanding options, 82,000 options were exercised. The remaining 410,000 were forfeited. As at 30 June 2014 and 2015, no directors of the Company hold options.

Note 25 – Remuneration of auditors

In the year ended 30 June 2015, the Group appointed Deloitte Touche Tohmatsu as its statutory auditor (2014: PricewaterhouseCoopers). From time to time, the Group employs its statutory auditor on assignments where the statutory auditor's expertise and experience with the Group are important. These assignments are principally for tax advice and due diligence on acquisitions, or where the statutory auditor is awarded assignments on a competitive basis. All audit and non-audit services provided by the statutory auditor are subject to pre-approval by the RAC of the Board in accordance with the Group Independence Policy.

Note 25 – Remuneration of auditors (continued)

The following fees were paid and payable for services provided by the auditor of the Group and its related practices:

	2015
	A$'000
Deloitte Touche Tohmatsu Australia:	
Audit and review of financial statements	**1,580**
	1,580
Network firms of Deloitte Touche Tohmatsu Australia:	
Audit and review of financial statements	**1,821**
Taxation services	**444**
Other	**90**
	2,355
Total remuneration for Deloitte Touche Tohmatsu	**3,935**

	2014
	A$'000
PricewaterhouseCoopers Australia:	
Audit and review of financial statements	1,910
Taxation services	54
Other	20
	1,984
Network firms of PricewaterhouseCoopers Australia:	
Audit and review of financial statements	3,435
Taxation services	13
	3,448
Total remuneration for PricewaterhouseCoopers	5,432

Note 26 – Business acquisitions and disposals

(a) Business acquisitions

During the year ended 30 June 2015, the Group acquired three businesses, two in the ANZ Metals segment and one in the North America Metals. There were no acquisitions made during the year ended 30 June 2014. On a combined basis, had the acquisitions all occurred on 1 July 2014, there would not have been a significant change to the Group's revenue and net profit. Additionally, revenue and net profit contribution by the businesses acquired to the Group post-acquisition was not significant.

Details of the aggregate purchase consideration and cash outflow, assets and liabilities arising from the acquisitions and goodwill recognised from the acquisitions completed during the year ended 30 June 2015 are as follows:

	A$m
Property, plant and equipment (Note 12)	**3.1**
Identified intangible assets (Note 14)	**1.8**
Accounts payable	**(1.0)**
Deferred tax liability	**(0.4)**
Net identifiable assets acquired	**3.5**
Goodwill on acquisition (Note 13)	**2.6**
Total consideration	**6.1**
Deferred consideration	**(0.4)**
Net cash outflow	**5.7**

Note 26 – Business acquisitions and disposals (continued)

(a) Business acquisitions (continued)

The initial accounting for the acquisitions in the current year period has only been provisionally determined. The goodwill is attributable to several factors including site locations, synergies existing in the operations acquired and the assembled workforce, which together contribute to the profitability of the acquired businesses. Some of the goodwill recognised is expected to be deductible for income tax purposes.

(b) Disposals

There were no disposals of businesses made during the year ended 30 June 2015.

During the year ended 30 June 2014, the Group sold businesses within the North America Metals segment which were determined to be non-core. Details of the aggregate consideration and cash inflow, disposed assets and loss on business disposals arising during the year ended 30 June 2014 are as follows:

	A$m
Total cash consideration on disposal of businesses	38.9
Net carrying value of disposed assets:	
Cash	(0.5)
Receivables	(13.0)
Inventories	(19.2)
Prepayments	(0.3)
Property, plant and equipment (Note 12)	(16.5)
Other intangibles (Note 14)	(1.0)
Accounts payable	6.0
Recycling of foreign currency translation reserve on disposal of foreign operations	4.8
Transaction costs associated with disposals	(0.5)
Loss on business disposals	**(1.3)**

Net cash inflow on disposal of businesses during the year ended 30 June 2014 totaled A$38.4 million. Total cash consideration included A$1.2 million which was deposited into an escrow account for general representations and warranties made by the Group to the buyer. During the year ended 30 June 2015, A$0.7 million of cash was transferred from the escrow account to the Group.

Note 27 – Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(e).

Name of entity	**Country of Incorporation**	**Equity holding % 2015**	**Equity holding % 2014**
Sims Metal Management Limited	Australia		
Sims Group Australia Holdings Limited (i)	Australia	**100%**	100%
Sims Aluminium Pty Limited (i)	Australia	**100%**	100%
Sims E-Recycling Pty Limited	Australia	**90%**	90%
Simsmetal Holdings Pty Limited	Australia	**100%**	100%
Simsmetal Properties Qld Pty Limited	Australia	**100%**	100%
Sims Industrial Pty Limited	Australia	**100%**	100%
Simsmetal Services Pty Limited (i)	Australia	**100%**	100%
Simsmetal Properties NSW Pty Limited	Australia	**100%**	100%
Sims Group Holdings 3 Pty Limited	Australia	**100%**	100%
Universal Inspection and Testing Company Pty Limited	Australia	**100%**	100%
Sims Group Holdings 1 Pty Ltd	Australia	**100%**	100%

Note 27 – Subsidiaries (continued)

Name of entity	Country of Incorporation	Equity holding % 2015	Equity holding % 2014
Sims Group Holdings 2 Pty Ltd	Australia	**100%**	100%
Electronic Product Stewardship Australasia Pty Limited	Australia	**90%**	90%
Sims Recycling Solutions Austrian Holding GmbH	Austria	**100%**	100%
Sims Recycling Solutions Austrian Intermediate Holdings GmbH	Austria	**100%**	100%
Sims metrade GmbH	Austria	**100%**	100%
Sims Recycling Solutions NV	Belgium	**100%**	100%
Sims Group Recycling Solutions Canada Ltd	Canada	**100%**	100%
Sims Group Canada Holdings Limited	Canada	**100%**	100%
Sims Lifecycle Services s.r.o.	Czech Republic	**100%**	100%
Sims Recycling Solutions FZE	Dubai	**100%**	100%
Sims Group German Holdings GmbH	Germany	**100%**	100%
Sims M+R GmbH	Germany	**100%**	100%
Sims Lifecycle Services GmbH	Germany	**100%**	100%
Sims Metal Management Asia Limited	Hong Kong	**100%**	100%
Sims Metal Management China Holdings Limited	Hong Kong	**100%**	100%
Sims Metal Management Dragon Holdings Limited	Hong Kong	**100%**	100%
Sims Lifecycle Services Kft.	Hungary	**100%**	100%
Trishyiraya Recycling India Private Limited	India	**100%**	100%
Sims Recycling Solutions India Private Limited	India	**100%**	100%
Sims Recycling Solutions Ireland Limited (iii)	Ireland	**100%**	0%
Mirec BV	Netherlands	**100%**	100%
Sims Recycling Solutions Coöperatief B.A.	Netherlands	**100%**	100%
Sims Lifecycle Services BV	Netherlands	**100%**	100%
Sims E - Recycling (NZ) Limited	New Zealand	**90%**	90%
Simsmetal Industries Limited	New Zealand	**100%**	100%
Sims Recycling Solutions A/S	Norway	**100%**	100%
PNG Recycling Limited	Papua New Guinea	**100%**	100%
Gaukara Company No. 2 Limited	Papua New Guinea	**100%**	100%
Sims Lifecycle Service Sp z.o.o.	Poland	**100%**	100%
Sims Recycling Solutions Africa Pty Ltd	Republic of South Africa	**100%**	100%
Sims Recycling Solutions Pte. Ltd.	Singapore	**100%**	100%
Sims Recycling Solutions AB	Sweden	**100%**	100%
Sims Group UK Holdings Limited	UK	**100%**	100%
Sims Group UK Intermediate Holdings Limited	UK	**100%**	100%
Sims Group UK Limited	UK	**100%**	100%
C Herring & Son Limited	UK	**100%**	100%
Life Cycle Services Limited (ii)	UK	**0%**	100%
All Metal Recovery Limited	UK	**100%**	100%
All Metal Recovery Cradley Heath Limited	UK	**100%**	100%
Evans & Mondon Limited (ii)	UK	**0%**	100%
Sims Recycling Solutions UK Holdings Limited	UK	**100%**	100%
Sims Recycling Solutions UK Group Limited	UK	**100%**	100%
Sims Recycling Solutions UK Limited	UK	**100%**	100%
United Castings Limited	UK	**100%**	100%
Sims Group UK Pension Trustees Limited	UK	**100%**	100%
Cooper Metal Recycling Ltd	UK	**100%**	100%
Dunn Brothers (1995) Limited	UK	**100%**	100%
Cheque Swap Limited	UK	**100%**	100%
Deane Wood Export Limited	UK	**100%**	100%

Note 27 – Subsidiaries (continued)

Name of entity	Country of Incorporation	Equity holding % 2015	Equity holding % 2014
S3 Interactive Limited	UK	**100%**	100%
Sims FE Mottram Limited	UK	**100%**	100%
Sims Recycling Solutions Inc.	US	**100%**	100%
Sims Recycling Solutions Holdings Inc.	US	**100%**	100%
Sims Metal Management USA GP	US	**100%**	100%
Sims Group USA Holdings Corporation	US	**100%**	100%
Dover Barge Company	US	**100%**	100%
Simsmetal East LLC	US	**100%**	100%
Sims Municipal Recycling of New York LLC	US	**100%**	100%
Schiabo Larovo Corporation	US	**100%**	100%
Simsmetal West LLC	US	**100%**	100%
Sims Group Global Trade Corporation	US	**100%**	100%
Sims Group USA Corporation	US	**100%**	100%
Metal Management, Inc.	US	**100%**	100%
Metal Dynamics Detroit LLC	US	**100%**	100%
SMM Gulf Coast LLC	US	**100%**	100%
Metal Management Midwest, Inc.	US	**100%**	100%
CIM Trucking, Inc.	US	**100%**	100%
Metal Management Indiana, Inc.	US	**100%**	100%
Metal Management Memphis, L.L.C.	US	**100%**	100%
Metal Management Ohio, Inc.	US	**100%**	100%
SMM – North America Trade Corporation	US	**100%**	100%
Metal Management Pittsburgh, Inc.	US	**100%**	100%
Metal Management Arizona, L.L.C. (ii)	US	**0%**	100%
Proler Southwest Corporation	US	**100%**	100%
SMM South Corporation	US	**100%**	100%
Naporano Iron & Metal, Inc.	US	**100%**	100%
Metal Management Northeast, Inc.	US	**100%**	100%
SMM New England Corporation	US	**100%**	100%
New York Recycling Ventures, Inc.	US	**100%**	100%
Reserve Iron & Metal Limited Partnership	US	**100%**	100%
Port Albany Ventures, LLC	US	**100%**	100%
SMM Southeast LLC	US	**100%**	100%

(i) These subsidiaries and the Company are parties to a DCG under which each entity guarantees the debts of the others. The above entities represent a Closed Group and an Extended Closed Group for the purposes of the relevant Australian Securities and Investments Commission Class Order.
(ii) These subsidiaries were disposed of or deregistered during the year.
(iii) This subsidiary was incorporated during the year.

The voting power held in each subsidiary is proportionate to the equity holdings.

Deed of Cross Guarantee
Sims Metal Management Limited, Sims Group Australia Holdings Limited, Sims Aluminium Pty Limited and Simsmetal Services Pty Limited are parties to a DCG under which each Group guarantees the debts of the others. By entering into the DCG, the wholly owned entities have been relieved from the requirements to prepare a financial report and directors report under Class Order 98/1418 (as amended) issued by ASIC.

The above companies represent a “Closed Group” for the purposes of the Class Order. As there are no other parties to the DCG that are controlled by Sims Metal Management Limited, they also represent the “Extended Closed Group”.

Note 27 – Subsidiaries (continued)

Deed of Cross Guarantee (continued)
Set out below is a condensed consolidated income statement, a consolidated statement of comprehensive income, a summary of movements in consolidated accumulated deficit and a consolidated statement of financial position for the Closed Group.

(i) Condensed consolidated income statement

	2015 A$m	2014 A$m
Profit before income tax[1]	**102.6**	36.9
Income tax expense	**(44.2)**	(28.5)
Profit after tax	**58.4**	8.4

[1]2014 amount includes an after tax non-cash impairment charge of A$59.1 million (2015: nil) against the parent entity's investment in subsidiaries which are not part of the Closed Group.

(ii) Consolidated statement of comprehensive income

	2015 A$m	2014 A$m
Profit after tax	**58.4**	8.4
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Changes in the fair value of derivatives held as cash flow hedges, net of tax	**(1.0)**	2.6
Share of other comprehensive income from associates	**0.3**	-
Items that will not be reclassified to profit or loss		
Actuarial gain on defined benefit plans, net of tax	**0.9**	0.8
Other comprehensive income for the year, net of tax	**0.2**	3.4
Total comprehensive income for the year	**58.6**	11.8

(iii) Summary of movements in consolidated accumulated deficit

	2015 A$m	2014 A$m
Balance at 1 July	**(831.4)**	(840.6)
Profit for the year	**58.4**	8.4
Actuarial gain on defined benefit plans, net of tax	**0.9**	0.8
Dividends provided for or paid	**(53.2)**	-
Balance at 30 June	**(825.3)**	(831.4)

(iv) Consolidated statement of financial position

	2015 A$m	2014 A$m
Current assets		
Cash and cash equivalents	**34.1**	3.3
Trade and other receivables	**144.7**	225.8
Inventory	**82.7**	91.7
Other financial assets	**0.4**	1.8
Assets held for sale	**1.8**	3.7
Total current assets	**263.7**	326.3
Non-current assets		
Investments in associates and joint ventures	**34.6**	29.0
Other financial assets	**1,652.3**	1,652.2
Property, plant and equipment	**211.4**	153.6
Retirement benefit assets	**2.9**	2.1
Deferred tax assets	**21.0**	37.9
Goodwill	**41.6**	40.4
Other intangible assets	**1.9**	1.7
Total non-current assets	**1,965.7**	1,916.9
Total assets	**2,229.4**	2,243.2

Note 27 – Subsidiaries (continued)

	2015 A$m	2014 A$m
Deed of Cross Guarantee (continued)		
(iv) Consolidated statement of financial position (continued)		
Current liabilities		
Trade and other payables	**72.5**	95.2
Borrowings	**0.5**	0.5
Other financial liabilities	**1.5**	0.2
Current tax liabilities	**2.9**	17.3
Provisions	**15.7**	12.6
Total current liabilities	**93.1**	125.8
Non-current liabilities		
Payables	**3.0**	2.2
Borrowings	**1.6**	12.6
Deferred tax liabilities	**21.5**	10.0
Provisions	**3.4**	2.7
Total non-current liabilities	**29.5**	27.5
Total liabilities	**122.6**	153.3
Net assets	**2,106.8**	2,089.9
Equity		
Contributed equity	**2,797.4**	2,796.4
Reserves	**134.7**	124.9
Accumulated deficit	**(825.3)**	(831.4)
Total equity	**2,106.8**	2,089.9

Note 28 – Interests in other entities

(a) Names of associates and joint ventures

Name	**Country of incorporation**	**Ownership interest %**	
		2015	**2014**
SA Recycling LLC	US	**50**	50
Rondout Iron & Metal Company LLC	US	**50**	50
Richmond Steel Recycling Limited	Canada	**50**	50
LMS Energy Pty Ltd (“LMS”)	Australia	**50**	50
Simstar Alloys Pty Limited	Australia	**50**	50
ITL Logistics GmbH	Germany	**34**	34
Sims Pacific Metals Limited	New Zealand	**50**	50
Chiho-Tiande Group Limited (“CTG”)	Cayman Islands	**-**	16

Other than LMS, the principal activity of all other associates or joint ventures is metal recycling. LMS is a specialist landfill gas and renewable energy company, which researches, installs and develops landfill gas extraction systems, renewable energy and power generation technologies.

Note 28 – Interests in other entities (continued)

(b) Movements in carrying amounts of associates and joint ventures

	2015 A$m	2014 A$m
Balance at 1 July	**314.9**	330.0
Dilution loss on change in ownership interest of an associate	-	(0.2)
Share of results (e)	**3.1**	(5.9)
Accretion of deferred gain to equity accounted profit	**2.8**	2.6
Reversal of impairment of investment in an associate (d)	**6.3**	-
Disposal of an interest in an associate (d)	**(74.5)**	-
Share of other comprehensive income of associates	**0.4**	0.3
Dividends received	**(13.1)**	(7.5)
Foreign exchange differences	**59.5**	(4.4)
Balance at 30 June	**299.4**	314.9

(c) Impairments

Investments in associates and joint arrangements are annually tested for impairment and whenever the Group believes events or changes in circumstances indicate that the carrying value amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use. The impairment analysis includes performing sensitivity analysis of any reasonable possible changes which could give rise to any impairment. As at 30 June 2015, the sensitivity analysis performed on the Group's SA Recycling joint venture indicated that if future cash flows were 10% lower, with all other assumptions being the same, then the carrying amount of the Group's investment in SA Recycling would have been impaired by A$23 million (2014: A$17 million).

(d) Investment in Chiho-Tiande

In February 2015, the Group disposed of its entire shareholding of approximately 167 million ordinary shares in CTG for cash proceeds of A$74.5 million. Accordingly, the Group reviewed the fair value of the investment and recognised a reversal of impairment of A$6.3 million which had been previously recognised in the year ended 30 June 2013. The Group recognised a gain on sale of A$1.0 million on the disposal.

Prior to disposal during the year ended 30 June 2015, the Group had accounted for CTG as an associate, although the Group held less than 20% equity interest. This was because the Group exercised significant influence through its nominated director's active participation on CTG's board of directors as well as a significant trading relationship with CTG.

(e) Summarised financial information of associates and joint ventures

Group's share of assets and liabilities	2015 A$m	2014 A$m
Current assets	**79.5**	142.9
Non-current assets	**306.9**	306.7
Total assets	**386.4**	449.6
Current liabilities	**32.1**	95.5
Non-current liabilities	**62.5**	82.2
Total liabilities	**94.6**	177.7
Net assets	**291.8**	271.9

Note 28 – Interests in other entities (continued)

(e) Summarised financial information of associates and joint ventures (continued)

Group's share of revenue, expenses and results	2015 A$m	2014 A$m
Revenues	**644.6**	786.9
Expenses	**(637.3)**	(788.1)
Profit/(loss) before income tax	**7.3**	(1.2)
Tax expense	**(4.2)**	(4.7)
Profit/(loss) for the year	**3.1**	(5.9)

(f) Contingent liabilities and capital commitments

The Group's share of the contingent liabilities of joint arrangements is disclosed in note 22. The Group's share of the capital commitments and other expenditure commitments of joint arrangements is disclosed in note 23.

(g) Joint operations

The Group has a 50% interest in a joint operation called Sims Pacific Metals ("SPM") which is engaged in metal recycling in New Zealand. The partners in the joint operation own the assets as tenants in common and are jointly and severally liable for the liabilities incurred by the joint operation. SPM is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 1(e)(iii). The Group's interest in SPM is included in the statement of financial position under the classifications shown below:

	2015 A$m	2014 A$m
Current assets	**20.1**	22.0
Non-current assets	**7.5**	8.0
Total assets	**27.6**	30.0
Current liabilities	**23.3**	25.3
Non-current liabilities	**0.1**	0.1
Total liabilities	**23.4**	25.4
Net assets	**4.2**	4.6

The Group's share of SPM's contingent liabilities and capital expenditure commitments is included in notes 22 and 23, respectively.

Note 29 – Related party transactions

The Group's related parties are its associates, joint ventures, pension schemes and key management personnel. Group contributions to pension schemes are disclosed in notes 7 and 18.

(a) Key management personnel compensation

	2015 A$	2014 A$
Short-term benefits	**10,610,390**	8,868,381
Long-term benefits	**428,228**	33,873
Post-employment benefits	**338,740**	275,143
Termination benefits	**778,568**	791,336
Share-based payments	**4,281,298**	3,261,293
	16,437,224	13,230,026

Note 29 – Related party transactions (continued)

(b) Other transactions with key management personnel

Transactions entered into with any Directors or other key management personnel of the Group, including their personally related parties, are at normal commercial terms.

Mr Sato serves as the representative director for Mitsui & Co. As a result, his respective director remuneration is paid directly to Mitsui & Co. During the year ended 30 June 2015, the Group paid A$213,424 to Mitsui & Co. for director remuneration (2014: A$183,082).

(c) Transactions with related parties

Related party transactions with the Group's associates and joint ventures are as follows:

	2015 A$	2014 A$
Sales of goods and services	**39,701,152**	98,137,460
Purchases of goods and services	**400,993,425**	539,355,027
Management and other fees and commissions	**1,851,914**	1,761,372
Interest income	**4,134,486**	4,738,368

Outstanding balances from the Group's associates and joint ventures are as follows:

	2015 A$	2014 A$
Current receivables	**1,590,824**	2,021,227
Current payables	**8,407,480**	28,320,721
Loans to associate	**-**	41,147,056

Note 30 – Parent entity financial information

The Company was incorporated on 20 June 2005. Under the terms of a scheme of arrangement entered into between Sims Metal Management Limited (formerly known as Sims Group Limited from 20 June 2005 to 21 November 2008) and Sims Group Australia Holdings Limited ("SGAHL") (formerly known as Sims Group Limited prior to 20 June 2005) on 31 October 2005, the shareholders in SGAHL exchanged their shares in that entity for the shares in Sims Metal Management Limited.

As required by AASB 3 *Business Combinations* at the time, SGAHL was deemed to be the acquirer in this business combination. This transaction has therefore been accounted for as a reverse acquisition. Accordingly, the consolidated financial statements of Sims Metal Management Limited have been prepared as a continuation of the consolidated financial statements of SGAHL. SGAHL, as the deemed acquirer, has applied purchase accounting for its acquisition of Sims Metal Management Limited as at 31 October 2005.

Note 30 – Parent entity financial information (continued)

(a) Summary financial information

	2015 A$m	2014 A$m
Statement of financial position:		
Current assets	**94.0**	87.8
Total assets	**2,518.0**	2,511.4
Current liabilities	**68.4**	79.6
Total liabilities	**70.9**	81.4
Shareholders' equity:		
Contributed equity	**4,118.0**	4,117.0
Reserves	**136.7**	126.2
2015 profits reserve	**5.6**	-
Accumulated deficit	**(1,813.2)**	(1,813.2)
Total equity	**2,447.1**	2,430.0
Profit/(loss) for the year[1]	**58.8**	(105.6)
Total comprehensive loss	**58.8**	(105.6)

[1]The parent entity's loss for 2014 included an after-tax non-cash impairment charge of A$105.0 million (2015: nil) against the parent entity's investment in subsidiaries. In accordance with AASB 136, the parent entity's investment in subsidiary balance was compared to the higher of its value in use or fair market value less costs to sell, and the comparison identified an impairment in the carrying value of the parent entity's investment in subsidiaries. This non-cash charge is reversed on consolidation and does not impact the consolidated financial statements of the Group.

(b) Guarantees entered into by the parent entity

The Company has not provided financial guarantees for which a liability has been recognised in the Company's statement of financial position. The Company and certain of its subsidiaries have given guarantees in respect of the performance of contracts entered into in the ordinary course of business. The amount of these guarantees provided by the Company as at 30 June 2015 was A$57.1 million (2014: A$38.4 million).

On 31 March 2011, the Company provided a guarantee for its proportional share of a lease obligation of a joint venture of the Group. The Company's proportional amount of the lease obligation remaining as at 30 June 2015 was A$11.7 million (2014: A$11.8 million).

The Company is party to a number of financing facilities and a Deed of Cross Guarantee ("DCG") under which it guarantees the debts of a number of its subsidiaries. Under the terms of the DCG 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 Company has undertaken to meet any shortfall that might arise on the winding up of controlled entities that are party to the deed, as described in note 27. The controlled entities are not in liquidation and there is no indication that they will be wound up.

(c) Lease commitments

	2015 A$m	2014 A$m
Not later than one year	**2.6**	2.1
Later than one year, but not later than five years	**10.5**	8.6
Later than five years	**43.8**	38.7
Total lease commitments not recognised as liabilities	**56.9**	49.4

Note 31 – Cash flow information

(a) Cash and cash equivalents

Cash at the end of the financial year as shown in the consolidated statements of cash flows is reconciled to the related items in the consolidated statements of financial position as follows:

	2015 A$m	2014 A$m
Cash at bank and on hand	**316.0**	57.2
Cash and cash equivalents	**316.0**	57.2

Cash and cash equivalents as at 30 June 2014 include A$1.2 million of cash held in escrow from the sale of a business for general warranties and representations. During the year ended 30 June 2015, A$0.7 million of cash previously held in escrow was transferred to the Group.

(b) Reconciliation of loss for the year to net cash inflows from operating activities

	2015 A$m	2014 A$m
Profit/(loss) for the year	**109.9**	(88.9)
Adjustments for non-cash items: [1]		
Depreciation and amortisation	**121.1**	123.9
Non-cash interest expense	**1.7**	1.9
Dilution loss on change in ownership interest of an associate	**-**	0.2
Unrealised (gain)/loss on held for trading derivatives	**(7.8)**	8.5
Fair value gain on financial assets at fair value through profit or loss	**-**	(0.6)
Impairment of goodwill and other intangibles	**-**	28.5
Impairment of property, plant and equipment	**0.3**	40.9
Reversal of impairment of investment in an associate	**(6.3)**	-
Net (gain)/loss on disposal of property, plant and equipment	**(3.0)**	2.4
Loss on sale of business divisions	**-**	1.3
Gain on sale of associate	**(1.0)**	-
Non-cash share-based payments expense	**13.4**	11.8
Non-cash retirements benefit expense	**1.2**	1.2
Imputed portion of interest income on convertible loan	**(1.8)**	(3.0)
Equity accounted results net of dividends received	**7.2**	10.8
Change in operating assets and liabilities, excluding the effects of acquisitions and disposals of entities:		
Decrease in trade and other receivables	**92.4**	14.8
Decrease in inventories	**126.6**	41.7
Decrease/(increase) in prepayments	**2.2**	(0.7)
(Decrease)/increase in provisions	**(8.9)**	54.2
(Decrease)/increase in income taxes	**(13.0)**	12.2
(Decrease)/increase in deferred taxes	**(3.1)**	14.3
Decrease in trade and other payables	**(133.0)**	(65.3)
Net cash inflows from operating activities	**298.1**	210.1

[1]Includes both continuing and discontinued operations

Note 31 – Cash flow information (continued)

(c) Non-cash investing and financing activities

During the year ended 30 June 2015, the Group did not acquire any equipment by means of finance leases (2014: A$2.8 million). Refer to note 12.

During the year ended 30 June 2015, the Group did not dispose of equipment for which the cash proceeds were not received until the subsequent financial year (2014: A$4.5 million).

Note 32 – Assets classified as held for sale

	2015 A$m	2014 A$m
Assets classified as held for sale		
Property, plant and equipment	**1.8**	7.4
	1.8	7.4

Assets held for sale at 30 June 2015 include excess property and equipment in Australia which the Group expects to sell within the next financial year. During the year ended 30 June 2015, the Group reclassified A$4.1 million of property, plant and equipment previously disclosed as held for sale into property, plant and equipment. The amount related to US assets which no longer qualified as held for sale as the Group is reconsidering its plans for these assets.

Note 33 – 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. The review determined certain loss making operations to be outside of the strategic long-term interests of the Group. These operations included a substantial portion of the E-Recycling business in the UK and the entire E-Recycling business in Canada. Legislation and market dynamics in the UK and Canada have resulted in these businesses being commercially unattractive to the Group going forward. During the year ended 30 June 2015, the Group undertook actions to close these operations, which was completed by June 2015.

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been restated to include those operations classified as discontinued in the current financial year.

Note 33 – Discontinued operations (continued)

	2015 A$m	2014 A$m
Profit/(loss) for the year from discontinued operations		
Revenue	**27.4**	107.9
Other income	**1.6**	0.4
Raw materials used and changes in inventories	**(15.0)**	(42.8)
Freight expense	**(3.2)**	(14.1)
Employee benefits expense	**(3.7)**	(36.3)
Depreciation and amortisation expense	**(0.3)**	(6.4)
Repairs and maintenance expense	**(0.8)**	(7.1)
Other expenses	**(5.3)**	(105.6)
Impairment of goodwill and other intangibles	**-**	(0.5)
Finance costs	**(0.6)**	-
Share of results of associates and joint ventures	**-**	-
Profit/(loss) from discontinued operations before income tax[1]	**0.1**	(104.5)
Income tax	**-**	(0.7)
Profit/(loss) for the year from discontinued operations	**0.1**	(105.2)
Cash flows from discontinued operations		
Net cash (used in)/from operating activities	**(3.7)**	8.1
Net cash from investing activities	**1.6**	2.4
Net cash from/(used in) financing activities	**1.5**	(10.5)
Net cash flow for the year	**(0.6)**	-

[1]2014 amount includes A$87.4 million of restructuring and other charges. 2015 amount includes A$6.7 million of reversals of restructuring and other charges.

Sims Metal Management Limited
Directors' Declaration

In the directors' opinion:

a) The financial statements and notes set out on pages 51 to 121 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 view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial 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, 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 27 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 27.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Group Chief Executive Officer and the Group Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

G N Brunsdon
Chairperson

Sydney
21 August 2015

G Claro
Managing Director and Group CEO

New York
20 August 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Sims Metal Management Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 51 to 122.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, 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 would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Sims Metal Management Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 49 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Sims Metal Management Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants
Sydney, 21 August 2015