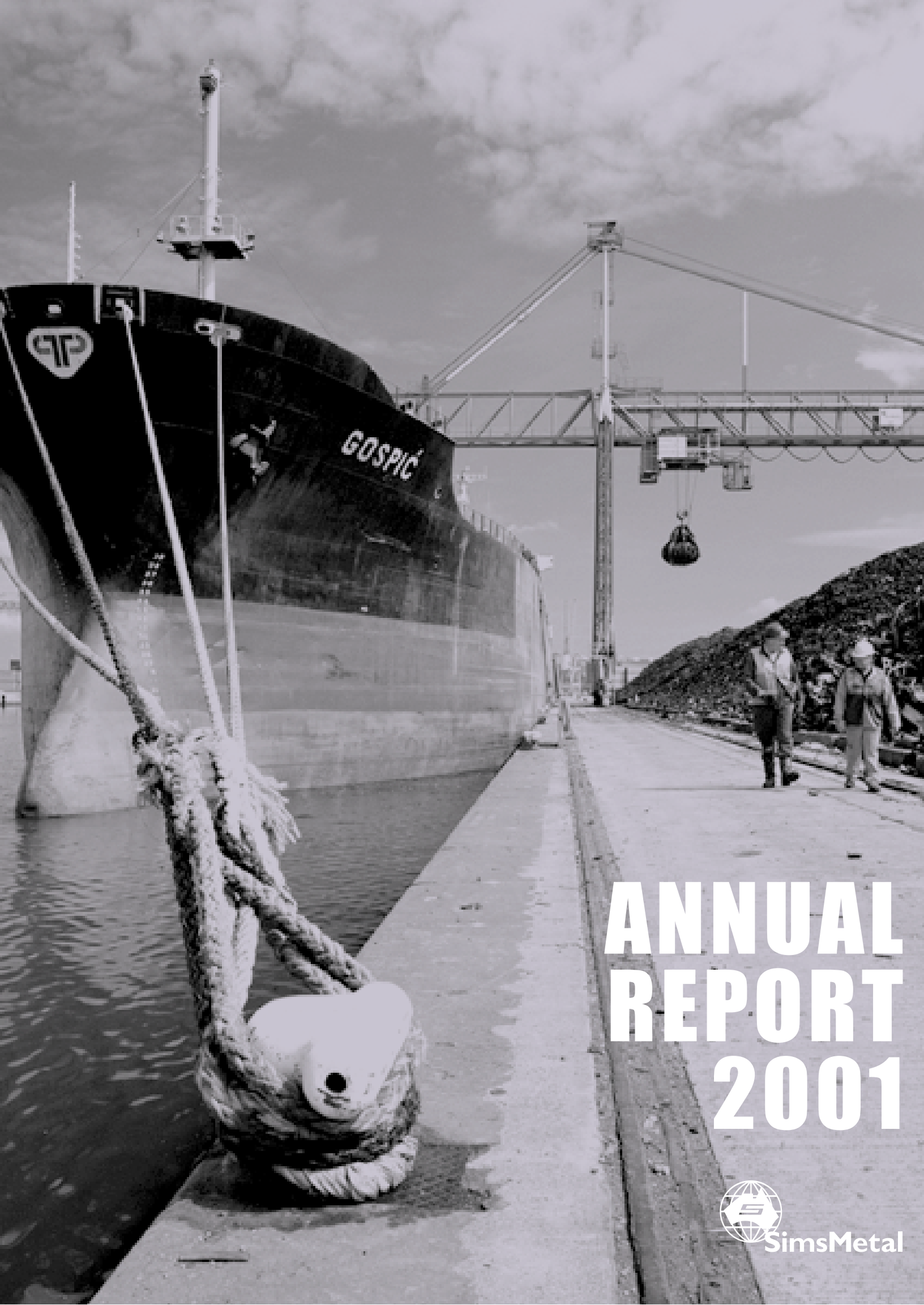




ANNUAL REPORT 2001



SimsMetal



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ANNUAL GENERAL MEETING

The Annual General Meeting of Simsmetal Limited will be held in The Grand Ballroom, Hotel Sofitel Melbourne 25 Collins Street Melbourne VIC 3000 on Wednesday, 14th November 2001 at 11:00am.

A Notice of Meeting and Proxy Form are enclosed with this report.

Simsmetal is primarily a metals recycling, resource recovery and industrial services group. It also has an interest in the renewable energy industry. As such, Simsmetal is an advocate of the optimisation of the earth's finite resources.

The Simsmetal group's operations span the globe with some 90 facilities spread throughout Australia, NZ, PNG, the USA, UK, Canada, China and Malaysia.

In fiscal 2001, Simsmetal had an annual turnover of A\$1.4 billion and over 2300 employees worldwide.



Simsmetal
Limited

ABN 37 008 634 526

YEAR IN BRIEF

CHAIRMAN'S COMMENTS

The results of the Simsmetal group in this last financial year showed a significant improvement compared to the previous year. Assisted by a very strong performance from the group's resource recovery facilities, the consolidated operating profit after tax was \$40.9m, up 57% on the previous year.

The directors have declared a fully franked final dividend of 17 cents per share, bringing to 32 cents per share the total dividend for the 2001 fiscal year. The final dividend will be paid to shareholders on 12 October 2001. The Company's dividend reinvestment plan will continue to apply, although the pricing discount to market has been reduced from 5% to 2.5% because of the Company's low gearing level. The directors have also decided to suspend the Company's share purchase plan until further notice for the same reason.

The group continues to be committed to the highest level of corporate governance and compliance. Adherence to occupational, health and safety and environmental best practices are also high priorities in all of the regions in which we operate. Details on initiatives in these areas are included later in this report.

During the year, the directors took the opportunity to visit the operations of Sims Pacific Metals, the group's joint venture with the Fletcher Building Limited group in New Zealand. SPM had a record year in fiscal 2001, and this reflects the way the business is run.

In closing, my fellow directors join me in extending our congratulations to all employees worldwide for their efforts in achieving a very impressive result for the year.



P K Mazoudier
Chairman



FINANCIAL SUMMARY

For the year ending 30th June

	2001 (A\$'000s)	2000 (A\$'000s)
Total Operating Revenue	1,358,487	1,090,095
Profit Before Interest and Tax	68,012	48,602
Net Interest Expense	(10,954)	(7,080)
Tax Expense	(16,193)	(15,367)
Operating Profit After Tax	40,865	26,155
Net Profit (After Minority Interests)	40,894	26,129
Net Cash Flows from Operations	97,124	16,489
Earnings Per Share	46.6¢	30.4¢
Dividends Per Share	32.0¢	25.0¢
Return on Shareholders' Equity	13.3%	9.4%
Current Ratio	1.7:1	1.7:1
Net Debt to Funds Employed	23.7%	33.7%
Net Tangible Asset Backing per Share	\$2.45	\$2.11



I am pleased to report an increase in profits in fiscal 2001 compared to the previous year. EBITDA at \$107.516 million was an increase of 37%. EBIT at \$68.013 million was an increase of 40%. PAT at \$40.894 million was an increase of 57%. An improvement in profit contribution was recorded by the group's Australian, New Zealand and UK divisions. Earnings from our non ferrous operations, in particular our resource recovery facilities, were particularly robust, justifying the decision we took to improve the efficiencies of the downstream systems on many of our shredder facilities. Highlights for the year were the record profit contributions from our UK and NZ operations. Our USA operations recorded a profit at the EBIT level, a commendable achievement given the extremely difficult ferrous trading conditions prevailing in that region. Consistent with our strategy of building a global enterprise, our overseas operations made a significant contribution to group results with approximately 60% of the group's sales revenue and EBIT earnings generated offshore during the year. Group sales revenues were \$1.352 billion, up 25% on the previous year.

During the year, emphasis was placed on bedding down the two offshore acquisitions made the previous year, namely the Markovits & Fox business in San Jose, California and, particularly, the Philip Services operations in the UK. We were extremely pleased at the relatively seamless integration of both of these businesses with our core operations and were encouraged by the positive contribution each made. Our merged UK operations exceeded targeted operational and commercial efficiencies and synergies.

The only acquisition we made during the year was a 25% interest in Landfill Management Services Pty Limited in February 2001. LMS is a recognised leader in Australia in landfill gas extraction, management and systems design, and has ambitions of being a significant player in the burgeoning renewable energy industry. Further information on this new venture is found later in this report.

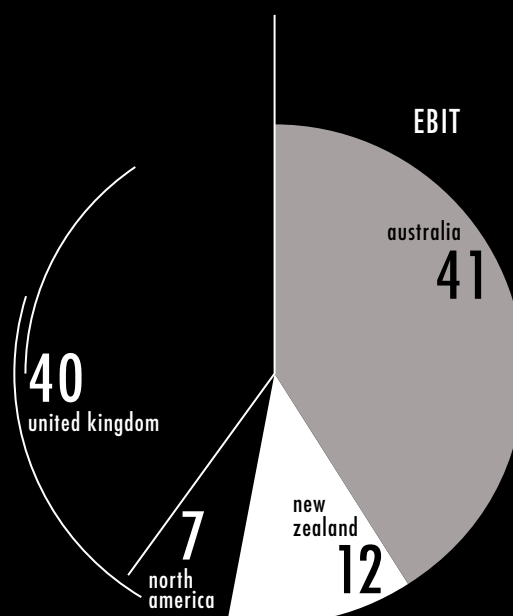
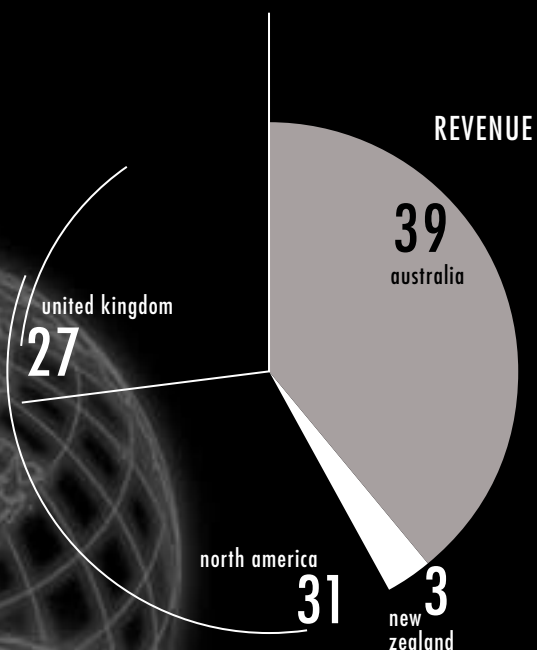
Net operating cash flow of \$97.124 million assisted in strengthening our balance sheet and was a 489% improvement on the previous year. Net Debt to Funds Employed at the end of the financial year was 23.7%. Earnings per Share was 46.6 cents, up 53% and Return on Shareholders' Equity was 13.3%, up 41% on the previous year.

John Crabb

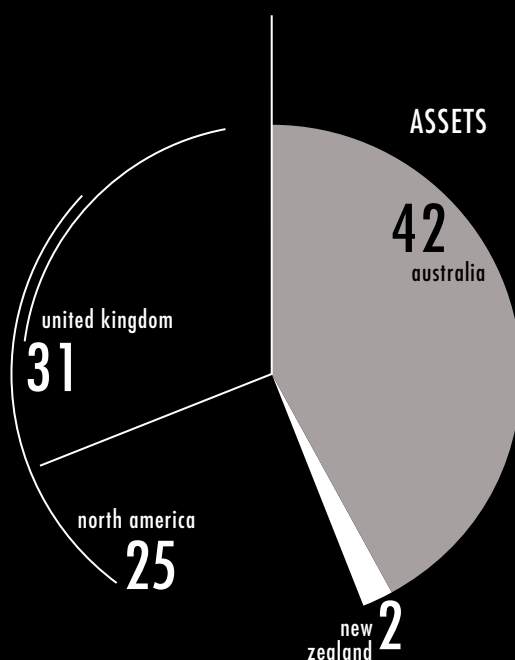


MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S

REVIEW OF OPERATIONS



28 centres in Europe
14 centres in North America
2 centres in Asias
2 centres in the Pacific Islands
37 centres in Australia
8 centres in New Zealand



METALS RECYCLING, RESOURCE RECOVERY AND INDUSTRIAL SERVICES

Globally, Simsmetal is a substantial collector, processor and supplier of secondary ferrous and non ferrous raw materials and provider of ancillary industrial services such as mill services and scrap management programs. In fiscal 2001 the Simsmetal group handled almost 5.0 million tonnes of secondary ferrous and non ferrous raw materials, an increase of 8% on the previous year. This was principally due to a full year's contribution from the Philip Services business in the UK and record throughput in NZ. Revenue from ferrous operations increased but, overall, earnings declined. Generally stronger non ferrous commodity prices throughout the year, and a weaker Australian dollar, resulted in a significant increase in both revenue and profitability from our non ferrous trading and resource recovery operations compared to the previous year.

automobile industry. Sales volumes were down 11% compared to the previous year and both revenue and earnings declined. The *salt slag resource recovery plant* at Moolap, Victoria continued to improve its throughput and recovery of aluminium from slag waste.

The Company's *plastic recycling* operations increased production tonnes by 21% and sales volumes by 4%, but earnings decreased due to margin pressures caused by the higher cost of raw materials.

Consolidated Extrusions, the Company's joint venture with Crane Group Limited, endured a volatile year with a slowdown in the local building industry affecting demand, and a decline in sales to Asia. Sales volumes were off approximately 10% and earnings were lower, although return on funds employed remained acceptable.

REVIEW OF OPERATIONS

In Australia, the *secondary ferrous raw materials division* recorded sales volumes of 850,000 tonnes, down 7%. Sales revenue increased 4% compared to the previous year and, assisted by strong sales into China, healthy domestic demand and a weaker Australian dollar, profitability increased significantly, up 60%. During the year, we successfully completed the installation of a new downstream system at our shredding mill in Brisbane, further improving our recoveries from this plant.

Sales volumes in the *new and used steel merchandising division* were 15% below the prior year but profitability improved.

Our *non ferrous trading and resource recovery operations* provided a significant contribution, assisted by higher non ferrous metal prices in AS terms. Greater throughput and operational efficiencies allowed our resource recovery facilities to improve sales volumes by 8% compared to the previous year.

The *aluminium division's* results were adversely affected during the year by higher raw material costs and softer demand, particularly from the local

Australian Refined Alloys, the Company's secondary lead smelting joint venture with Pasminco Limited, increased sales volumes to a record level and, assisted by firmer secondary lead prices, achieved record profitability.

In New Zealand, the Company's joint venture with the Fletcher Building Limited group, Sims Pacific Metals, increased *ferrous sales volumes* by 7% and sales revenue by 19%. Increased exports assisted the achievement of record earnings. *Non ferrous* raw material sales volumes were in line with fiscal 2000, but sales revenue increased by 27% and profitability improved in what was a very solid result for our joint venture operation.

In the South Pacific Region, Simsmetal's wholly owned subsidiary, PNG Recycling Limited, based in Papua New Guinea, performed at satisfactory levels.

In the USA, the steel industry endured extremely depressed conditions as a result of increased imports, reduced demand for finished products and lower steel prices. Consequently, Simsmetal America's *ferrous volumes* declined 14%, principally due to a



REVIEW OF OPERATIONS

reduction in brokerage tonnes from our mill services division. Revenues decreased 10% which, coupled with extremely low US domestic ferrous prices, resulted in the ferrous division recording a significant loss, in AS terms, for the year. The USA steel merchandising operations had slightly higher sales volumes but lower earnings.

In the *non ferrous trading division*, volumes were affected by the technology slowdown in Silicon Valley, partly offset by a full year's contribution from the Markovits & Fox acquisition. Overall, our non ferrous operations increased sales volumes by 21%, and both revenue and profitability improved strongly. There was another sound contribution from our resource recovery facilities.

In Canada, our Richmond Steel Recycling joint venture with Birmingham Steel in Vancouver increased *ferrous volumes* by 10%, but lower margins meant earnings declined compared to the previous year. Improved shredder recovery resulted in *non ferrous sales* volumes increasing by 19%, and both revenue and profitability improved.

In the UK, assisted by a full year's contribution from the Philip Services acquisition, the UK group's *ferrous raw materials* sales volumes increased by 70% to 1.9 million tonnes. Revenue was also significantly higher and the division was profitable, albeit lower than the previous year.

The *non ferrous trading division* increased sales volumes by 80% compared to the previous year. The UK operations now have a heavy media separation plant which has enhanced our resource recovery capabilities. Sales revenue and profitability both increased significantly compared to the previous year and a most impressive result was recorded.

On the international scene, the employees of our **Sims International's** representative offices in Kuala Lumpur, Malaysia and Shanghai, China, performed well during the year, facilitating sales on behalf of our global operations.

RENEWABLE ENERGY

Landfill Management Services Pty Limited, in which Simsmetal has a 25% interest, with the right to move to a 50% interest, was successful in securing several projects during the second half of the year. These included a joint venture interest in the Swanbank ReOrganic Energy project at Ipswich, Queensland and a number of landfill gas extraction ventures at sites throughout Australia.

THE ENVIRONMENT, HEALTH AND SAFETY

Simsmetal recognises that the safety and well being of all its employees is of paramount importance. Accordingly, considerable time, effort and resources are channelled into this area, both at an operational and corporate level. This includes the transferring of best practices and knowhow throughout our global operations. Pleasingly, our global lost time injury frequency rate decreased in fiscal 2001 compared to the previous year, notwithstanding the expansion of the number of operating sites within the Simsmetal group.

Simsmetal is also committed to continually monitoring and improving practices and procedures that ensure the highest standard of environmental care is achieved.

Further information on initiatives undertaken during the year in these important areas is detailed later in this report.

DIRECTIONS

There has been some evidence of slightly higher US domestic prices for certain grades of ferrous scrap as well as some improvement in Asian markets for composite shipments. We are expecting that demand in China will continue to improve and that demand from Australian domestic consumers will be consistent during the coming year. However, ferrous markets remain difficult, with mixed signals emanating from some Asian markets.

In relation to non ferrous metals, base metal prices remain vulnerable to the vagaries of the global economy, although there are a number of metal analysts that are forecasting both copper and aluminium prices to improve some time in the second or third quarters of fiscal 2002. In the meantime, a weak Australian dollar will continue to assist our Australian dollar translation prices.

Consistent with the group's strong balance sheet, Simsmetal will continue to pursue sensibly priced strategic acquisitions and mergers in both new and existing markets.

In fiscal 2002, we anticipate growth in volumes in all regions, improvement in by-product recoveries, particularly in Australia, and stronger UK earnings as a result of the commissioning of a new non ferrous processing facility in Newport and the extraction of further benefits from the Philip Services acquisition. We are also forecasting a gradual improvement in ferrous and non ferrous metal prices as the year progresses.

The group will also continue its examination of new recycling and service initiatives, particularly end of life vehicle (ELV) management in the UK.

While we expect first quarter performance to be affected by Northern Hemisphere seasonal plant closures, for the reasons stated above, we are budgeting for a further improvement in the group's fiscal 2002 results.

OUR PEOPLE

In concluding this review of operations, I would like to record a special vote of thanks to all employees and management of the group for their tremendous contribution to the significant improvement in results in 2001.

At Simsmetal, we recognise that it is the quality of our people, and their commitment to meet new challenges, that provides us with the competitive advantage to satisfy the needs of our customers and stakeholders.



John Crabb
Managing Director & Chief Executive Officer



REVIEW OF
OPERATIONS



HEALTH AND SAFETY

Historically, Simsmetal has introduced many initiatives to develop and improve the health and safety environment for all its employees. This has been an ongoing commitment and has included appointing safety co-ordinators for each State of Australia and division. The safety co-ordinators, together with supervisory staff, drive a safety program, which includes regular safety audits and committee meetings, ongoing training and risk assessments. Training includes that of employees in specific risk areas, supported by a number of videos produced specifically for Simsmetal. This is combined with ongoing initiatives, the most recent being the adoption of the DuPont Safety concept. DuPont is a recognised world best performer in the area of safety. During the year, DuPont training was provided to all senior management and supervisory staff throughout Australia. This training was extended to New Zealand personnel late last year and the concept has recently been introduced to our UK operations.

The DuPont Safety concept has been embraced as a method of bringing more and more people into the safety loop. By doing this, responsibility is spread throughout the organisation, with the aim that, ultimately, individuals will be more responsible for their own safety.

As part of this concept, supervisors are now expected, in addition to their statutory responsibilities for health and safety, to perform, together with another supervisor or employee, one audit per week. This leads to regular safety discussions and broader education of all our people.

The system has now been in place just over 12 months in Australia, where the lost time injury frequency rate has decreased from 21.1 to 13.7. It is anticipated that this improvement will, in the future, be reflected throughout the organisation.

Simultaneously, work has progressed with a new Simsmetal set of safety standards, which comply with AS 4801 Occupational Health and Safety Management systems guidelines. These new standards will be introduced later this year.

During the year, the annual International Health and Safety Conference was held in Sydney, Australia, with representatives attending from all divisions, including from the UK, USA, NZ and all Australian States. The conference is significant in that it provides a venue where people from different geographical locations can meet and compare improved or better safety methods and take these ideas and initiatives back to their own country.



ENVIRONMENT

As one of the world's largest recycling companies, Simsmetal delivers a major contribution to sustainable development, waste minimisation and resource recovery in all regions in which it operates.

Recycling metals results in enormous energy savings as well as conserving valuable raw materials. For example, processing scrap iron and steel from abandoned motor vehicles, demolished building sites and obsolete household goods to make new steel results in a 74% savings in energy, an 80% reduction in air and water pollution and a 90% savings in virgin materials use. Producing a tonne of aluminium from virgin bauxite ore takes the energy equivalent of 8.1 metric tonnes of coal, but producing the same amount of aluminium from recycled scrap takes only 0.4 metric tonnes, a reduction of 95 per cent.

Further, recycling addresses the growing social and environmental concern over the rising volume of waste sent for disposal in landfills. Metals can be recycled indefinitely, providing social, environmental and economic benefits.

The Company continues to refine its environmental performance and systems from the original base of BS 7750 10 years ago, to ISO 9000 and increasingly ISO 14000 series certification, the highest level of environmental standard in the world. There is a clear commitment to this process, with specific and well understood responsibilities for incident reporting, responsive action and continual improvement resting with all levels of operational staff and management. The integration of these responsibilities into the day-to-day tasks of each individual was

audits under the direct supervision of group head office are conducted on a 6 monthly basis for any significant operation, with a 12 month turnaround for smaller operations. The environmental audit process is, in turn, subject to Simsmetal's overall internal systems audit procedures. The information gathered on problems, performance and ideas for improvement from these and other sources is constantly monitored and directly linked to action plans for management and environmental expenditure plans.

The Company continues to work closely with all levels of government, relevant public interest groups and industry groups such as the Australian Industry Group, Australian Council of Recyclers, Bureau International de la Recuperation in Brussels and the Institute of Scrap Recycling Industries in the USA.

Throughout the year, Simsmetal was particularly active in working with government in respect of the growing social pressures for greater product stewardship in respect of discarded consumer goods such as vehicles, electronic and electric goods. Simsmetal's long and well established expertise as a recycler, and its work with manufacturers over many years for better and simpler utilisation of end-of-life products, has been well received by government and this work continues.

SAFETY & ENVIRONMENT

further enhanced this year, by including environment as a specific performance measure for all relevant employees and extending the level of training and feedback on environmental matters among our staff.

The Company continued with its rigorous environmental audit scheme. While informal environmental audits form part of any operational manager's responsibility, formal environmental

With the Company’s recent acquisitions in the UK, Simsmetal has grown to become an employer of more than 2,300 people worldwide. With the Company’s operations spanning the globe, the geographical location and cultural diversity within Simsmetal is today greater than ever, with more than half of our employees now located overseas.

It is often said that “People are our Greatest Resource”, and that is particularly the case in an organisation like Simsmetal, where customer service is of paramount importance. Many of our employees are long timers, with more than 25 on average each year completing their twentieth year of service with the Company. Blended with this experience is a constant search for outstanding young talented individuals and an active policy of developing management internally by cross functional work experience and promotion between geographical regions.

This year, Simsmetal continued to develop management internally, by training and promoting suitably qualified staff to new positions that became available. This was supplemented by assisting staff where necessary in undertaking additional vocational training, ranging from specific skills acquisition to short and long term post graduate education programs. Some of these were specifically designed for Simsmetal and undertaken internally, while others were completed at external facilities.

The Company also reviewed its internal performance on communication. Following on from previous years, an external expert group was commissioned to assess the quality of communication at all levels in the Company and identify areas that could be improved. Employee participation in the review was very pleasing. A number of areas of improvement were recognised and ongoing initiatives were commenced with the aim of further building the levels of dialogue and relationships throughout all staff levels. Development workshops were held by managers and supervisors in various States of Australia, promoting further cross functional meetings, regular site visits, the sharing of ideas interstate and the involvement of employees.

During the year, the Company upgraded its Trade Practices Act Compliance Program to meet Australian Standard AS-3086-1998. Australian State Managers incorporated trade practices training modules into their regular management meetings, supported by specialist assistance from group head office.

OUR PEOPLE





Simsmetal's **ferrous metal recycling operations** comprise the collection, processing and trading of iron and steel scrap metal. Material is sourced from industrial sites, obsolete industrial and consumer products, scrapped or wrecked motor vehicles and obsolete household goods. Ferrous scrap is a key raw material in the steel industry, particularly with the worldwide growth in electric arc furnace capacity. While a basic oxygen furnace may typically use 25-30% of scrap feed stock, in excess of 90% may be used by an electric arc furnace. Simsmetal supplies local steel industry customers in all its operating regions and exports globally, primarily to Asia and Pacific Rim countries.

Non ferrous metal recycling comprises the collection, processing and trading of other metal alloys and residues, principally, aluminium, lead, copper, zinc and nickel bearing materials. The main source of non ferrous scrap includes "domestic arisings" such as plumbing, fittings, copper piping, electrical wiring and aluminium cans; "industrial arisings" and automotive parts, including batteries, radiators and electric cables. "Shredder arisings", a by-product resource separated and recovered from the shredding of car bodies, white goods and similar obsolete equipment through Simsmetal's fully equipped shredder machines located in most major operating centres, are an increasing source of non ferrous materials.

As an extension of its recycling operations, Simsmetal's **secondary processing operations** provide a value added process involving the melting, refining and ingotting of certain non ferrous metals. Such secondary processing operations absorb a significant portion of the Company's non ferrous arisings, particularly aluminium and copper. Simsmetal is the only company in Australia that offers mobile molten metal delivery and the recovery of aluminium from salt slag waste. In addition, Simsmetal is involved, via joint ventures, in processing copper (via its Conex JV) and lead based scrap and residues (via its ARA JV), to produce extruded copper and brass products and secondary lead ingot. Finally, Simsmetal is involved in the reclamation and reprocessing of plastics.

The Simsmetal group also provides **industrial services** to its customers. Mill services to steel manufacturers such as Birmingham Steel in the USA and Pacific Steel in NZ improves their management and optimisation of sourcing, selection, transportation, processing and utilisation of ferrous scrap units for electric arc furnace steel production. Simsmetal also manages scrap programs on site for manufacturing companies, such as the whole scrap baling program for NUMMI in California, USA. The group is also increasingly involved in the cutting edge of developing workable end-of-life strategies with automotive and other manufacturers.

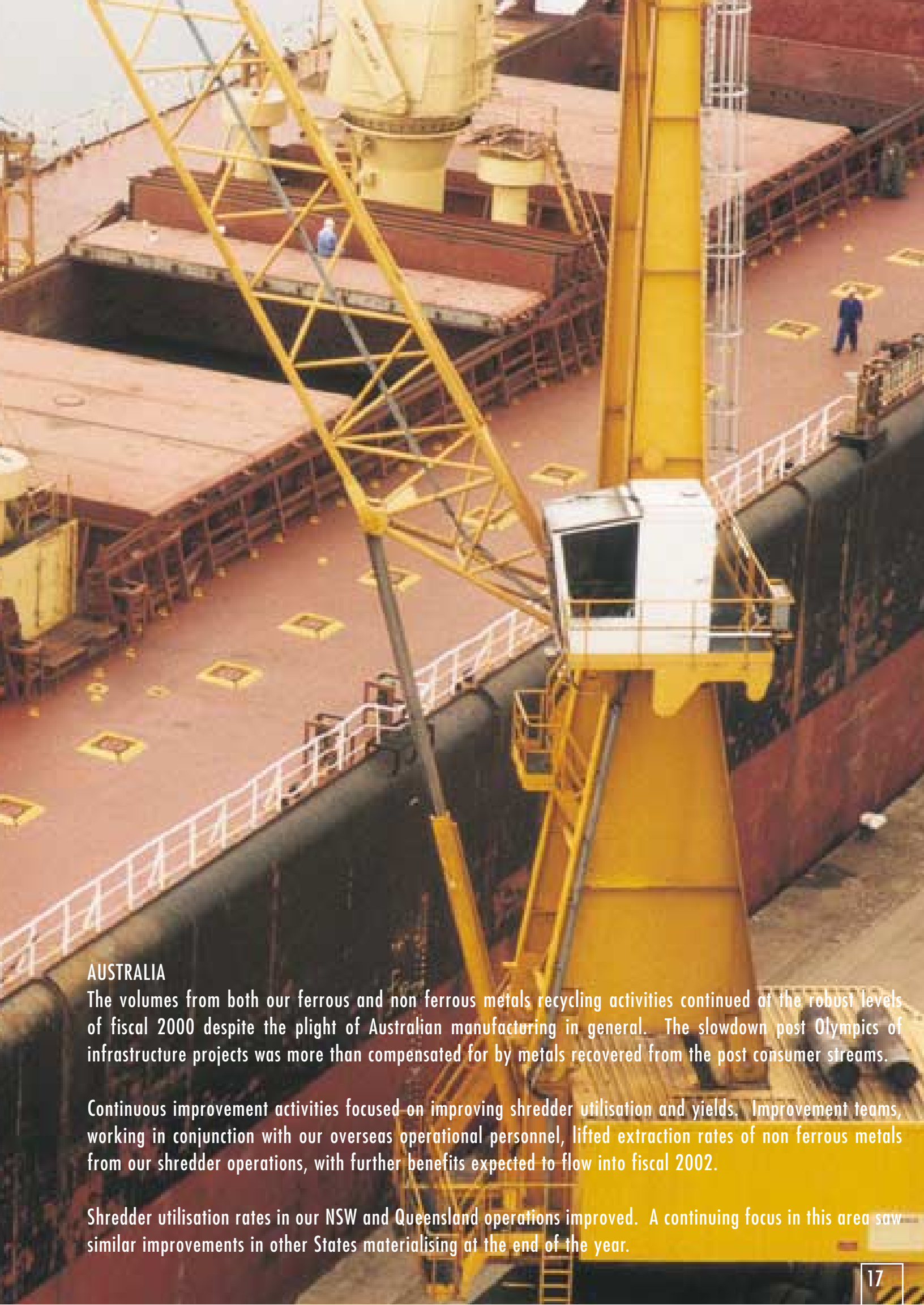
METALS RECYCLING

RESOURCE RECOVERY

INDUSTRIAL SERVICES



GLOBAL REPORT



AUSTRALIA

The volumes from both our ferrous and non ferrous metals recycling activities continued at the robust levels of fiscal 2000 despite the plight of Australian manufacturing in general. The slowdown post Olympics of infrastructure projects was more than compensated for by metals recovered from the post consumer streams.

Continuous improvement activities focused on improving shredder utilisation and yields. Improvement teams, working in conjunction with our overseas operational personnel, lifted extraction rates of non ferrous metals from our shredder operations, with further benefits expected to flow into fiscal 2002.

Shredder utilisation rates in our NSW and Queensland operations improved. A continuing focus in this area saw similar improvements in other States materialising at the end of the year.

Particular attention was applied during the year to enhancing the cleanliness and density of bulk products, which has enabled the achievement of higher grade export sales.

Major growth was also experienced in the toll processing of home scrap (or in-house production scrap) for the domestic steel mills.

The non ferrous divisions performed strongly where, after satisfying domestic requirements, they capitalised on the growing demand in China.

During the last quarter we commenced the restructure of the steel merchandising division, including the rebadging of the product mix in Queensland to SimsSteel. This will be progressively rolled-out during fiscal 2002 to take advantage of the consolidation this segment is currently experiencing.

One feature during the year was the involvement by Simsmetal NSW, Australia in recycling certain of the Sydney 2000 Olympic venues. Sims Plastics recycled plastic seats from the Cycling Velodrome at Bass Hill, the Bondi Beach Volleyball Stadium was completely dismantled, scrap steel was taken from the Dome at Homebush Stadium and the White Water Rafting course at Penrith, and the International Broadcasting Centre yielded copper cable and scrap steel.

Step by step, rationalisation of transport activities continues with the ongoing change to more efficient large bin systems and multiple trailer haulage.

Engineering projects, such as the refurbishment of the Rocklea, Queensland shredder product cleaning system and installation of a first flush water collection system, continued to operate on an integrated team basis with projects generally being on time, on budget and accident free.

The **Pick'n Payless Self Service Auto Parts** operations closed its Port Kembla, NSW operation during the year to concentrate on its Blacktown, NSW site, which had over 110,000 attendees.

Sims Aluminium continued its push as a major supplier from its Melbourne smelter of specification secondary aluminium ingot and molten metal to the Australian and South East Asian die casting industry. Sales volumes for the year were affected by a slow down in the domestic automotive industry, particularly in the second half. Strong global scrap aluminium prices, the basis of the smelter's raw material, affected margins of its products.

Two major contracts for supply of secondary aluminium product were renewed during the year, and several new products were trialed for future use in primary aluminium substitution.

At the Company's aluminium dross processing facilities in Sydney and Geelong, volumes processed for the year were down on the previous year, influenced by the general reduction of dross produced by the primary industry, and the direction to process dross arisings in-house by a major customer. However, export sales of aluminium product, assisted by the low Australian dollar, exceeded the previous year.

A continued strong focus on OH & S issues in this division achieved a 75% reduction in lost time injuries and a 53% reduction in the number of minor injuries.

At the Company's salt slag resource recovery operation at Geelong, where aluminium and salt is recovered from salt slag, production volumes increased in excess of 100% over the previous year, and aluminium recoveries increased by 75%. Several new initiatives are currently being undertaken to continue to improve recoveries from salt slag, a waste which emanates from Australia's secondary aluminium smelting industry.

At **Sims Plastics'** recycling operations, located in Melbourne and Sydney, sales volumes continued to increase during the year, with several new product markets established.

With a continued focus on establishing niche markets, this operation has worked closely with environmental authorities in the recycling of specific plastic products previously lost to landfill, ultimately creating new opportunities.

Sims Plastics achieved a commendable 50% reduction in lost time injuries, with the Sydney operation completing one thousand days without a lost time injury.

A volatile fiscal 2001 saw the **Consolidated Extrusions joint venture** ("Conex") (in which Simsmetal has a 33.3% interest and Crane Group Limited the balance) contend with lower domestic sales and increasing raw material prices, factors which had an adverse impact on profitability, down 10%. Major initiatives were taken during the year to rationalise operations and expand the product range.



Darron McGree
Executive General Manager -
Commercial & Trading, Australia



Paul Atkinson
Executive General Manager -
Operations & Services, Australia



Doug McLean
General Manager, Manufacturing



Kumar Radhakrishnan
General Manager, International

While domestic sales were significantly affected by the deteriorating local building market, a broadening product range helped grow sales to the United States. Export margins also improved significantly, largely through a change in product mix and increased export demand for high added value products.

Return on funds employed fell due to lower profits and higher stock values caused by higher raw material costs. However, by year-end, significant reductions in stock and other working capital categories had been affected.

Despite reduced demand, production at Ingleburn, NSW reached near record levels supported by the transfer of volume from the Maidstone, Vic factory which is currently being phased down and is scheduled to be closed in the current year. Once integration is complete, a much improved overall cost structure will be achieved. Capital expenditure was directed to the major project of upgrading the melting capacity at Ingleburn.

Other projects in automation and safety improvement were completed during the year resulting in record levels of safety performance, with lost time injury free periods of 440 days at Ingleburn and 308 days at Maidstone.

The **Australian Refined Alloys joint venture's** ("ARA") (in which Simsmetal and Pasminco Limited each has a 50% interest) secondary lead operation recorded an outstanding production and earnings performance in fiscal 2001. The production of refined lead and alloys from the recycling of lead acid batteries from both the Sydney and Melbourne furnaces was increased as refractory life was extended. Metal production was 34,470 tonnes, an increase of over 5% compared to the previous record year. This, together with a favourable metal price and exchange rate, resulted in record earnings.

The total workforce participated and contributed to improvements in all areas of health and safety during the year. Excellent lost time injury free periods of 11 months in Sydney and 6 months in Melbourne were achieved.

Management focus in the year ahead will be on cost containment especially in the areas of maintenance, energy and waste disposal.

SIMS INTERNATIONAL

The surge in industrial activity in China and some other Asian markets presented a number of opportunities throughout the year. The international division moved swiftly to take advantage of these, and successfully increased the group's market share in this region.

Sims International traded increased volumes of material arising from the Simsmetal group during the year. Our third country brokerage business also grew substantially, achieving volumes of approximately 15,000 MT during fiscal 2001.

We also continued to strengthen our overseas offices with the addition of new staff and the provision of a number of training opportunities to allow our employees to improve their expertise. Our employees displayed great commitment, travelling widely during the year to seek new business and improve customer relations. As part of this, an informal gathering between key senior executives of the group and customers was arranged in Shanghai. The occasion was well received and proved to be a useful gathering to enhance business relationships.

Our foray into new markets has been beneficial and given us a competitive advantage in the market place. Last year, Sims International's overseas offices facilitated in excess of AS200 million worth of the group's exports.

GLOBAL REPORT



Rodney Brown
General Manager, Sims Pacific Metals



Jeremy Sutcliffe
Chief Executive, Simsmetal UK

SOUTH PACIFIC REGION

During the year, PNG Recycling Limited relocated its Port Moresby operation to an improved location on a fully sealed site offering better facilities to its customers. Uniform accounting, operational, quality and safe working procedures were implemented in line with Simsmetal's Australian operations and further technological improvements were made in both our yards.

The company is continuing to build on its relationship with the mining sector in PNG in an effort to capture more volume, in particular from the Ok Tedi, Placer Mining and Lihir Mining operations.

NEW ZEALAND

The Sims Pacific Metals joint venture ("SPM") (in which Simsmetal and Fletcher Building Limited each has a 50% interest) had another record year. An increase in brokerage volumes enabled SPM to lift ferrous sales tonnes by 7% compared with the previous year. Assisted by improved shredder recovery, non ferrous volumes were in line with the previous year.

During the year, SPM's demolition team completed Stage One of the demolition of the Meremere power station in the Waikato area. The job was completed on time and with no injuries and has several more stages to complete.

Opportunities to grow Simsmetal UK's non-ferrous business were developed throughout the year. UK domestic consumption of non-ferrous metals is in decline and so an HRB non-ferrous baler is being installed at the company's Newport operation to facilitate packing for export markets using the Simsmetal group's expertise in global marketing.

During the year, a new Texas 98-104 heavy duty shredding plant was successfully commissioned at Nottingham. The company was also awarded a grant by the Strategic Rail Authority which will assist the upgrading of its Nottingham railhead and associated facilities.

Throughout fiscal 2001, Simsmetal UK devoted considerable time and resources to ensuring its business is well placed to deal with UK implementation of the European ELV Directive. Amongst the initiatives taken were the installation of an advanced de-pollution rig in Avonmouth; the development, in conjunction with another sector participant, of a web based data collation system designed to record relevant details as will be required by motor manufacturers in meeting their likely obligations; and various representations to government made directly and through participation in relevant industry groups. UK legislation is required to be introduced by April 2002 and a consultation document was published in July 2001. The possibility exists of a delay in the legislation, but regardless of this, Simsmetal UK is committed

GLOBAL REPORT

UNITED KINGDOM

Simsmetal UK enjoyed a successful year as benefits from its acquisition of the UK metals business of Philip Services Corporation were realised. The company achieved its rationalisation objectives, including the consolidation of the UK group accounting and administrative functions onto one site. Targeted operational and commercial efficiencies were also met, leaving the company in a strong position to develop further in the coming year.

These achievements were against a backdrop of declining UK steel production and a poor year for both the integrated and EAF steelmaking sectors as a whole. The ability, however, to switch to export markets through the flexibility offered by its deep sea terminals, enabled the company to react to these changing market conditions.

to being in a position to meet any legislative obligations imposed upon it and forge appropriate relationships with obligated manufacturers.

In addition to the company's work on the ELV Directive, the impact of the forthcoming Waste Electrical and Electronic Equipment Directive was also monitored and strategies developed to offer services to obligated manufacturers. Whilst the Directive is several years away from entering the statute books, the UK group intends to be well positioned to take advantage of any opportunities that may arise.

In the year ahead the focus will continue to be on providing a safe place of work for the company's employees, who, once again, have contributed significantly to the success of the UK operations.

GLOBAL REPORT

UNITED STATES OF AMERICA

The slowing American economy made the past year a very challenging one for Simsmetal America. The power crisis in California and the downturn experienced in both the technology and steel mill sectors also impacted on full year results.

As a direct result of reduced production in the domestic steel industry, ferrous brokerage volumes were down 24% compared to the previous year. Other ferrous volumes fell 3% over the same period.

Continuous improvement and further refinement of our separation equipment resulted in metal recovered from our resource recovery facilities increasing by 11% over the previous year.

Non ferrous volumes also increased, due largely to a full year contribution from the Markovits & Fox acquisition completed in March 2000.

A restructure of our transport operations along with new subcontractor agreements has resulted in a significant improvement in utilisation and efficiency. This will represent a considerable reduction in operating expenses going forward.

Simsmetal America provided an on-site service to the New United Motor Manufacturing Inc (NUMMI) plant in Fremont, California and in June completed the installation of a high capacity baler which is fed via conveyor from the stamping plant and operates continuously. NUMMI is a joint venture between General Motors Corporation and Toyota Motor Corporation.

A commitment to health and safety has resulted in a 20% reduction in lost time injuries. Four of the divisions successfully completed the year without a lost time injury with the Richmond, California division completing two years without any.

CANADA

Simsmetal Canada, through its 50% owned Richmond Steel Recycling, continued to grow despite difficult trading conditions. Ferrous volumes increased by 10% compared to the previous year and metal recovered from the company's resource recovery facilities increased by 19%.

Regular training and continued commitment has resulted in Simsmetal Canada successfully completing its second year without a lost time injury.



Rick Jansen
President, Simsmetal America



Greenhouse gases, mainly the by-product of burning oil, gas and coal, are blamed by some scientists for causing the earth's atmosphere to warm, with potentially catastrophic results a few decades from now.



National governments globally are attempting to address the issue of decreasing greenhouse gas emissions by encouraging the uptake of electricity generated from renewable energy sources. Under the United Nations' Kyoto Protocol, industrialised nations have a target of 2008-2012 for reaching specific goals for cutting greenhouse gas emissions. To take effect, the Protocol must be ratified by 55 countries representing at least 55% of the industrialised world's output of carbon dioxide, the principal greenhouse gas, as at 1990. Several countries have already ratified the Protocol and others are taking their own steps to meet renewable

the potential, under certain conditions, to become a health and safety risk. An important environmental consequence of landfill/bio gas production is the increase made to greenhouse gas emissions in the atmosphere. Carbon dioxide and methane are recognised for their significant contribution to global warming. Each tonne of methane released into the atmosphere has more global warming capacity than 21 tonnes of carbon dioxide. Therefore, the extraction and combustion of landfill/bio gas greatly reduces methane and odour emissions, promotes safety and reduces the risk of global warming.

RENEWABLE ENERGY

energy targets. For example, the Australian government passed legislation effective from 1 April 2001 which implements the Mandatory Renewable Energy Target, which seeks to generate an additional 9500 GWh of electricity from renewable sources by 2010, phased in from 2001. This represents an additional 2% share of the electricity market sourced from renewables, which is expected to raise the total contribution that renewable energy sources make to Australia's total electricity supply to around 12%.

It is against this backdrop that Simsmetal decided in February 2001 to make a strategic investment in Landfill Management Services Pty Limited ("LMS"). LMS is a specialist landfill gas and renewable energy company. Australian owned and operated, LMS principals pioneered the use of landfill gas to energy in Australia over two decades ago, and continue to research and develop gas systems, renewable energy and power generation technologies.

While the sun, wind, water and trees all provide sources of renewable energy and are replacements for fossil fuels, solid waste and landfill bio gases are unique as they are existing pollutants. Landfill/bio gases are by-products of the natural decomposition of organic material contained in waste and contribute to the odour problems associated with landfill operations as well as having

Since taking its interest in LMS, Simsmetal has funded LMS' undertaking of several new gas extraction and energy projects. One of the most exciting is the "Swanbank ReOrganic Energy" project, which LMS has a third interest in with Thiess Services and New Hope Energy. The project will use bioreactor technology to increase waste decomposition at the Swanbank, Queensland landfill. This will significantly increase landfill gas volumes which will be used to produce green energy at the adjoining Swanbank Power Station. The project has the potential to be the largest waste to energy project from a single landfill in Australia.

Another notable achievement was the signing, in June 2001, of the first contract in Australia to enable the trading of carbon credits (Emission Reduction Units) from landfill gas. The contract, with BP Australia Limited, and arranged by the Commonwealth Bank, will utilise carbon credits generated from the South Cardup landfill site in WA, to which LMS has exclusive rights.



*John Falzon
Managing Director, LMS*

Your directors present their report on the consolidated entity consisting of Simsmetal Limited and the entities it controlled at the end of, or during, the year ended 30 June 2001.

THE DIRECTORS

The following persons were directors of Simsmetal Limited (the Company) during the whole of the financial year and up to the date of this report:

Paul Mazoudier BA, LLB (Hons.)

(age 59) - Chairman - 13,629 shares

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

John Crabb

(age 61) - Managing Director & Chief Executive Officer - 547,879 shares, 800,000 options

Director since 1974. Member of all Board Committees. Fellow of the Australian Institute of Company Directors, New South Wales Deputy President and member of the National Executive of the Australian Industry Group, President of the Ferrous Division of the Bureau Internationale de la Recuperation. Joined the Company in 1965. Held various line management positions including General Manager NSW and Chief General Manager before assuming the position of Chief Executive Officer in 1988. Director of other Simsmetal Limited group subsidiaries and associated companies. Director of MIM Holdings Limited.

Charles Copeman AM B.Eng (Mining)

(age 71) - 7,540 shares

Non-executive Director since 1991. Member Board Environmental, Occupational Health & Safety Committee. From 1982 to 1988, was Chief Executive and director of the Peko Wallsend group which included the Simsmetal companies. Chairman of Mosaic Oil N.L.

Ross Cunningham B.Sc. (Metallurgy), MBA

(age 56) - 300,000 shares, 500,000 options

Director since 1984. Member Board Audit & Compliance Committee and Board Finance & Investment Committee. Fellow of the Australian Institute of Company Directors and Member of the Financial Executives Institute of Australia. Joined the Company in 1967 and has held various line and support management positions in Australia and South East Asia including the positions of General Manager NSW and General Manager Finance & Administration. Director of other Simsmetal Limited group subsidiaries and associated companies.



Michael Feeney B. Com (Marketing)

(age 55) - 24,682 shares

Non-executive Director since 1991. Chairman Board Audit & Compliance Committee and member Board Remuneration Committee. Formerly Finance and Strategy Director for Philip Morris, Executive Director Strategy and Corporate Affairs for Elders IXL and Executive Director Corporate Strategy of Elders Resources NZFP. Principal Collins Associates Limited. Director of Ausdoc Group Limited, Freightways Express Limited and Feltex Carpets Limited.

Geoffrey Brunsdon B.Com

(age 43) - 3,145 shares

Non-executive Director since 1999. Member Board Audit & Compliance Committee and Board Finance & Investment Committee. Director of ING Australia Limited and other group companies and director of ING Office Fund, ING Industrial Fund, ING Bank (Australia) Limited and Chairman of Wenona Foundation Limited. Principal Winstar Partnership Limited. He is a Chartered Accountant and an Associate of the Securities Institute of Australia.



from left:

Michael Feeney
Geoffrey Brunsdon
John Crabb
Paul Mazoudier
Ross Cunningham
Charles Copeman

THE BOARD

OVERVIEW

The board of directors is responsible for protecting the rights and interests of the shareholders through the implementation of sound strategies and action plans and the development of an integrated framework of controls over the consolidated entity's resources, functions and assets. The Company's main corporate governance practices in place during the financial year are summarised below.

BOARD OF DIRECTORS AND ITS COMMITTEES

The board is responsible for the overall corporate governance of the consolidated entity including the hiring, termination and performance appraisal of the Managing Director, the establishment of the strategic direction of the group, setting goals for management and monitoring the achievement of these goals. The board has established four board committees to assist in the execution of board responsibilities, namely, a Remuneration Committee, an Audit & Compliance Committee, an Environmental, Occupational Health & Safety Committee and a Finance & Investment Committee. The board, through its regular meetings, maintains a framework for the management of the consolidated entity including such matters as internal control and business risk management.

COMPOSITION OF THE BOARD

The composition of the board is determined using the following principles:

- The board shall comprise a minimum of six directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate materialises.
- The Chairman of the board shall be a non-executive director.
- The board shall comprise a majority of non-executive directors.
- The board shall comprise directors with a broad range of expertise.

- At any meeting where there is equal representation of executive and non-executive directors, the non-executive Chairman shall have the casting vote.

The composition of the board is reviewed by the board from time to time to ensure that the board has the appropriate mix of expertise and experience. If a new director is to be appointed, then the board appoints the most suitable candidate who must stand for re-election at the next annual general meeting of shareholders. Directors are subject to re-election by rotation every three years.

The performance of all directors is reviewed annually by the Chairman.

The board has an ongoing program of visiting principal operating sites of the group each year.

REMUNERATION COMMITTEE

The role of the Remuneration Committee is to review and make recommendations to the board on remuneration packages and policies applicable to the executive directors and senior executives. This role also includes responsibility for employee share and option plan allocations, incentive performance packages, succession planning and directors' and officers' indemnity and liability insurance policies.

The Remuneration Committee comprises a minimum of two non-executive directors, currently Mr P K Mazoudier and Mr J M Feeney, and the Managing Director, Mr J Crabb. Other directors may be invited to the Remuneration Committee meetings as required to discuss management performance and remuneration packages. The Remuneration Committee is presently chaired by Mr P K Mazoudier.

The Remuneration Committee meets at least once per annum and otherwise as required.

CORPORATE GOVERNANCE

AUDIT & COMPLIANCE ("AUDIT") COMMITTEE

The principal role of the Audit Committee is to assist the board in ensuring, on a continuing basis, the maintenance of a satisfactory level of internal controls throughout the group and the fulfilment of its prudential and legal responsibilities under the Company's Constitution, the ASX Listing Rules, the Corporations Act and other relevant regulations.

The Audit Committee consists of a minimum of three members of the board, elected by the board and chaired by a non-executive director. Current members of the Audit Committee are Messrs J M Feeney (Chairman), G N Brunsdon, J Crabb and R B Cunningham. The external directors who are not members of the Audit Committee are invited to attend Audit Committee meetings.

The Audit Committee reviews the performance of the internal and external auditors and meets with them to discuss matters of relevance, including reviewing all audit reports resulting from the internal and external audit function.

The primary reporting line for the Company's auditors is to the Chairman of the Audit Committee.

The Audit Committee has the authority to conduct or authorise investigations into any matter within its scope of responsibility and retain external professional advisers and consultants to assist in the conduct of any investigation, should such action be deemed necessary.

ENVIRONMENTAL, OCCUPATIONAL HEALTH & SAFETY ("EOHS") COMMITTEE

The principal role of the EOHS Committee is to assist the board in ensuring, on a continuing basis, the group's compliance with its moral and legal EOHS responsibilities in all jurisdictions in which the group operates.

The EOHS Committee consists of a minimum of three members of the board, elected by the board, and chaired by a non-executive director. Current board members of the EOHS Committee are Messrs. P K Mazoudier (Chairman), A C Copeman and the Managing Director, Mr J Crabb.

The EOHS Committee meets to review the performance of the group in relation to its EOHS responsibilities and other matters of relevance. Senior group management with responsibilities for the EOHS functions attend such meetings.

FINANCE & INVESTMENT COMMITTEE

The role of the Finance & Investment Committee is to review, advise and report to the board on financial matters pertinent to the Company. The Committee also reviews broad investment policies and guidelines for the group and makes recommendations to the board.

The Finance & Investment Committee consists of a minimum of three members of the board, elected by the board, and chaired by a non-executive director. Current members of the Committee are Messrs G N Brunsdon (Chairman), J Crabb and R B Cunningham.

BUSINESS RISKS

The board regularly monitors the operational and financial performance of the Company and consolidated entity against budget and other key performance measures. The board also reviews and receives advice on areas of operational and financial risks. Appropriate risk management strategies are developed to mitigate all identified risks of the business.

TRADING IN COMPANY SECURITIES

All directors and senior executives of the Company and its subsidiaries are restricted from trading in the Company's securities outside of approved time periods. Clearance may be sought from the Chairman for trading outside the approved time periods.

THE ROLE OF SHAREHOLDERS

The board aims to ensure that shareholders are informed of all major developments affecting the consolidated entity's state of affairs and that shareholders receive timely quarterly reports of group financial results via press releases to the ASX and media outlets and updates on the Company's website.

The board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategies and goals.

PRINCIPAL ACTIVITIES OF THE CONSOLIDATED ENTITY

Details of the principal activities of the consolidated entity during the year are addressed in the Managing Director and Chief Executive Officer's Review of Operations and in the notes to the financial statements.

TRADING RESULTS

The consolidated net profit of the consolidated entity for the year was \$40.894 million.

DIVIDENDS

The fiscal 2000 final ordinary dividend of 15 cents per ordinary share referred to in the directors' report dated 25 August 2000 was approved by the directors and paid on 13 October 2000. A fully franked interim dividend of 15 cents per ordinary share for fiscal 2001 was paid on 12 April 2001 and a fully franked final dividend of 17 cents per share will be paid on 12 October 2001.

STATE OF AFFAIRS

The directors are not aware of any significant change in the state of affairs of the Company during the financial year other than as set out in the Managing Director and Chief Executive Officer's Review of Operations.

SUBSEQUENT EVENTS

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

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the consolidated entity are set out in the Managing Director and Chief Executive Officer's Review of Operations.

ENVIRONMENTAL REGULATION

The Simsmetal group has licences and consents in place at each of its operating sites as prescribed by environmental laws and regulations that apply in each respective location. More specific details on environmental practices are set out on page 11 of the annual report.

DIRECTORS AND THEIR INTERESTS AND BENEFITS

The names of the directors of the Company in office at the date of this report together with their qualifications and experience and relevant interest in the share capital of the Company or of a related body corporate, are set out on pages 26 and 27 of the annual report.

DIRECTORS' MEETINGS

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

	Board of Directors	Audit & Compliance Committee	EOHS # Committee	Remuneration Committee	Finance & Investment Committee
Full Meetings Held	12	4	4	1	1
Paul Mazoudier *	12	3	3	1	
Geoffrey Brunsdon	12	4			1
John Crabb	12	4	3	1	1
Charles Copeman	10		3		
Ross Cunningham	12	4			1
Michael Feeney	12	4		1	

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

Environmental, Occupational Health & Safety

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Remuneration Committee, consisting of two non-executive directors and one executive director, advises the board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for the executive directors and other senior executives.

Executive remuneration and other terms of employment are reviewed annually by the Committee having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits. Executives are also eligible to participate in the Simsmetal Limited Group Employee Share and Option Plans. The quantum of shares or options granted to individual executives varies according to the executive's seniority and performance.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the group's diverse operations.

DIRECTORS' REPORT

Non-executive directors receive an annual fee for their services as determined by the board within the maximum amount approved by the shareholders from time to time. Non-executive directors do not receive additional fees for serving on board committees. On retirement, the directors receive a payment based on their years of service. The amount provided for these retirement benefits at the end of the financial year amounted to \$691,000. Remuneration of directors and their terms of office are governed by Simsmetal's constitution and not by contract.

Details of the nature and amount of each element of the emoluments of each director of Simsmetal Limited and the 5 other executives of Simsmetal Limited and the consolidated entity receiving the highest emoluments are set out in the following tables.

Non-executive Directors of Simsmetal Limited

Name	Base Fee A\$	Superannuation A\$	Total A\$
P K Mazoudier - <i>Chairman</i>	127,500	10,200	137,700
G N Brunsdon	61,500	4,920	66,420
A C Copeman	61,500	-	61,500
J M Feeney	61,500	4,920	66,420

Executive Directors of Simsmetal Limited

Name	Base Salary A\$	Bonus A\$	Superannuation & other benefits A\$	Interest Share Loan A\$	Total A\$
J Crabb - <i>Managing Director & CEO</i>	615,545	358,555	189,723	164,569	1,328,392
R B Cunningham - <i>Finance Director</i>	345,326	149,336	124,816	99,395	718,873

Other Executives of Simsmetal Limited and the Consolidated Entity

Name	Base Salary A\$	Bonus A\$	Pension/Superannuation & other benefits A\$	Interest Share Loan A\$	Total A\$
C R Jansen - <i>President - USA</i>	642,616	9,395	138,575	64,920	855,506
J L Sutcliffe - <i>Chief Executive - UK</i>	331,265	143,523	112,504	64,920	652,212
D R McGree - <i>Executive General Manager - Commercial & Trading - Australia</i>	264,232	53,132	94,768	65,535	477,667
P. Atkinson - <i>Executive General Manager - Operations & Services - Australia</i>	277,739	51,526	75,334	33,360	437,959
W T Bird - <i>Managing Director - UK</i>	234,797	70,439	110,600	9,684	425,520

"Other Executives" are those officers involved in setting the strategic direction of the Company and its controlled entities.

Information on options issued as part of the remuneration of the executive directors of Simsmetal Limited and of the Other Executives of the Company and the consolidated entity receiving the highest emoluments, are set out in the following section of this report.

SHARE OPTIONS GRANTED TO DIRECTORS AND OTHER EXECUTIVES

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

SHARES UNDER OPTION

Unissued ordinary shares of Simsmetal Limited under option pursuant to the Simsmetal Limited Group Employee Option Plan at the date of this report are as follows:

Number	Issue Price		Expiry Date
	of Shares	A\$	
1,615,000	7.14		28 November 2001
950,000	8.29		27 April 2003
1,110,000	6.54		1 September 2003
250,000	6.46		16 November 2003
250,000	6.39		30 November 2004
90,000	5.86		31 July 2005

The above options are exercisable during certain designated notice periods prior to the expiry date. No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. No ordinary shares of Simsmetal Limited were issued during the financial year and up to the date of this report, as a result of the exercise of options issued under the Simsmetal Limited Group Employee Option Plan.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year, the Company paid a premium of \$66,600 in respect of a contract insuring all directors and executive officers of the Company (and/or any subsidiary companies in which it holds greater than 50% of the voting shares), including directors in office at the date of this report and those who served on the board during the year, against liabilities that may arise from their positions within the Company and its controlled entities, except where the liabilities arise out of conduct involving a lack of good faith. The directors have not included details of the nature of the liabilities covered as such disclosure is prohibited under the terms of the contract.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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

For and on behalf of the board:



P K Mazoudier
Chairman



J Crabb
Managing Director & Chief Executive Officer
Sydney 20 August 2001

DIRECTORS' REPORT

MANAGEMENT DIRECTORY

Corporate and Registered Office

Simsmetal Limited

Level 6, 41 McLaren Street,
North Sydney NSW 2060
(GPO Box 4155 Sydney NSW 2001)
Tel: (02) 9956 9100 Fax: (02) 9954 9680
Telex: AA23080 Website: www.simsmetal.com.au
J Crabb, *Managing Director*
& *Chief Executive Officer*
R B Cunningham, *Finance Director*
F M Moratti, *Company Secretary & Legal Officer*
P Atkinson, *Exec. General Manager*
Operations & Services
P S Ricketts, *General Manager*
Accounting & Finance
S Unkovic, *General Manager*
Int. Audit & Compliance
K Radhakrishnan, *General Manager International*
A M Black, *General Manager Non Ferrous Exports*
P Netchaef, *General Manager Group Services*
B Knox, *Assistant Secretary*

Australia

Trading Divisions

43 Ashford Avenue, Milperra NSW 2214
Tel: (02) 9771 6711 Fax: (02) 9774 4641
D R McGree, *Exec. General Manager*
Commercial & Trading

148 Dunn Road, Rocklea QLD 4106
Tel: (07) 3277 0066 Fax: (07) 3277 8886
J Glyde, *General Manager Qld*

McDonald Road, Brooklyn VIC 3025
Tel: (03) 9314 0844 Fax: (03) 9314 1974
G Machell, *General Manager Vic*

North Arm Road, Gillman SA 5013
Tel: (08) 8341 1383 Fax: (08) 8341 1212
P Bird, *General Manager SA*

200 Barrington Street, Spearwood WA 6163
Tel: (08) 9434 2222 Fax: (08) 9418 5030
B Hoar, *General Manager WA*

Manufacturing Division

Little Boundary Road, Laverton North VIC 3025
Tel: (03) 9314 0844 Fax: (03) 9314 9803
D S McLean, *General Manager*

Australian Joint Ventures

Sims Rush Pty Limited

Pick 'n' Payless Self Serve Auto Parts
57-69 Tattersall Road, Blacktown NSW 2148
Tel: (02) 9676 5355 Fax: (02) 9676 5711
Website: www.picknpayless.com.au
G K Rush, *Managing Director*

Australian Refined Alloys Pty Limited

202 Euston Road, Alexandria NSW 2015
Tel: (02) 9516 5230 Fax: (02) 9519 6569
K Lane, *General Manager*

Consolidated Extrusions Pty Limited

10 Williamson Road, Ingleburn NSW 2565
Tel: (02) 9618 2333 Fax: (02) 9618 1662
D Crowe, *General Manager*

Landfill Management Services Pty Limited

1 Union Street Stepney SA 5069
Tel: (08) 8363 0100 Fax: (08) 8363 7700
Website: www.lms.com.au
J J Falzon, *Managing Director*

New Zealand Joint Venture

Sims Pacific Metals Limited

James Fletcher Drive, Otahuhu,
Auckland NZ
Tel: (64 9) 276 1809 Fax: (64 9) 276 6407
R R Brown, *General Manager*

United States of America

Simsmetal USA Corporation

Simsmetal America

600 South 4th Street,
Richmond Cal. 94804 USA
Tel: (1 510) 412 5300 Fax: (1 510) 412 5421
C R Jansen, *President*
J T Buckland, *Senior Vice President*
M A Partridge, *Vice President-Finance & CFO*
J J Klug, *General Manager Eastern Division*

Canada

Simsmetal Canada Limited

11760 Mitchell Road,
Richmond BC Canada V6V 1V8
Tel: (1 604) 301 1600 Fax: (1 604) 301 1601
H Dhillon, *General Manager*

United Kingdom

Simsmetal UK Limited

Long Marston,
Stratford-upon-Avon
Warwickshire CV37 8AQ UK
Tel: (44 1789) 720 431 Fax: (44 1789) 720 940
J L Sutcliffe, *UK Group Chief Executive*
T Bird, *Managing Director*
G Davy, *Divisional Managing Director*
M Coombs, *UK Group Financial Controller*
D Williams, *Company Secretary*

People's Republic of China

Simsmetal International

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Malaysia

Simsmetal International

Plaza 138, Unit 10.6
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Tel: (60 3) 468 0720 Fax: (60 3) 468 0721
R Loh, *Chief Representative*