Appendix 4D

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

Results for announcement to the market

Current period: Half year ended 31 December 2016
Prior corresponding period: Half year ended 31 December 2015

Results				**A$m**
Revenue from ordinary activities	Down	1.2%	to	2,389.5
Profit after tax attributable to members	Up	132.0%	to	80.0
Net profit for the period attributable to members	Up	132.0%	to	80.0

Dividends (A¢)	**Cents per Security**	**% Franked per Security**
2016 Final Dividend (paid 21 October 2016) (1)	12.0	100%
2017 Interim Dividend (1)	20.0	100%
Record date for interim dividend	14 March 2017	
Payment date for interim dividend	28 March 2017	

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

Net tangible assets (A$)	**31 December 2016**	**31 December 2015**
Net tangible asset per security	8.76	8.43

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

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

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

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 half year ended 31 December 2016 ("HY17").

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.

DIRECTORS

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

Name	Title
Managing Director:	
Galdino J Claro	Managing Director and Group Chief Executive Officer
Non-Executive Directors:	
Geoffrey N Brunsdon	Chairperson and Independent Non-Executive Director
Robert J Bass[1]	Independent Non-Executive Director
John T DiLacqua	Independent Non-Executive Director
Georgia Nelson	Independent Non-Executive Director
Deborah O'Toole	Independent Non-Executive Director
Christopher J Renwick[2]	Independent Non-Executive Director
Heather Ridout	Independent Non-Executive Director
Tamotsu Sato[1]	Non-independent Non-Executive Director
James T Thompson	Independent Non-Executive Director

[1] Mr Bass and Mr Sato were re-elected as Independent Non-Executive Director and Non-independent Non-Executive Director, respectively, at the Company's annual general meeting on 9 November 2016.

[2] Mr Renwick retired from the Board on 9 November 2016.

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 in currencies other than the Australian dollar. In addition, significant portions 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 discussed below are presented on a "constant currency" basis, which means that the current period results are translated into Australian dollars using applicable exchange rates in the prior year comparable period. This allows for a relative performance comparison between the two periods before the translation impact of currency fluctuations.

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

	Average rate			**Closing rate – as at**		
	HY17	**HY16**	**% Change**	**31 December 2016**	**30 June 2016**	**% Change**
US dollar	0.7536	0.7232	4.2	0.7215	0.7426	(2.8)
Euro	0.6872	0.6553	4.9	0.6863	0.6699	2.4
Pounds sterling	0.5905	0.4713	25.3	0.5849	0.5549	5.4

Summary

Sales revenue of A$2,384.7 million in HY17 was down 1.1% compared to sales revenue of A$2,412.2 million in the half year ended 31 December 2015 ("HY16"). At constant currency, sales revenue was up 5.9% to A$2,554.2 million primarily due to higher average sales prices and higher sales volumes. Sales volumes were 4.4 million tonnes in HY17 versus 4.3 million tonnes in HY16.

Statutory net profit after tax ("NPAT") in HY17 was A$80.0 million. Underlying NPAT was A$60.0 million in HY17 compared to an underlying NPAT loss of A$17.8 million in HY16. See the *Reconciliation of Statutory Results to Underlying Results* included herein for more information.

Statutory earnings before interest, tax, depreciation and amortisation ("EBITDA") in HY17 was A$153.3 million compared to an EBITDA loss of A$11.0 million in HY16. Underlying EBITDA of A$132.9 million was 116.4% higher than HY16. The increase in underlying EBITDA was primarily due to higher operating income from all the Group's segments and higher income from joint ventures. See further discussion below for results by operating segment.

Statutory diluted earnings per share was 40.2 cents in HY17 compared to statutory diluted loss per share of 121.9 cents in HY16. Underlying diluted earnings per share was 30.1 cents in HY17 compared to underlying diluted loss per share of 8.7 cents in HY16.

External Operating Environment

During HY17, market conditions showed steady improvement across both ferrous and non-ferrous metals. Iron ore and coking coal prices increased circa 40% and 140% respectively, as steel demand for infrastructure projects and supply side reform in China drove a rally in prices for steelmaking raw materials. These higher prices consequently increased demand for ferrous scrap as both an alternative and complementary raw material, leading to a 35% increase in the ferrous scrap price over the course of HY17.

Improved demand for steel within China, in combination with a coordinated effort to reduce inefficient steel mill capacity, caused a reduction in the steel export volumes. Steel exports from China steadily declined over the course of 2016, and by the final six months of the year were 14% lower than the final six months of 2015. This easing of export volumes from China, particularly related to semi-finished steel production, supported increased demand for ferrous scrap across EAF-based steelmakers outside China, where the majority of the Company's export customers are based.

Increased global demand for non-ferrous secondary metals also increased during HY17. Prices for copper and aluminium increased 15% and 3% respectively during the period.

The impact of higher metals prices has helped improve the economic incentive for secondary metal collection. As a result, intake volume levels improved during HY17 compared to the trailing six-month period across most geographies. While overall metals recycling activity remains near historic lows, the scale of the growing secondary metals reservoir, due to recent low collection levels, presents a substantial opportunity.

North American collection volumes beginning to improve
The combination of higher commodity prices and improved domestic and export demand helped increase secondary metals volumes in North America in HY17. Total US exports of ferrous scrap increased 24% during the HY17 period over the sequential six-month period. Similarly, US exports of copper and aluminium scrap also improved, increasing 11% and 10% respectively during HY17 over the sequential six-month period[1].

Generation of secondary metal in North America is now showing signs of life following seven years of progressive decline. Total US ferrous scrap collection volumes have increased steadily since mid-2016. On a trailing 12-month basis, at the end of 2016 total US ferrous scrap collection volumes were 51 million tonnes. While this is up slightly from recent lows, it remains down 27% since early 2012[2].

Australian construction spending lifting domestic steel demand and production
Increasing spending related to steel intensive multi-residential construction and public infrastructure projects continues to support domestic demand and production for steel in Australia. Correspondingly, this has stimulated increased demand for ferrous scrap from domestic steel mills.

In addition to supportive domestic demand for secondary metals, export demand also improved during HY17. Based on Australian customs statistics, the export of ferrous secondary metals increased 13% in HY17 over the sequential six-month period[3]. This positive growth trend follows a period of declining exports from mid-2015.

Despite recent improved demand for secondary metal, broader Australian economic growth has slowed more recently. September quarter GDP growth declined 0.5%, while annual GDP growth slowed to 1.8%. While most economists believe a recession is not likely, softer economic conditions may persist over the near to medium term.

UK economy shows resilience, but the outlook clouded by Brexit
The UK economy has been steady in the wake of the vote to leave the European Union. Annual GDP growth of 2.2% in the December quarter of 2016 remained healthy relative to many developed economies. However, the decision by the UK to leave the EU has cast significant uncertainty on the outlook.

Subsequent to the vote to exit, the British pound sterling has fallen by a meaningful 15% against the US dollar. In the near-term, a lower currency should prove positive for secondary metal exporting from the UK. A decline in the British pound sterling improves the competitiveness of UK-origin material in international markets and should drive higher returns in local currency terms. A boost from export markets would help offset a decline in demand from domestic UK steel mills, where crude steel production fell 30% in 2016 due to several large mill closures and production slowdowns[4].

Electronics recycling benefiting from copper prices and outlook for end-of-life IT services
Copper and precious metals, including gold, comprise the two primary commodities recovered from the electronics recycling process. During HY17, prices for these commodities moved in opposite directions, with copper improving 15%, and gold declining by 14%. The impact of these largely offsetting moves kept metal recovery margins broadly steady.

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[1] Source: US Commerce Department
[2] Source: United States Geological Survey
[3] Source: Australian Bureau of Statistics
[4] Source: World Steel Association

Looking past commodity price movements, competitive and regulatory issues continue to be the primary driver for local market dynamics. In this regard, governmental sponsors and the regulatory environment for electronics recycling in the European Union, where the Company maintains the majority of its e-waste related operations, remain supportive advocates for the industry.

Segment Results

North America Metals ("NAM")

A$m	HY17	HY16	Variance %
Sales revenue	1,111.0	1,235.6	(10.1)
Underlying EBITDA	61.7	15.9	288.1
Underlying EBIT	30.7	(23.1)	232.9
Sales tonnes (millions)	2.735	2.990	(8.5)
Underlying EBIT margin	2.8%	-1.9%	

Sales revenue for NAM of A$1,111.0 million in HY17 was 10.1% lower compared to HY16. At constant currency, sales revenue was down 6.3% to A$1,157.7 million compared to HY16. The decrease was primarily due to lower sales volumes, offset by higher average sales prices. Volumes were lower at NAM due to the impact from businesses sold as well as lower ferrous brokerage volumes.

Underlying EBIT was A$30.7 million in HY17 compared to a loss of A$23.1 million in HY16. At constant currency, underlying EBIT was A$31.8 million. HY17 results for NAM were significantly better than HY16 due to higher average sales prices and the benefits from the Group's resetting actions undertaken in FY16. On a constant currency basis, this led to a 5.7% improvement in metal margin and a 3.7% reduction in controllable costs. In addition, on a constant currency basis, income from joint ventures was A$18.4 million higher in HY17 compared to HY16.

Australia New Zealand ("ANZ") Metals

A$m	HY17	HY16	Variance %
Sales revenue	491.6	377.5	30.2
Underlying EBITDA	39.9	27.7	44.0
Underlying EBIT	25.9	14.0	85.0
Sales tonnes (millions)	0.862	0.700	23.1
Underlying EBIT margin	5.3%	3.7%	

Sales revenue for ANZ Metals of A$491.6 million in HY17 was 30.2% higher compared to HY16. The increase was primarily due to higher average sales prices and sales volumes, the latter of which increased by 23.1%. Sales volumes were higher due to improved secondary metal collection levels.

Underlying EBIT of A$25.9 million in HY17 was 85.0% higher compared to HY16. The impact of higher sales volumes and higher average sales prices led to a 16.4% increase in metal margin, which was partially offset by a 6.7% increase in controllable costs.

Europe Metals

A$m	HY17	HY16	Variance %
Sales revenue	414.9	372.3	11.4
Underlying EBITDA	22.1	9.2	140.2
Underlying EBIT	15.8	2.1	652.4
Sales tonnes (millions)	0.763	0.609	25.3
Underlying EBIT margin	3.8%	0.6%	

Sales revenue for Europe Metals of A$414.9 million in HY17 was 11.4% higher compared to HY16. At constant currency, sales revenue was up 39.6% to A$519.8 million compared to HY16. The increase was primarily due to higher average sales prices and sales volumes, the latter of which increased by 25.3%. Higher sales volumes was a result of improved secondary metal collection levels.

Underlying EBIT was A$15.8 million in HY17 compared to A$2.1 million in HY16. At constant currency, underlying EBIT was A$19.8 million. On a constant currency basis, the impact of higher sales volumes and higher average sales prices led to a 38.4% increase in metal margin, which was partially offset by an increase in controllable costs of 20.6%.

Global E-Recycling

A$m	HY17	HY16	Variance %
Sales revenue	353.9	426.8	(17.1)
Underlying EBITDA	15.4	5.7	170.2
Underlying EBIT	11.1	(0.3)	NMF
Underlying EBIT margin	3.1%	-0.1%	

Sales revenue for Global E-Recycling of A$353.9 million in HY17 was 17.1% lower compared to HY16. At constant currency, sales revenue was down 12.1% to A$375.3 million compared to HY16.

Underlying EBIT was A$11.1 million in HY17 compared to a loss of A$0.3 million in HY16. At constant currency, underlying EBIT was A$11.4 million. The higher profitability of Global E-Recycling in HY17 was primarily due to higher operating income from Continental Europe where, on a constant currency basis, metal margins improved by 20.3%, which was partially offset by an increase in controllable costs of 5.3%.

Reconciliation of Statutory Results to Underlying Results

	EBITDA[1]		EBIT		NPAT	
	HY17	**HY16**	**HY17**	**HY16**	**HY17**	**HY16**
A$m						
Reported earnings	**153.3**	(11.0)	**97.4**	(249.3)	**80.0**	(250.1)
Other significant items:						
Goodwill impairment	**N/A[2]**	N/A[2]	**-**	43.3	**-**	34.2
Other intangible asset impairment	**N/A[2]**	N/A[2]	**-**	9.7	**-**	8.6
Impairment of investment in joint venture	**N/A[2]**	N/A[2]	**-**	119.1	**-**	119.1
(Reversal of impairment)/impairment of property, plant and equipment	**(2.3)**	25.3	**(2.3)**	25.3	**(1.8)**	24.6
Lease settlements/onerous leases	-	37.6	-	37.6	-	37.3
Redundancies	**3.2**	6.2	**3.2**	6.2	**3.1**	5.6
Gain on sale of property	**(24.3)**	-	**(24.3)**	-	**(24.3)**	-
Yard closure costs and dilapidation provisions	**2.0**	3.3	**2.0**	3.3	**2.0**	2.9
Other	**1.0**	-	**1.0**	-	**1.0**	-
Underlying results[3]	**132.9**	**61.4**	**77.0**	**(4.8)**	**60.0**	**(17.8)**

[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, other identified intangible assets and impairment of investment in joint venture in the presentation of both the statutory and underlying results.
[3] Underlying result is a non-IFRS measure that is presented to provide an understanding of the underlying performance of the Group. The measure excludes the impacts of impairments, disposals as well as items that are subject to significant variability from one period to the next. The reconciling items above (before tax) have been extracted from the unaudited interim financial statements.

Reconciliation of Statutory NPAT to EBITDA

A$m	HY17	HY16
Statutory net profit/(loss) after tax	**80.0**	(250.1)
Goodwill and intangible impairment	**-**	53.0
Impairment of investment in joint venture	**-**	119.1
Depreciation and amortisation	**55.9**	66.2
Interest expense, net	**5.0**	5.8
Income tax expense/(benefit)	**12.4**	(5.0)
Statutory EBITDA	**153.3**	(11.0)

Cash flow and borrowings

Cash flow from operating activities of A$114.0 million in HY17 decreased by A$25.2 million versus HY16 primarily from lower cash generated from working capital. Capital expenditures were A$67.9 million during HY17 compared to capital expenditures of A$44.2 million in HY16. Capital expenditures during HY17 were primarily related to investments in NAM. The Group also generated A$4.2 million of cash from the sale of property, plant and equipment in HY17 versus A$4.0 million of cash from the sale of property, plant and equipment in HY16. Proceeds from assets held for sale and from sale of businesses was A$46.2 million and A$5.1 million, respectively, in HY17. During HY17, the Group paid cash dividends of A$23.7 million compared to A$26.7 million in HY16. Payments under the share buyback were A$13.4 million during HY17 compared to A$10.8 million in HY16.

At 31 December 2016, the Group had a net cash position of A$310.6 million compared to a net cash position of A$242.1 million at 30 June 2016. The Group calculates net cash as cash balances less total borrowings and reflects total borrowings as if borrowings were reduced by cash balances as a pro forma measurement as follows:

A$m	As at 31 December 2016	As at 30 June 2016
Total cash	**317.6**	248.3
Less: total borrowings	**(7.0)**	(6.2)
Net cash	**310.6**	242.1

Strategic Developments

Sale and closure of underperforming non-core assets completed
During HY17, the final sale and closure of all remaining underperforming non-core assets was completed. This included the sale of UK-based aerospace metals recycler FE Mottram, the sale of assets in the Central Region of North America, as well as the closure of a stainless steel recycling facility located in Chicago. In total, the 44 facilities divested through the resetting actions accounted for A$29 million in operating losses in FY16, which will not be repeated going forward.

Further reduction of break-even sales volumes
As a result of the Company's streamline and optimise actions, the sales volume break-even point of the business was further reduced to 7 million tonnes per annum in HY17. In total, the break-even point is now 41% lower than at the start of the Company's five-year strategic plan in July 2013, while, at the same time, the business has retained volume capacity to process and sell at least 12 million tonnes per annum, leaving significant earnings leverage for when industry conditions improve.

A$70 million to A$95 million in expected EBIT benefits from internal initiatives over FY17 and FY18
The Company continues to deliver on its pipeline of internal initiatives. Over the remainder of the five-year strategic plan, the Company's continued pipeline of projects is expected to deliver a further A$70 million to A$95 million in EBIT improvement per annum once complete. These projects include, among others, new or updated metal recovery plants in Western Australia, New Jersey, and Chicago, value upgrading plants for the Company's Zorba product stream, and a redesign of the Company's overhead cost structure. The benefits from these projects are expected to be weighted towards FY18.

Commitment to FY18 return on capital target of 10%
The Company remains committed to the goal that, even at the bottom of the cycle, all operations must generate greater than cost of capital returns. Due to the progress achieved through its streamline and optimise initiatives, the Company's underlying return on capital improved to 6.8% in HY17, the highest since the start of the five-year strategic plan. The internal initiatives of the past three and a half years have now been embedded into the business, and the additional initiatives over the next one and a half years are expected to drive progressively stronger returns. The Company remains committed to achieving its target return on capital of 10% in FY18[5].

DIVIDENDS

Since the end of the half year, the Directors have declared an interim dividend of 20 cents per share (100% franked) for the half year ended 31 December 2016. The dividend will be payable on 28 March 2017 to shareholders on the Company's register at the record date of 14 March 2017. The Directors have determined that the dividend reinvestment plan will not operate in relation to this dividend.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9 and forms part of the Directors' Report for the half year ended 31 December 2016.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest tenth of a million dollars, unless otherwise indicated.

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

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
15 February 2017

G J Claro
Managing Director and Group CEO
Sydney
15 February 2017

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

15 February 2017

Dear Board Members

Sims Metal Management Limited

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

As lead audit partner for the review of the financial statements of Sims Metal Management Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants

Sims Metal Management Limited
Consolidated Income Statements
For the half year ended 31 December 2016

	Note	Half year ended 31 December 2016 A$m	2015 A$m
Revenue	2	**2,389.5**	2,419.0
Other income	4	**35.3**	24.8
Raw materials used and changes in inventories		**(1,556.1)**	(1,617.9)
Freight expense		**(188.7)**	(199.9)
Employee benefits expense		**(286.9)**	(284.4)
Depreciation and amortisation expense	4	**(55.9)**	(66.2)
Repairs and maintenance expense		**(42.2)**	(42.7)
Other expenses		**(213.3)**	(303.6)
Impairment of goodwill and other intangibles		**-**	(53.0)
Impairment of investment in joint venture		**-**	(119.1)
Finance costs		**(5.6)**	(8.3)
Share of results of joint ventures		**16.3**	(3.8)
Profit/(loss) before income tax		**92.4**	(255.1)
Income tax (expense)/benefit	5	**(12.4)**	5.0
Profit/(loss) for the half year		**80.0**	(250.1)
		A¢	A¢
Earnings/(loss) per share			
Basic	6	**40.5**	(121.9)
Diluted	6	**40.2**	(121.9)

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

Sims Metal Management Limited
Consolidated Statements of Comprehensive Income
For the half year ended 31 December 2016

	Note	Half year ended 31 December 2016 A$m	Half year ended 31 December 2015 A$m
Profit/(loss) for the half year		**80.0**	(250.1)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges, net of tax		**(1.1)**	1.2
Foreign currency translation differences arising during the period, net of tax		**15.8**	63.5
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit plans, net of tax		**(5.2)**	(0.2)
Other comprehensive income for the half year, net of tax		**9.5**	64.5
Total comprehensive income/(loss) for the half year		**89.5**	(185.6)

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

Sims Metal Management Limited
Consolidated Statements of Financial Position
As at 31 December 2016

	Note	31 December 2016 A$m	30 June 2016 A$m
Current assets			
Cash and cash equivalents		**317.6**	248.3
Trade and other receivables		**411.5**	397.9
Inventory		**387.1**	398.3
Other financial assets		**12.5**	11.6
Assets classified as held for sale	8	**4.2**	24.6
Total current assets		**1,132.9**	1,080.7
Non-current assets			
Investments in joint ventures		**203.9**	190.2
Other financial assets		**13.3**	16.1
Property, plant and equipment		**1,017.0**	985.1
Retirement benefit assets		**3.5**	4.5
Deferred tax assets		**120.4**	124.5
Other intangible assets		**165.1**	169.8
Total non-current assets		**1,523.2**	1,490.2
Total assets		**2,656.1**	2,570.9
Current liabilities			
Trade and other payables		**465.9**	432.9
Borrowings		**2.5**	2.1
Other financial liabilities		**3.5**	12.8
Current tax liabilities		**12.3**	11.3
Provisions		**66.0**	69.2
Total current liabilities		**550.2**	528.3
Non-current liabilities			
Payables		**9.0**	8.8
Borrowings		**4.5**	4.1
Deferred tax liabilities		**100.9**	103.2
Provisions		**85.7**	85.7
Retirement benefit obligations		**11.5**	8.3
Total non-current liabilities		**211.6**	210.1
Total liabilities		**761.8**	738.4
Net assets		**1,894.3**	1,832.5
Equity			
Contributed equity	7	**2,726.4**	2,737.3
Reserves	7	**89.9**	68.3
Retained deficit		**(922.0)**	(973.1)
Total equity		**1,894.3**	1,832.5

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

Sims Metal Management Limited
Consolidated Statements of Changes in Equity
For the half year ended 31 December 2016

	Note	Contributed equity A$m	Reserves A$m	Retained deficit A$m	Total equity A$m
Balance at 1 July 2015		2,797.4	22.0	(706.6)	2,112.8
Loss for the half year		-	-	(250.1)	(250.1)
Other comprehensive income		-	64.7	(0.2)	64.5
Total comprehensive income for the half year		-	64.7	(250.3)	(185.6)
Transactions with owners in their capacity as owners:					
Dividends paid	3	-	-	(26.7)	(26.7)
Buy-back of ordinary shares	7	(10.8)	-	-	(10.8)
Share options exercised		0.2	-	-	0.2
Share-based payments expense, net of tax		-	5.4	-	5.4
		(10.6)	5.4	(26.7)	(31.9)
Balance at 31 December 2015		2,786.8	92.1	(983.6)	1,895.3
Balance at 1 July 2016		**2,737.3**	**68.3**	**(973.1)**	**1,832.5**
Profit for the half year		**-**	**-**	**80.0**	**80.0**
Other comprehensive income		**-**	**14.7**	**(5.2)**	**9.5**
Total comprehensive income for the half year		**-**	**14.7**	**74.8**	**89.5**
Transactions with owners in their capacity as owners:					
Dividends paid	3	**-**	**-**	**(23.7)**	**(23.7)**
Buy-back of ordinary shares	7	**(13.4)**	**-**	**-**	**(13.4)**
Share options exercised	7	**2.5**	**-**	**-**	**2.5**
Share-based payments expense, net of tax		**-**	**6.9**	**-**	**6.9**
		(10.9)	**6.9**	**(23.7)**	**(27.7)**
Balance at 31 December 2016		**2,726.4**	**89.9**	**(922.0)**	**1,894.3**

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

Sims Metal Management Limited
Consolidated Statements of Cash Flows
For the half year ended 31 December 2016

	Note	Half year ended 31 December 2016 A$m	2015 A$m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,539.7**	2,640.3
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,421.6)**	(2,489.5)
Interest received		**0.6**	2.5
Interest paid		**(4.7)**	(7.2)
Dividends received from joint ventures		**6.5**	7.1
Insurance recoveries		**0.1**	0.1
Income taxes paid		**(6.6)**	(14.1)
Net cash inflows from operating activities		**114.0**	139.2
Cash flows from investing activities			
Payments for property, plant and equipment		**(67.9)**	(44.2)
Proceeds from sale of property, plant and equipment		**4.2**	4.0
Proceeds from assets held for sale		**46.2**	-
Proceeds from sale of businesses	9	**5.1**	-
Payments for other financial assets		**(0.6)**	(0.9)
Proceeds from sale of other financial assets		**0.6**	1.0
Loans to third parties		**(0.1)**	(0.3)
Proceeds from repayment of third party loans		**0.2**	0.3
Net cash outflows from investing activities		**(12.3)**	(40.1)
Cash flows from financing activities			
Proceeds from borrowings		**236.7**	342.2
Repayment of borrowings		**(234.1)**	(349.3)
Fees paid for loan facilities		**-**	(0.7)
Repayment of finance leases		**(1.0)**	(0.5)
Proceeds from issue of shares	7	**2.5**	0.2
Payments for shares bought back	7	**(13.4)**	(10.8)
Dividends paid	3	**(23.7)**	(26.7)
Net cash outflows from financing activities		**(33.0)**	(45.6)
Net increase in cash and cash equivalents		**68.7**	53.5
Cash and cash equivalents at the beginning of the half year		**248.3**	316.0
Effects of exchange rate changes on cash and cash equivalents		**0.6**	11.3
Cash and cash equivalents at the end of the half year		**317.6**	380.8

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

Note 1 – Summary of significant accounting policies

Sims Metal Management Limited (the "Company") is a for-profit company incorporated and domiciled in Australia. The consolidated financial statements for the half year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures and joint operations.

Basis of preparation

This general purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*;
- does not include all notes of the type normally included within the annual financial report. As a result, it should be read in conjunction with annual financial report of the Group for the year ended 30 June 2016, together with any announcements made by the Group during the half year ended 31 December 2016;
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (refer to Note 11);
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian Dollars;
- presents all values as rounded to the nearest tenth of a million dollars, unless otherwise stated under ASIC Corporations (rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016;
- adopts all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2016, all of which did not have a material impact on the financial statements.

New accounting standards not yet applicable

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 Group has not yet assessed the impact of AASB 9. AASB 9 is effective for the Group on 1 July 2018.

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. The Group has not yet assessed how its revenue recognition policy will be impacted by the new rules. AASB 15 is effective for the Group on 1 July 2018.

AASB 16 Leases

- AASB 16 will primarily affect the accounting treatment of leases by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The Group has not yet performed a detailed assessment of this standard. However, this standard is expected to be material to the Group. Until the Group undertakes a detailed review, it is not practicable to provide a reasonable estimate of the effect of this standard. AASB 16 is effective for the Group on 1 July 2019.

Note 2 – Segment information

(a) Description of segments

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

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

- **North America Metals ("NAM")** – comprising subsidiaries and joint ventures in the United States of America and Canada which perform ferrous and non-ferrous secondary recycling functions.
- **ANZ Metals ("ANZ") –** comprising subsidiaries and joint arrangements in Australia, New Zealand and Papua New Guinea which perform ferrous and non-ferrous secondary recycling functions.
- **Europe Metals ("Europe")** – comprising subsidiaries in the United Kingdom which perform ferrous and non-ferrous secondary recycling functions.
- **Global E-Recycling ("SRS") –** comprising subsidiaries which provide electronic recycling solutions in the following countries: Australia, Austria, Belgium, Canada, Czech Republic, Dubai, Germany, India, Ireland, Netherlands, New Zealand, Norway, Poland, Republic of South Africa, Singapore, Sweden, the United Kingdom and the United States of America.
- **Unallocated –** comprising unallocated corporate costs, an interest in a joint venture in Australia, and the Group's non-ferrous marketing entity.

The Group also reports revenues by the following product groups:

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

(b) Sales revenue by product

	Half year ended 31 December	
	2016	**2015**
	A$m	**A$m**
Ferrous secondary recycling	**1,461.5**	1,354.3
Non-ferrous secondary recycling	**525.4**	577.3
Recycling solutions	**353.9**	426.8
Secondary processing and other services	**43.9**	53.8
Total sales revenue	**2,384.7**	2,412.2

Note 2 – Segment information (continued)

(c) Information about reportable segments
The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	NAM A$m	ANZ A$m	Europe A$m	SRS A$m	Unallocated A$m	Total A$m
As at 31 December 2016						
Assets	**1,202.8**	**534.1**	**256.0**	**392.5**	**270.7**	**2,656.1**
Liabilities	**229.5**	**139.3**	**112.9**	**147.3**	**132.8**	**761.8**
Net assets	**973.3**	**394.8**	**143.1**	**245.2**	**137.9**	**1,894.3**
As at 30 June 2016						
Assets	1,145.0	481.7	245.2	447.9	251.1	2,570.9
Liabilities	221.6	112.7	123.8	149.1	131.2	738.4
Net assets	923.4	369.0	121.4	298.8	119.9	1,832.5

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

	NAM A$m	ANZ A$m	Europe A$m	SRS A$m	Unallocated A$m	Total A$m
Half year ended 31 December 2016						
Total sales revenue	**1,111.0**	**491.6**	**414.9**	**353.9**	**13.3**	**2,384.7**
Other revenue	**2.4**	**0.7**	**-**	**0.1**	**1.6**	**4.8**
Total segment revenue	**1,113.4**	**492.3**	**414.9**	**354.0**	**14.9**	**2,389.5**
Segment EBIT	**50.4**	**25.5**	**15.8**	**12.7**	**(7.0)**	**97.4**
Interest income						**0.6**
Finance costs						**(5.6)**
Profit before income tax						**92.4**
Half year ended 31 December 2015						
Total sales revenue	1,235.6	377.5	372.3	426.8	-	2,412.2
Other revenue	2.4	2.5	0.1	-	1.8	6.8
Total segment revenue	1,238.0	380.0	372.4	426.8	1.8	2,419.0
Segment EBIT	(167.2)	9.4	(47.8)	(46.2)	2.5	(249.3)
Interest income						2.5
Finance costs						(8.3)
Loss before income tax						(255.1)

Note 3 – Dividends

Details of dividends paid are as follows:

	Cents per share	Franked %	Half year ended 31 December 2016 A$m	2015 A$m
Final 2016	**12.0**	**100%**	**23.7**	-
Final 2015	13.0	100%	-	26.7
Total dividends paid			**23.7**	26.7

Since the end of the half year, the Directors have declared an interim dividend of 20 cents per share (100% franked). The dividend will be payable on 28 March 2017 to shareholders on the Company's register at the record date of 14 March 2017. The estimated dividends to be paid, but not recognised as a liability at the end of the reporting period, is approximately A$39.5 million.

Note 4 – Items included in profit before income tax

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

	Half year ended 31 December 2016 A$m	2015 A$m
(a) Other income		
Net gain on commodity derivatives	-	20.4
Net foreign exchange gain	**1.6**	**-**
Net gain on disposal of property, plant and equipment	**25.9**	0.1
Net gain on sale of businesses	**3.8**	**-**
Insurance recoveries	**0.1**	0.1
Government grants	**0.2**	1.1
Third party commissions	**0.5**	0.3
Other	**3.2**	2.8
	35.3	24.8
(b) Specific expenses		
Depreciation and amortisation:		
Depreciation expense	**51.2**	58.5
Amortisation expense	**4.7**	7.7
	55.9	66.2
Net loss on commodity derivatives	**2.2**	**-**
Net foreign exchange loss	-	1.5
Equity-settled share-based payments expense	**6.8**	5.4
Cash-settled share-based payments expense	**2.4**	0.2

Note 4 – Items included in profit before income tax (continued)

(c) Significant items

	Half year ended 31 December	
	2016 A$m	**2015 A$m**
Impairments:		
Impairment of investment in joint venture[1]	-	119.1
(Reversal of impairment)/impairment of property, plant and equipment[2]	**(2.3)**	25.3
Impairment of goodwill[3]	-	43.3
Impairment of other intangible assets[3]	-	9.7
Redundancies	**3.2**	6.2
Provisions recorded for onerous leases[4]	-	37.6
Yard closure costs and dilapidation provisions	**2.0**	3.3

[1] In the half year ended 31 December 2015, operating results for the Group's SA Recycling joint venture were significantly impacted by economic conditions. As a result, the Group assessed the recoverable amount of its investment in SA Recycling and recognised an impairment on its investment.
[2] Impairments related to the Group's resetting plans that were announced in November 2015 and primarily related to the North America Metals and Europe Metals segments.
[3] In the half year ended 31 December 2015, the Group's operating results were significantly impacted by economic conditions. As a result, the Group assessed the future cash flows of its operating segments and intangible assets and recognised an impairment on goodwill and intangible assets in the North America Metals and Global E-Recycling segments.
[4] Provisions related to the Group's resetting plans that were announced in November 2015 and primarily relate to facilities in the Europe Metals segment.

Note 5 – Income taxes

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

	Half year ended 31 December	
	2016 A$m	**2015 A$m**
Profit/(loss) before income tax	**92.4**	(255.1)
Tax at the standard Australian rate of 30%	**27.7**	(76.5)
Effect of tax rates in other jurisdictions	**0.2**	(6.6)
Deferred tax assets not recognised	**0.4**	30.9
Recognition of tax effect of previously unrecognised tax losses	**(15.6)**	(0.1)
Non-deductible expenses	**0.6**	4.2
Non-deductible impairment of investment in joint venture	**-**	41.5
Share of net results of joint ventures	**(1.7)**	(1.1)
Non-assessable income	**(0.5)**	(1.5)
Other	**1.3**	4.2
Income tax expense/(benefit) recognised in profit or loss	**12.4**	(5.0)

Note 5 – Income taxes (continued)

The Group has not recognised deferred tax assets totaling A$78.9 million (30 June 2016: A$99.5 million) 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$63.6 million (30 June 2016: A$79.7 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. Unrecognised tax losses include A$29.6 million (30 June 2016: A$39.5 million) of tax losses that will expire in 5 to 20 years. Other unused tax losses may be carried forward indefinitely.

Note 6 – Earnings/(loss) per share

	Half year ended 31 December	
	2016	**2015**
Basic earnings/(loss) per share (in A¢)	**40.5**	(121.9)
Diluted earnings/(loss) per share (in A¢)	**40.2**	(121.9)
Weighted average number of shares used in the denominator ('000)		
Basic shares	**197,623**	205,130
Dilutive effect of share-based awards	**1,472**	-
Diluted shares	**199,095**	205,130

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

Note 7 – Equity

(a) Contributed equity
Movements in the ordinary share balance were as follows:

	Half year ended 31 December 2016		Half year ended 31 December 2015	
	Number of shares	**A$m**	**Number of shares**	**A$m**
On issue per share register at the beginning of the period	**197,685,163**	**2,737.3**	204,864,886	2,797.4
Shares bought-back	**(1,420,727)**	**(13.4)**	(1,653,464)	(10.8)
Issued under long-term incentive plans	**1,152,712**	**2.5**	714,162	0.2
On issue per share register at the end of the period	**197,417,148**	**2,726.4**	203,925,584	2,786.8

On 18 November 2015, the Company announced an on-market share buy-back which commenced on 7 December 2015. The buy-back was open for a 12-month period with a maximum number of shares that could have been purchased of approximately 20.5 million. Under this buy-back, 9,340,988 ordinary shares were acquired for total consideration of A$73.4 million, or an average price of A$7.86. On 2 December 2016, the Company renewed the share buy-back program for 12 months with a maximum number of shares that can be purchased of approximately 19.7 million. Under this buy-back, the Company has purchased 25,000 ordinary shares for total consideration of A$0.3 million, or an average price of A$13.14.

Note 7 – Equity (continued)

(b) Reserves

	Share-based payments A$m	Cash flow hedging A$m	Foreign currency translation A$m	Total A$m
Balance at 1 July 2015	136.7	(0.6)	(114.1)	22.0
Equity-settled share-based payment expense	5.4	-	-	5.4
Revaluation – gross	-	0.9	-	0.9
Transfer to profit or loss – gross	-	0.9	-	0.9
Foreign currency translation differences	-	-	72.0	72.0
Deferred tax	-	(0.6)	(8.5)	(9.1)
Balance at 31 December 2015	142.1	0.6	(50.6)	92.1
Balance at 1 July 2016	146.0	0.1	(77.8)	68.3
Equity-settled share-based payment expense	**6.8**	**-**	**-**	**6.8**
Revaluation – gross	**-**	**(1.5)**	**-**	**(1.5)**
Transfer to profit or loss – gross	**-**	**(0.1)**	**-**	**(0.1)**
Foreign currency translation differences	**-**	**-**	**20.6**	**20.6**
Deferred tax	**0.1**	**0.5**	**(4.8)**	**(4.2)**
Balance at 31 December 2016	**152.9**	**(1.0)**	**(62.0)**	**89.9**

Note 8 – Assets classified as held for sale

	31 December 2016 A$m	30 June 2016 A$m
Assets classified as held for sale		
Property, plant and equipment	**4.2**	24.6
	4.2	24.6

Assets held for sale at 31 December 2016 represents property and equipment in the US and Australia which the Group expects to sell within the next twelve months.

Note 9 – Business disposals

During the half year ended 31 December 2016, the Group sold businesses, some of which were previously included in assets classified as held for sale. The net book value of the assets of these businesses sold was A$19.4 million, resulting in a net gain on the sale of A$3.8 million. The gain on the sale was calculated as follows:

	A$m
Cash consideration related to assets previously classified as held for sale	**18.5**
Cash consideration for other assets sold	**5.1**
Deferred consideration	**0.2**
Total consideration received	**23.8**
Transaction costs associated with disposals	**(0.6)**
Net consideration received	**23.2**
Net carrying value of disposed assets	**(19.4)**
Gain on sale	**3.8**

Note 10 – Contingencies

The Group has given guarantees in respect of the performance of contracts entered into in the ordinary course of business. The amounts of these guarantees provided by the Group, for which no amounts are recognised in the consolidated financial statements, as at 31 December 2016 was A$37.9 million (30 June 2016: A$42.2 million).

Note 11 – Fair value of financial instruments

The fair value measurement principles adopted in this report are consistent with those applied in the Company's annual financial report for the year ended 30 June 2016.

The carrying amounts and estimated fair values of the Group's financial assets and liabilities are materially the same.

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. 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.

There were no transfers between levels during the year.

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

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

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

Sims Metal Management Limited
Directors’ Declaration

In the directors’ opinion:

(a) the financial statements and notes set out on pages 10 to 22 are in accordance with the *Corporations Act 2001*, including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   ii. giving a true and fair value view of the consolidated entity’s financial position as at 31 December 2016 and of its performance for the half year ended on that date, and

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

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

G N Brunsdon
Chairperson
Sydney
15 February 2017

G J Claro
Managing Director and Group CEO
Sydney
15 February 2017

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 Review Report to the Members of Sims Metal Management Limited

We have reviewed the accompanying half-year financial report of Sims Metal Management Limited, which comprises the statement of financial position as at 31 December 2016, and the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 23.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sims Metal Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Don Pasquariello

Don Pasquariello
Partner
Chartered Accountants
Sydney, 15 February 2017