ASX & MEDIA RELEASE (ASX CODE: SGM) 31 JANUARY 2007

HUGO NEU

Sims Group Limited (the "Company") is aware that Hugo Neu Corporation and related companies ("Hugo Neu") have appointed advisers to advise in relation to their shareholding in the Company, including a possible sale of some or all of that shareholding (comprising approximately 26% of the issued capital of the Company). The Company is co-operating with Hugo Neu and its advisers in this process. The Company is not aware of whether any transaction will take place at all, the likelihood of the sale of some or all of the Hugo Neu stake proceeding or of the timing of any potential sale.

The Company would like to note that, as part of the arrangements entered into for the acquisition of the Hugo Neu business by the Company, Hugo Neu is restricted from selling any of its shares in the Company until the end of April 2007. If requested to do so, the Company will consider whether it is in the best interests of its shareholders to waive or amend the lock-up restriction and the terms on which it may grant any such waiver or amendment. No such approach has been made by Hugo Neu to date.

Sims Group's core business is metal recycling, with an emerging business in recycling solutions. Headquartered in Australia, Sims earns around 70 per cent of its revenue from international operations in the United Kingdom, Continental Europe, North America, New Zealand and Asia. Sims has over 3,300 employees, annual turnover of A$3.8 billion and is listed on the Australian Stock Exchange (ASX CODE: SGM)