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SIMS GROUP ANNOUNCES THE MERGER OF ITS SOUTHERN CALIFORNIAN METAL RECYCLING OPERATIONS WITH ADAMS STEEL

Sims Group Limited ("Sims") announced today that it had entered into an agreement to merge its Southern Californian Metal Recycling assets with those of Adams Steel LLC ("Adams Steel") to create a new entity SA Recycling LLC ("SA Recycling").

SA Recycling, which will be owned 50% by Simsmetal West LLC and 50% Adams Steel, will operate within a territory encompassing Southern California, Arizona, Southern Nevada and Northern Mexico. The venture will combine Sims' deep water facility at the Port of Los Angeles with Adams Steel's two inland shredding operations and extensive network of inland feeder yards. The new business will be run by George Adams, current President of Adams Steel, who will report to a board comprising of eight Directors, four nominated by Sims and four by Adams Steel. A nominee of Sims will be Chairman of the new company and Sims will also nominate its Chief Financial Officer. The combined business will handle in excess of 2 million tonnes of ferrous scrap and nearly 100,000 tonnes of non ferrous scrap (including non ferrous shredder residue) and have revenues in excess of US$600 million.

Commenting on the merger, which is subject to the notification and waiting period requirements of the U.S. Hart-Scott-Rodino Antitrust Improvements Act, Group Chief Executive, Jeremy Sutcliffe said, "Sims has had a close association with Adams Steel based around its long term exclusive supply agreement with the former Hugo Neu operations. This agreement was due to expire in early 2008 and the combination of the two businesses is a logical extension of our existing relationship".

"The merged business is a perfect fit of Sims' export capability and Adams Steel's strength and reach in the domestic sourcing of material. At a time when our industry faces increasing competition from containerised scrap exports it is vital that Sims secures greater access to the procurement of material at source. This transaction achieves this objective with the added benefit of gaining Mr Adams' considerable regional expertise."

Adams Steel is also at the forefront of technological advancements in shredder downstream materials recovery which will add further benefit to the combined business.

Other than an equalisation of capital expenditure since 1 January 2007, no cash will be exchanged as part of the transaction. Sims' investment in SA Recycling will be equity accounted. The majority of ferrous material arising from the new entity will be sold to Sims Group Global Trade Corporation under a third party sales agreement. SA Recycling anticipates having its own stand-alone banking facilities to finance working capital and growth.

Mr Sutcliffe concluded "this is an exciting further step in Sims' strategy of strengthening its position in the rapidly evolving and highly dispersed North American metals recycling industry, and delivers a solid platform for further growth throughout the South West of the US".

Sims Group's core business is metal recycling, with an emerging business in recycling solutions. Headquartered in Australia, Sims earns over 70 per cent of its revenue from international operations in the United Kingdom, Continental Europe, North America, New Zealand and Asia. Sims has over 3,500 employees, annual turnover of A$5.0 billion and is listed on the Australian Stock Exchange (ASX CODE: SGM)

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