

EMPIRE RESOURCES LIMITED
AND CONTROLLED ENTITIES

ABN 32 092 471 513

Financial Report

for the half-year ended 31 December 2009

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31 DECEMBER 2009

CORPORATE DIRECTORY

DIRECTORS

Tom Revy BAppSc – Chairman
David Sargeant BSc – Managing Director
Adrian Jessup BSc(Hons) – Executive Director

MANAGEMENT

David Ross BSc(Hons) MSc – Exploration Manager

COMPANY SECRETARY

Simon Storm BCom, BCompt(Hons), CA, FCIS

REGISTERED and PRINCIPAL OFFICE

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ABN 32 092 471 513

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross 6153
Western Australia

AUDITOR

HLB Mann Judd
Level 4
130 Stirling Street
Perth 6000
Western Australia

SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities
Exchange Limited. Home Exchange Perth
ASX Code: Shares ERL

DIRECTORS' REPORT
31 DECEMBER 2009

Directors' Report

Your directors submit their report on Empire Resources and its controlled entities for the half-year ended 31 December 2009.

Empire Resources ("ERL" or the "Company") is a company limited by shares that is incorporated and domiciled in Australia.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Tom Revy (Appointed 8 January 2010)
Adrian Griffin (Resigned 8 January 2010)
David Sargeant
Adrian Jessup

Review of Operations and Exploration Activities

The Company's loss for the half-year ended 31 December 2009 was \$1,026,090 (2008: \$679,079).

During the period the principal activities of the Company consisted of mineral exploration and evaluation of properties in Australia. There has been no significant change in these activities during the financial period.

Dividends

No dividends have been paid during the period and no dividends have been recommended by the directors.

Events subsequent to reporting date

No matter or circumstance has arisen, since the end of the financial half year, which significantly affected, 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 the subsequent financial half year.

DIRECTORS' REPORT
31 DECEMBER 2009

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires the company's auditors, HLB Mann Judd, to provide the directors with a written Independence Declaration in relation to their audit of the financial report for the half-year ended 31 December 2009. This written Auditor's Independence Declaration is attached to the Auditor's Independent Review Report to the members and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



D Sargeant
Managing Director

Perth, Western Australia
11th March 2010

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	31-Dec-09	31-Dec-08
	\$	\$
Revenue	13,662	48,136
Other income	10,000	74,526
Depreciation expense	(12,325)	(12,343)
Exploration expense	(689,288)	(450,723)
Employee benefits expense	(6,943)	(8,521)
Management fee expense	(131,561)	(131,015)
Accounting expense	(22,305)	(22,058)
Consultancy expense	(10,300)	(200)
Share-based payment	(56,862)	(56,862)
ASX expense	(14,998)	(20,248)
Corporate relations expense	(22,585)	(17,372)
Insurance expense	(11,307)	(12,097)
Other expenses	(71,278)	(70,302)
	<hr/>	<hr/>
Loss before income tax	(1,026,090)	(679,079)
Income tax expense	-	-
	<hr/>	<hr/>
Loss after income tax	(1,026,090)	(679,079)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive loss for the period	(1,026,090)	(679,079)
	<hr/>	<hr/>
Basic and diluted loss per share (cents per share)	(1.27)	(0.94)
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The accompanying notes form part of these financial statements.

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EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	Consolidated	
	31-Dec-09	30-Jun-09
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	996,538	809,433
Trade and other receivables	68,780	15,648
Total Current Assets	<u>1,065,318</u>	<u>825,081</u>
NON-CURRENT ASSETS		
Plant & equipment	45,679	58,004
Total Non-Current Assets	<u>45,679</u>	<u>58,004</u>
TOTAL ASSETS	<u>1,110,997</u>	883,085
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	376,995	101,287
Total Current Liabilities	<u>376,995</u>	<u>101,287</u>
TOTAL LIABILITIES	<u>376,995</u>	101,287
NET ASSETS	<u>734,002</u>	781,798
EQUITY		
Issued capital	8 11,191,163	10,269,731
Reserves	682,127	625,265
Accumulated losses	(11,139,288)	(10,113,198)
TOTAL EQUITY	<u>734,002</u>	<u>781,798</u>

The accompanying notes form part of these financial statements.

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EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Issued Capital	Consolidated Accumulated Losses	Option Reserve	Total
Balance at 1 July 2008	9,420,471	(8,945,839)	511,541	986,173
Shares issued during the year	850,000	-	-	850,000
Equity issue expenses	(740)	-	-	(740)
Share-based payments	-	-	56,862	56,862
Loss attributable to members of the parent entity	-	(679,079)	-	(679,079)
Balance at 31 December 2008	10,269,731	(9,624,918)	568,403	1,213,216
Balance at 1 July 2009	10,269,731	(10,113,198)	625,265	781,798
Shares issued during the year	963,750	-	-	963,750
Equity issue expenses	(42,318)	-	-	(42,318)
Share-based payments	-	-	56,862	56,862
Loss attributable to members of the parent entity	-	(1,026,090)	-	(1,026,090)
Balance at 31 December 2009	11,191,163	(11,139,288)	682,127	734,002

The accompanying notes form part of these financial statements.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Consolidated	
	Half-year 2009	Half-year 2008
	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	10,000	74,526
Payments to suppliers and employees	(297,941)	(235,076)
Interest received	13,662	48,136
	<u>(274,279)</u>	<u>(112,414)</u>
Cash Flows from Investing Activities		
Payment for renewal or purchase of prospects	-	(90,000)
Exploration and evaluation expenditure	(472,366)	(747,145)
	<u>(472,366)</u>	<u>(837,145)</u>
Cash Flows from Financing Activities		
Proceeds from issue of equity securities	963,750	850,000
Equity securities issue costs	(30,000)	(740)
	<u>933,750</u>	<u>849,260</u>
Net increase/(decrease) in cash held	187,105	(100,299)
Cash at the beginning of the financial year	809,433	1,361,273
	<u>996,538</u>	<u>1,260,974</u>
Cash at the end of the financial year		

The accompanying notes form part of these financial statements.

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EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2009

1. Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 (which is available upon request from the Company's registered office at 53 Canning Highway, Western Australia 6005 or at www.resourcesempire.com.au) and any public announcements made by Empire Resources Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2009 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

During the current period, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- AASB 3 Business Combinations
- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements
- AASB 127 Consolidated and Separate Financial Statements

The adoption of AASB 3 and AASB 127 will change the accounting policy of the group for future acquisitions and changes in ownership interests. These standards are applied prospectively and had no material impact on prior combinations.

AASB 8 has replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2009

same as the business segments previously identified under AASB 114. A narrative description has been made in the notes to the financial report.

The revised AASB 101 separates owner and non-owner changes in equity. As a consequence the statement of comprehensive income has been presented by the consolidated entity and related disclosures have been made in the half year financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets for which the fair value basis of accounting has been applied.

2. Going Concern

As disclosed in the Income Statement, the consolidated entity recorded operating losses for the six months ended 31 December 2009 of \$1,026,090 (2008:\$679,079) and as disclosed in the Cash Flow Statement, the consolidated entity recorded cash outflows from operating activities of \$274,279 (2008: \$112,414) and investing activities of \$472,366 (2008:\$837,145) and a cash inflow from financing activities of \$933,750 (2008:\$849,260). Cash flows from financing activities arose from capital raisings that are disclosed in Note 7. After consideration of these financial conditions, the Directors have assessed the following matters in relation to the adoption of the going concern basis of accounting by the company and consolidated entity:

- The consolidated entity has successfully completed a capital raising during the half-year as disclosed in Note 7 and has the ability to continue doing so on a timely basis, pursuant to the Corporations Act 2001, as is budgeted to occur in the twelve month period from the date of this financial report;
- The consolidated entity has net current assets of \$688,323 (30 June 2009: \$723,794) at balance date and maximum expenditure commitments for the next 12 months estimated to be approximately \$671,000, and retains the ability to scale down its operations to conserve cash, in the event that the capital raisings are delayed or partial; and
- The company and consolidated entity have the ability, if required, to undertake mergers, acquisitions or restructuring activity or to wholly or in part, dispose of interests in mineral exploration and development assets.

Due to the above matters, the Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate that this basis of accounting be adopted in the preparation of the financial statements.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2009

3. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2009 annual financial report.

4. Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Empire Resources Ltd.

Consistent with prior year, the Group operates only in one business and geographical segment being predominantly in the area of mining and exploration in Australia. The Group considers its business operations in mineral exploration to be its primary reporting function.

5. Dividends

No dividends were paid or declared payable during or since the half-year.

6. Contingent Liabilities

There has been no change in contingent liabilities of the company or the consolidated entity since the last annual reporting date.

7. Events Subsequent to Reporting Date

Since 31 December 2009, there has not been any matter or circumstance not otherwise dealt with in the half-year report that has significantly affected or may significantly affect the company or the consolidated entity.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009**

8. Issued capital

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	Consolidated	
	31-Dec-09	30-Jun-09
(i) Ordinary shares - number	No.	No.
At 1 July 2008	71,918,192	66,918,192
Shares issued - 5,000,000 on 3 July 2008 at \$0.17 Apex Minerals NL	-	5,000,000
Shares issued - 10,750,000 on 14 August 2009 at \$0.05	10,750,000	-
Shares issued - 1,850,000 on 24 November 2009 at \$0.05	1,850,000	-
Shares issued - 4,450,000 on 23 December 2009 at \$0.075	4,450,000	-
Balance at 31 December 2009	88,968,192	71,918,192

	Consolidated	
	31-Dec-09	30-Jun-09
(ii) Ordinary shares – value	\$	\$
At 1 July 2009	10,269,731	9,420,471
Shares issued - 5,000,000 on 3 July 2008 at \$0.17 Apex Minerals NL	-	850,000
Shares issued - 10,750,000 on 14 August 2009 at \$0.05	537,500	-
Shares issued - 1,850,000 on 24 November 2009 at \$0.05	92,500	-
Shares issued - 4,450,000 on 23 December 2009 at \$0.075	333,750	-
Less share issue costs	(42,318)	(740)
Balance at 31 December 2009	11,191,163	10,269,731

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EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2009

(b) Options

As at 31 December 2009 (30 June 2009: 3,000,000) the Company had the following options on issue over ordinary shares:-

<u>Grant Date</u>	<u>Date of Expiry</u>	<u>Exercise Price \$</u>	<u>Number under Option</u>
1/02/2007	31/12/2010	0.25	3,000,000
			<u>3,000,000</u>

In December 2009 the company announced offers had been made to directors, staff and some consultants to apply for options under the Empire Resources Option Plan. The option terms are 3 years from the date of grant with an exercise price of \$0.137. A corporate goal must be met before the options may be exercised, being the Company's market capitalization reaching \$10.77 million and remaining at that level for 50 ASX Business Days. The maximum number of options that can be applied for are 2.2 million, with issues to directors subject to shareholder approval.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the Opinion of the Directors of Empire Resources Limited ("Company"):


1. the financial statements and notes as set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:

(a) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



David Sargeant
Managing Director

Perth, Western Australia
11th March 2010

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of

Empire Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and notes to the financial statements for the half-year ended on that date, and the directors' declaration of Empire Resources Limited ("company").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 31 December 2009 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 Empire Resources 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 Empire Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 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*.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
11 March 2010

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Empire Resources Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Empire Resources Limited.



Perth, Western Australia
11 March 2010

N G NEILL
Partner, HLB Mann Judd

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