EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 32 092 471 513

Financial Report

for the half-year ended 31 December 2007

Table of Contents

CORPORATE DIRECTORY

DIRECTORS

Adrian Griffin BSc(Hons) – 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

53 Canning Highway
Victoria Park 6100
Western Australia

Phone	+61 (0)8 9361-3100
Facsimile	+61 (0)8 9361-3184
Email	info@resourcesempire.com.au
Website	www.resourcesempire.com.au
ABN	32 092 471 513

SHARE REGISTRY

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

AUDITOR

RSM Bird Cameron Partners
8 St. George's Terrace
Perth 6000
Western Australia

STOCK EXCHANGE LISTING

The Company is listed on the Australian Stock Exchange Limited. Home Exchange Perth

ASX Code:	Shares	ERL
	Options	ERLO

Directors' Report

Your directors submit their report on Empire Resources and its controlled entities for the half-year ended 31 December 2007.

Empire Resources and its controlled entities ("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:

Adrian Griffin
David Sargeant
Adrian Jessup

Review of Operations and Exploration Activities

The Company's loss for the half-year ended 31 December 2007 was $208,602 (2006: $43,352).

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.

Auditors Independence Declaration

Section 307C of the Corporations Act 2001 requires the company's auditors, RSM Bird Cameron Partners, 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 2007. This written Auditor's Independence Declaration is attached to the Auditor's Independent Audit Report to the members and forms part of this Director's Report.

Signed in accordance with a resolution of Directors.

David Sargeant

D Sargeant
Managing Director

Perth, Western Australia
10th March 2008

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated Group	
	Half-year 2007	**Unaudited Half-year 2006**
	$	**$**
Revenue	**112,960**	3,506
Depreciation expense	**(11,618)**	-
Employee benefits expense	**(9,665)**	-
Management fee expense	**(105,693)**	-
Accounting expense	**(24,480)**	(3,700)
Consultancy expense	**(7,630)**	-
Promotion costs	**(21,921)**	-
Office and administration costs	**(140,555)**	(43,158)
Loss before income tax	**(208,602)**	(43,352)
Income tax expense	-	-
Loss attributable to members of the parent entity	**(208,602)**	(43,352)
Basic and diluted loss per share (cents per share)	**(0.34)**	(0.23)

The above Income Statement should be read in conjunction with the accompanying notes.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	Consolidated Group 31-Dec-07 $	30-Jun-07 $
CURRENT ASSETS			
Cash and cash equivalents		**2,609,250**	4,327,553
Trade and other receivables		**140,522**	134,903
Total Current Assets		**2,749,772**	4,462,456
NON-CURRENT ASSETS			
Plant & equipment		**91,529**	64,293
Exploration and evaluation expenditure		**6,222,443**	4,403,560
Total Non-Current Assets		**6,313,972**	4,467,853
TOTAL ASSETS		**9,063,744**	8,930,309
CURRENT LIABILITIES			
Trade and other payables		**687,302**	521,265
Total Current Liabilities		**687,302**	521,265
TOTAL LIABILITIES		**687,302**	521,265
NET ASSETS		**8,376,442**	8,409,044
EQUITY			
Issued capital	7	**8,921,721**	8,745,721
Reserves		**492,587**	492,587
Accumulated losses		**(1,037,866)**	(829,264)
TOTAL EQUITY		**8,376,442**	8,409,044

The above Balance Sheet should be read in conjunction with the accompanying notes.

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated Group			
	Share Capital	Retained Profits	Option Reserve	Total
	Ordinary			
	$	$	$	$
Balance at 1 July 2006	1,518,700	(594,527)	-	924,173
Shares issued during the year	325,483	-	-	325,483
Share issue expenses	(105,803)	-	-	(105,803)
Loss attributable to members of the parent entity	-	(43,352)	-	(43,352)
Balance at 31 December 2006	1,738,380	(637,879)		1,100,501
Balance at 1 July 2007	**8,745,721**	**(829,264)**	**492,587**	**8,409,044**
Shares issued during the year	**176,000**	**-**	**-**	**176,000**
Loss attributable to members of the parent entity	**-**	**(208,602)**	**-**	**(208,602)**
Balance at 31 December 2007	**8,921,721**	**(1,037,866)**	**492,587**	**8,376,442**

EMPIRE RESOURCES LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated Group	
	Half-year 2007	Unaudited Half-year 2006
	$	$
Cash Flows from operating activities		
Payments to suppliers and employees	(286,381)	(56,614)
Interest received	112,960	3,506
Net cash used in operating activities	(173,421)	(53,108)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(38,854)	-
Exploration and evaluation expenditure	(1,506,028)	(125,343)
Net cash used in investing activities	(1,544,882)	(125,343)
Cash Flows from Financing Activities		
Proceeds from issue of equity securities	-	179,680
Net cash provided by financing activities	-	179,680
Net increase in cash held	(1,718,303)	1,229
Cash at the beginning of the financial year	4,327,553	8,289
Cash at the end of the half-year	2,609,250	9,518

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

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 2007 (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 2007 financial report.

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

Reporting Basis and Conventions

The half-year report has been prepared on an accrual basis and is based on historical costs.

2. Related Parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2007 annual financial report.

3. Segment Information

The Company operates predominantly in one business segment, being mining and exploration and in one geographical segment being Australia.

4. Dividends

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

5. Contingent Liabilities

There were no contingent liabilities of the company or the economic entity at the reporting date.

6. Events Subsequent to Reporting Date

Since 31 December 2007, 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 economic entity.

7. 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.

(i) Ordinary shares - number	2007 No.	2006 No.
At 1 July 2007	**60,418,192**	17,813,309
Shares issued - 229,883 on 15 August 2006 at $0.10 Challenge Drilling	-	229,883
Shares issued - 250,000 on 27 October 2006 at $0.10 Yuinmery	-	250,000
Shares issued - 500,000 on 3 November 2006 at $0.10	-	500,000
Shares issued - 2,275,000 on 13 November 2006 at $0.10	-	2,275,000
Shares issued - 100,000 on 26 July 2007 at $0.30 RM Capital	**100,000**	-
Shares issued - 500,000 on 4 December 2007 at $0.22 Meekal Pty Ltd	**500,000**	-
Shares issued - 100,000 on 4 December 2007 at $0.18 P.Simmonds	**100,000**	-
Shares issued - 100,000 on 4 December 2007 at $0.18 R.Muskett	**100,000**	-
Balance at 31 December 2007	**61,218,192**	21,068,192

7. Issued capital (continued)

(ii) Ordinary shares – value	**Consolidated Group 2007 $**	**Consolidated Group 2006 $**
At 1 July 2007	**8,745,721**	1,518,700
Shares issued - 229,883 on 15 August 2006 at $0.10 Challenge Drilling	-	22,983
Shares issued - 250,000 on 27 October 2006 at $0.10 Yuinmery	-	25,000
Shares issued - 500,000 on 3 November 2006 at $0.10	-	50,000
Shares issued - 2,275,000 on 13 November 2006 at $0.10	-	227,500
Shares issued - 100,000 on 26 July 2007 at $0.30 RM Capital	**30,000**	-
Shares issued - 500,000 on 4 December 2007 at $0.22 Meekal Pty Ltd	**110,000**	-
Shares issued - 100,000 on 4 December 2007 at $0.18 P.Simmonds	**18,000**	-
Shares issued - 100,000 on 4 December 2007 at $0.18 R.Muskett	**18,000**	-
Less share issue costs	-	(105,803)
Balance at 31 December 2007	**8,921,721**	1,738,380

On 25 November 2005 shareholders approved a share consolidation whereby every three (3) fully paid shares in the capital of the Company were consolidated into two (2) fully paid ordinary shares. The number of shares shown are reflected on a post consolidation basis.

(b) Options

As at 31 December 2007 (30 June 2007: 30,709,075) the Company had the following options on issue over ordinary shares:-

Grant Date	Date of Expiry	Exercise Price $	Number under Option
19-Jun-07	30-Jun-09	0.25	27,709,075
01-Feb-07	31-Dec-10	0.25	3,000,000
			30,709,075

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 11 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 Company's financial position as at 31 December 2007 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

David Sargeant
Managing Director

Perth, Western Australia
10th March 2008

RSM! Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

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 of Empire Resources Limited (the Company) which comprises the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both the company and the entities it controlled during the half-year.

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 control 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 an Interim 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 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 2007 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 Australian professional ethical pronouncements and 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 and consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

S C CUBITT
Partner

Perth, WA
Dated: 10 March 2008

RSM! Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

**AUDITORS' INDEPENDENCE DECLARATION
TO THE BOARD OF DIRECTORS OF
EMPIRE RESOURCES LTD**

As lead audit partner for the review of the financial report of Empire Resources Limited for the half-year ended 31 December 2007, 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.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

S C CUBITT
Partner

Perth, WA
Dated: 10 March 2008