

Empire Resources Announces Restatement of Reported Financial Results for the Three and Nine Months Ended September 30, 2011

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OTC Markets Group Inc. News Service

Fort Lee, NJ— Empire Resources, Inc. (OTCQX: ERSO) announced today that it has restated its previously reported financial results for the three and nine months ended September 30, 2011 to reflect a non-cash, non-operating gain on its 10% Convertible Senior Subordinated Notes Due June 1, 2016. This is due to a determination that under FAS 133 the conversion feature of the Note is to be treated as a separate derivative liability.

The Company noted that the derivative liability is to be carried at fair value and will be marked to market each quarter going forward. Accordingly, the Company will record non-operating, non-cash gains or losses based on quarterly valuations.

For the three and nine months ended September 30, 2011, the change in the fair value of this derivative liability resulted in a pre-tax gain of approximately \$1.0 million and amortization of the discount of \$0.2 million. After giving effect to these items, net of a \$0.3 million provision for deferred income taxes, the Company's restated net income for the three and nine months ended September 30, 2011 was \$1.537 million and \$4.170 million respectively versus \$1.052 million and \$3.685 million respectively, as previously reported. There also was a reduction in weighted average shares outstanding to reflect shares obtainable on conversion of the debt. As a result, restated net income per diluted share for the first nine months of 2011 was increased to \$0.37 per diluted share, versus the \$0.33 per diluted share previously reported.

The consolidated balance sheet at September 30, 2011 as restated reflects the embedded conversion feature as a separate derivative liability of \$1.9 million, a reduction in the carrying amount of convertible debt of \$2.6 million, the deferred tax liability of \$0.3 million and an increase in retained earnings of \$0.5 million.

The following table presents the "restated" and "as reported" amounts for the three and nine months ended September 30, 2011.(in thousands)

	<u>Three and Nine Months Ended September 30, 2011</u>	
Net income as previously reported	\$ 1,052	\$ 3,685
Amortization of debt discount	(189)	(189)
Gain on change in fair value of derivative liability	966	966
Provision for income taxes - deferred	<u>(292)</u>	<u>(292)</u>
Net income as restated	<u>\$ 1,537</u>	<u>\$ 4,170</u>

Empire Resources, Inc., is a distributor of a wide range of semi-finished metal products to customers in the transportation, automotive, housing, appliance and packaging industries in the U.S., Canada, Brazil, Australia, New Zealand and Europe. It maintains supply contracts with mills in various parts of the world.

This press release contains forward-looking statements. Such statements involve various risks that may cause actual results to differ materially. These risks include, but are not limited to the mark to market of the derivative liability each quarter which will impact our financial results and other risks referred to in the Company's statements and periodic reports filed with the OTCQX.

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