UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER: 001-12127

Empire Resources, Inc.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**22-3136782** (I.R.S. Employer Identification Number)
One Parker Plaza **Fort Lee, New Jersey** (Address of principal executive offices)	**07024** (Zip Code)

Registrant's telephone number, including area code: **(201) 944-2200**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter, based on the price at which the common equity was last sold on the NASDAQ on such date, was approximately $22,436,000. For purposes of this computation only, all officers, directors and 10% or greater stockholders of the registrant are deemed to be affiliates.

The number of shares of the registrant's common stock, $0.01 par value, outstanding as of **March 24, 2014**: **8,668,565**

Documents incorporated by reference:

Portions of the registrant's proxy statement to be furnished to stockholders in connection with its 2014 Annual Meeting of Stockholders are incorporated by reference in Part III, Items 10-14 of this Annual Report on Form 10-K.

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Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements,” which include information relating to future events, future financial performance, strategies, expectations, competitive environment and regulation. Words such as “may,” “should,” “could,” “would,” “predict,” “potential,” “continue,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or our management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- loss or default of one or more suppliers;
- loss or default of one or more significant customers;
- default by the counterparties to our derivative financial instruments;
- changes in general, national or regional economic conditions;
- an act of war or terrorism that disrupts international shipping;
- changes in laws, regulations and tariffs;
- the imposition of anti-dumping duties on the products we import;
- changes in the size and nature of our competition;
- changes in interest rates, foreign currencies or spot prices of aluminum;
- loss of one or more key executives;
- increased credit risk from customers;
- our failure to grow internally or by acquisition; and
- failure to improve operating margins and efficiencies.

PART I

Item 1. Business.

Overview

We are engaged in the purchase, sale and distribution of semi-finished aluminum and steel products to a diverse customer base located in the Americas, Europe, Australia and New Zealand. We sell our products through our own marketing and sales personnel as well as through commission based independent sales agents located in North America and Europe. We purchase products from suppliers located throughout the world. Our two largest suppliers, PT. Alumindo Light Metal Industry and Hulamin Ltd., furnished approximately 51% of our products during 2013 as compared to 57% of our products during 2012. While we generally place orders with our suppliers based upon orders that we receive from our customers, we also purchase material for our own stock, which we typically use for shorter term deliveries to our customers.

Growth Strategy

We believe that our long-term growth will depend upon understanding our customers' particular requirements and delivering a high-level of service and quality products that meet those requirements consistently. Our growth and profitability will also depend upon our ability to continue building our market knowledge and in particular our understanding of the production capabilities of our suppliers. We will also need to maintain, strengthen and expand our supplier relationships in light of continued pricing pressures. Finally, we will need to succeed in identifying and executing opportunities to provide our customers additional value added offerings, in both our existing markets and product offerings as well as in broader or new product groups and geographic areas.

Our strategy for growth consists of the following key elements:

Provide Customers with a High Level of Service and Cost Effective, Quality Products. We work closely with our customers to understand their specific requirements. This work enables us to provide each customer with cost-effective, quality materials, matching that customer's particular needs. We also provide various ancillary services to our customers, such as arranging for products to be stored in warehouse facilities for release to them on a just-in-time delivery basis, providing them with timely information about market trends and product development, arranging for subsequent metal processing or finishing services and making material available from our own stock to meet our customers' short term requirements. Our services are described more fully under "Sales, Marketing and Customer Service" below.

Expand Volumes and Product Breadth with Existing Suppliers and Customers. We continually seek to build on our market knowledge. We try to maintain a current understanding of our suppliers' production capabilities and of our customers' needs and markets. This understanding enables us to recognize opportunities to introduce new product lines to our customers and to increase volume from our suppliers.

Strengthen and Expand Our Supplier Relationships. We endeavor to continue building our supply sources, both by expanding our relationships with existing suppliers and by adding new suppliers. In cultivating supplier relationships, we emphasize our combination of market knowledge and customer base, which we believe makes us an effective marketing and distribution channel for our suppliers. Conversely, we believe that our supplier relationships position us to offer our customers a wider range of products and services.

Provide Increasingly Efficient and Cost-Competitive Handling and Delivery Services. We utilize our own warehouse and distribution facility in Baltimore that serves the dual purpose of providing depot/warehousing capacity for just-in-time delivery and providing handling capability and inventory control at the Baltimore port of entry, our most active import location. This arrangement reduces freight and handling expenses, while increasing efficiency. It also enables us to monitor deliveries and serve customers more effectively.

Provide Additional Products and Value Added Services. We may add capability to provide our customers with additional value-added services such as processing, financing, warehousing and distribution services.

The Industry

The industry in which we operate is the sale and distribution of semi-finished aluminum and steel products. These products are manufactured worldwide by rolling facilities, some of which are owned by large integrated companies and others by independent producers. The majority of the products we purchase are in turn sold to distributors, who sell to varied metal working industries including the automotive, housing and packaging industries.

Mergent, Inc. reports that North American aluminum production totaled 2 million metric tons during the first seven months of 2013, a decrease from the 2.1 million metric tons for the same period in 2012, mainly due to the economic downturn.

Although demand for aluminum products in the U.S. has been cyclical, over the longer-term, demand has continued to increase. We believe that this growth reflects general population and economic growth, and the advantages of aluminum products, including light weight and a high degree of formability, recyclability and resistance to corrosion. Demand for steel in the U.S. has been cyclical as well, and was negatively impacted in recent years by depressed construction markets and general economic conditions.

According to Mergent, Inc., the distribution of aluminum shipments in the U.S. by market classification in 2012 broke down as follows: transportation – 34%; packaging – 26%; building – 12%; electrical – 9%; machinery – 8%; consumer durables – 7%; and others – 4%. The advantages of aluminum and lightweight steel are being recognized more generally by truck and engine manufacturers, as well as regulators, for example in the development of lightweight sealed steel fuel tanks for advanced hybrid vehicles. According to Mergent, Inc., inventories of steel and aluminum products at metal service centers in North America were expected to grow in the second half of 2013 after continuous decline in the first half, despite the economic slowdown due to European sovereign debt issues, market conditions are likely to bring improved order rates from different end markets, especially those in emerging and developing countries.

Although trends within the industries above may impact overall demand for our products, we do not view our aluminum and steel sales in an industry specific manner (other than aluminum versus steel) or analyze our financial results or generate growth strategy with an eye toward specific industries. Most of our significant customers are general distributors who resell our products into various industries. They generally do not provide us with data on where they resell our products. Our sales are affected by the level of our distributors' inventory and their ability to resell such inventory, which in turn is affected by industry trends. Our marketing and growth strategies are aimed at meeting the needs of distributors and providing whatever products they may need at any given time rather than targeting any one particular product or seeking to expand our sales into any particular industry.

Within the semi-finished aluminum and steel products industry, we believe that we occupy a specialized niche as an alternative supplier with prices generally lower than those of our competitors. More specifically, our customers generally purchase semi-finished aluminum and steel products from several sources besides us, and our products generally comprise only a smaller percentage of the aluminum and steel products purchased by our customers. In addition, we offer customers visibility into the general wholesale metals' marketplace that our larger competitors do not, since many of these competitors are vertically integrated, selling metal products they may have mined and manufactured, and do not provide the types of customer services we provide. We also offer our customers products from independent sources, which allow our customers to lessen their dependence on an increasingly concentrated domestic supply chain. We believe the fact that most of our customers find it important to retain us as an alternative supplier, coupled with our generally discounted prices and a high level of service, has shielded us from the potential negative impact of volatility in metal prices that affects our industry as a whole. When metal prices previously increased, our customers generally did not reduce their purchases from us, although they may have reduced such purchases from other suppliers. See Risk Factors "Our future operating results could be impacted by the volatility of the prices of metals, which could cause our results to be adversely affected" on page 13.

On the supply side, suppliers to our industry include local mills and foreign suppliers. In addition, many of our largest competitors are vertically integrated, selling metal products they may have mined and manufactured. Maintaining and expanding our access to aluminum and steel supply is critical given the high demand for the aluminum and steel products we purchase. Since we purchase mainly from foreign suppliers, the main factor influencing our supply is our ability to maintain and expand our existing relationships with suppliers and add new suppliers, in particular through the services we provide as described under "Suppliers" below.

Our Products

We derive our revenues from the sale of semi-finished aluminum and steel products, which are produced by processing primary aluminum or steel and/or aluminum or steel scrap. A product is considered "semi-finished" if it has not yet been converted into a final end-product. Semi-finished products include aluminum sheet, coil, plate and foil, rod, bar and wire, extruded and cast products. We offer many of these forms of semi-finished products to our customers, for use as follows:

- *Aluminum Sheet/Coil*. Aluminum sheet/coil is used in many diverse industries, including transportation, construction and food service. Common applications include road signs and gas tanks for trailers.

- *Aluminum Plate*. One of the primary industries for aluminum plate is transportation. Common applications include ship building, automobiles and truck and dump bodies.

- *Aluminum Treadplate*. Aluminum treadplate with a bright finish, better known as "treadbright," is used both for its cosmetic appearance and its durability. Common uses are for industrial toolboxes, automotive runners and trimming.

- *Aluminum Foil*. Aluminum foil is used primarily in the packaging industry. Common applications include candy/gum wrappers as well as decorative wrapping for gifts.

- *Stainless Steel*. Stainless steel coil, sheet and plate products are widely utilized in applications in which aseptic and non-corrosive surfaces are essential. Common applications include the food service and marine-related industries.

- *Carbon Steel*. The uses of flat rolled carbon steel products span a myriad of applications including construction, automotive and consumer-related uses. Products currently supplied by us include hot rolled coils and plates, cold rolled and coated products such as painted, galvanized and galvalume materials.

During 2013, approximately 77% and 23% of our revenues were derived from the sale of aluminum products and steel products, respectively.

Demand for our products is not generally seasonal.

Sales, Marketing and Customer Service

We sell our products primarily through our own marketing and sales personnel. In addition, we sell less than 10% of our products through independent sales agents. We currently utilize seven independent sales agents, three of whom are located in the United States. These sales agents are compensated pursuant to individually negotiated terms, with exact compensation generally tied to a fixed rate and the amount of products they actually sell.

Our inventory is comprised of material that has been ordered by customers and is in transit or is being held pending delivery to such customers and material that we stock to meet shorter delivery times to our customers.

We endeavor to support and grow our distribution capabilities by providing customers with quality products, access to alternative sources of supply, and customer service. We offer customers a range of services, including:

- sourcing products from the appropriate supplier in order to meet pricing and delivery requirements;

- handling foreign exchange transactions for purchases and sales in local currency;

- assuming responsibility for the shipment and timely delivery of the product to the customer;

- assisting customers in identifying materials and matching their particular needs;

- where necessary, arranging for subsequent metal processing and/or finishing services that may be required by the customer;

- arranging for materials that have been ordered by a customer (and are subject to a firm purchase commitment) to be stored at an appropriate warehouse for release to the customers on a just-in-time delivery basis;

- providing customers with information concerning market trends and product development; and

- making available material from our own local stocks to meet customers' short term requirements.

We carefully monitor the timing and processing of orders to meet customers' needs and commit to deliver orders within a time-period mutually agreed with the customer, generally within a 30-day window. We maintain constant and ongoing communication with our suppliers in order to ensure that these delivery dates are met and that customers are apprised of the delivery status of their orders.

Customers

We serve more than 300 customers in diverse industries, such as distribution, transportation, automobile, housing, appliances and packaging. In the year ended December 31, 2013, our top ten customers represented approximately 37% of our total revenues, with no one customer accounting for 10% of total revenues. In 2012, our top ten customers represented approximately 47% of our total revenues, with two customers, Ryerson Inc., and Samuel Son & Co. accounting for 10% and 9.4% of total revenues, respectively. These ten customers included eight full-service distribution centers (i.e., distributors that have the capacity to provide additional processing services), as well as a producer of various consumer and industrial products. Our customers are principally located throughout the Americas, Australia, New Zealand and Europe. Our U.S. customer base is not regional, and includes customers in 40 states with no significant geographic concentration in one state or region. During the year ended December 31, 2013, our revenues were attributable to the following countries and regions: U.S. - 64%; Canada – 10%; Australia/New Zealand – 8%; Latin America – 14%; and Europe – 4%.

Customers generally place an order with us by submitting a purchase order setting forth their desired products, specifications and date and location of delivery. We confirm the transaction with our sales contract, which contains our standard terms and conditions, including a disclaimer of warranties, indemnification of us by the buyer and certain protections in case of insolvency or potential insolvency by the buyer (e.g., the right to terminate the contract and accelerate payments thereon) or the occurrence of certain contingencies that prevent us from fulfilling the contract on time. Typically the risk of loss passes to the customer upon shipment or delivery. Pricing is negotiated for each sales contract.

Suppliers

We maintain distribution arrangements and/or ongoing commitments with several foreign mills. We act as bulk purchasers for these suppliers, which provides them with the following benefits:

- we serve as an integrated marketing, distribution, and service channel for volume that our suppliers wish to export;

- we purchase bulk capacity from suppliers;

- we typically assume responsibility for transporting the products that we purchase;

- we eliminate foreign currency risks for suppliers; and

- we ensure prompt payment to suppliers for materials purchased.

We strive to maintain long-term relationships with our suppliers and to be a significant distributor for them. As a result, we are often able to obtain competitive pricing and to influence quality standards and delivery practices. We continuously work with our existing suppliers and explore other sources to strengthen our position in the market. Our principal suppliers are PT. Alumindo Light Metal Industries, Hulamin Ltd. and Elval Hellenic Aluminium. We have written agreements with PT. Alumindo Light Metal Industries and Hulamin Ltd., the material terms of which are summarized below:

PT. Alumindo Light Metal Industries. Our supply agreement with PT. Alumindo Light Metal Industries and its affiliates provides for the supply to us of a minimum of 5,000 metric tons of aluminum cold rolled coil per month, plus or minus 15% upon our written consent, to our specifications as set forth in our purchase orders. Under this supply agreement, the suppliers are also required to use their reasonable efforts to deliver to us an additional 500 metric tons of aluminum hot/cold rolled coil per month, plus or minus 15% upon our written consent. The suppliers' obligations to third parties will at all times be subject to their ability to produce sufficient supply for us to meet the minimum quantities set forth above. The price of the product shall be determined at least 60 days prior to the quarter in which the product is to be manufactured. The suppliers must provide the products to us at the lowest price at which they offer the same products to any third party in North America in equal or smaller quantities, and they are required to immediately lower existing prices if a lower price is offered to any such third party. We are also a party to a pre-payment advance agreement with PT. Alumindo Light Metal Industries and its affiliates pursuant to which we advanced a total of $10 million to these suppliers in order to augment their manufacturing capabilities. The pre-payment advance became repayable to us beginning on January 1, 2013 in monthly installments of $277,777.78. As of March 25, 2014 the payments are up to date and current. If we and the suppliers are unable to agree on a product price, the suppliers' monthly re-payment obligation increases to $555,555.56 and the outstanding balance will accrue interest, at the one month U.S. dollar LIBOR rate plus 3.5% per annum, per month. The entire remaining balance, if any, must be repaid on January 1, 2016. The supply agreement's initial term will end on the date that the pre-payment advance has been fully repaid, but the supply agreement will automatically renew for additional one year terms unless terminated by mutual written consent or in writing by either party at least 60 days prior to the termination date of the then current term. We have the right to terminate the supply agreement upon certain events of default, including the suppliers' breach of the agreement, failure to supply the product as specified in our purchase orders, becoming the subject of certain governmental demands, investigations or determinations involving illegal or trade-related acts, insolvency, bankruptcy or similar events, default under any loan or indebtedness or material adverse change in financial or other condition, or ability to perform under the agreement. Upon the occurrence of an event of default, the pre-payment advance would become due and payable to us upon demand.

Hulamin Ltd. Our agreement with Hulamin Ltd. is a letter of understanding which states that Hulamin Ltd. will work closely with us in satisfying market requirements, recognizing that we remain an important customer. The letter permits Hulamin Ltd. to sell its products directly to customers in North America, except for foil products and certain bright tread products, for which we remain the exclusive importer and distributor. Additionally, we are the exclusive importer and distributor of Hulamin's rolled products in Australia and New Zealand.

Transportation

We arrange for transportation and delivery of the products purchased by customers. When we purchase products from an overseas supplier, we accept delivery either at the port in the supplier's home country or at the port of destination. If we take delivery at a foreign port, we will generally arrange for transportation to the port of destination on regularly scheduled port-to-port, sea-going transportation. Upon delivery of the products at the destination port, we use trucking and rail services to deliver the products to our customers.

Competition

Our principal competitors are global aluminum producers and rolling mills. Alcoa Inc., and Aleris Rolled Products, Inc. dominate the aluminum industry in North America and are significantly larger than us, have significantly greater financial resources, and are active in significantly more areas of the aluminum products business than we are, including mining, refining, smelting and recycling. These companies also have access to material produced and imported from their own subsidiaries, which compete with us. There are also independent importers of aluminum and steel products which serve the North American aluminum and steel distribution industry. We compete with these other importers, as well as agents that act for or purchase from foreign aluminum producers including one of our suppliers, Hulamin Ltd. Our principal means of competition is market knowledge, customer service, and the ability to offer competitive terms and product quality, including providing value-added services to our customers and providing a full range of product offerings. We also believe that agents of foreign mills are generally less capable of providing the same value-added services to our customers because these agents are generally captive to a single foreign source and often lack the flexibility and range of product offerings that we offer our customers. We further believe that by offering our customers a full range of products from independent sources, we enable our customers to avoid dependency in an increasingly concentrated domestic supply chain.

Government Regulation

As our products are typically imported, we are subject to governmental regulations governing imports, in particular regulations governing the imposition of tariffs and antidumping and other duties. For 2013 and 2012, approximately 19% and 22%, respectively, of our purchases of aluminum products were from countries whose exports were eligible for preferential tariff treatment for import into the U.S. under the African Growth and Opportunity Act ("AGOA") and the Generalized System of Preferences ("GSP"). However, there can be no assurance that any of our suppliers will continue to be eligible for such preferential tariff treatment. GSP expired on July 31, 2013, and there is no guarantee that it will be renewed or renewed retroactively, or that it will not be amended. If preferential tariff treatment of any of our suppliers which are currently eligible for such treatment becomes unavailable, then imports from such supplier may be subjected to a tariff instead of the duty-free treatment those imports now enjoy. To the extent that these increased costs could not be passed on to our customers, our profit margins could suffer.

The products we import could also be subject to antidumping or other increased duties. Under U.S. law, an antidumping duty may be imposed on any imports if two conditions are met. First, the Department of Commerce must decide that the imports are being sold in the U.S. at less than fair value. Second, the International Trade Commission must determine that the U.S. industry is materially injured or threatened with material injury by reason of the imports. The International Trade Commission's determination of injury involves a two-prong inquiry: first, whether the industry is materially injured, and second, whether the dumping, not other factors, caused the injury. The International Trade Commission is required to analyze the volume of imports, the effect of imports on U.S. prices for like merchandise, and the effects the imports have on U.S. producers of like products, taking into account many factors, including lost sales, market share, profits, productivity, return on investment, and utilization of production capacity. Should such a determination be made, we could subject to additional costs imposed on the affected imports.

Employees

As of December 31, 2013, we had approximately 60 employees. We also have independent sales representatives located in the U.S. and in Europe. None of our employees is represented under a collective bargaining agreement.

History

We were incorporated in the State of Delaware in 1990 under the name Integrated Technology USA, Inc. Until September 17, 1999, we were in the business of designing, developing and marketing products for emerging computer related markets.

On September 17, 1999, we merged with Empire Resources, Inc. ("Empire"), a distributor of value added, semi-finished aluminum products. Since the merger, we have continued the business of Empire under the name of Empire Resources, Inc.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties, including those described below, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock.

Risks Related to Our Business and Industry

We are highly dependent on a few suppliers.

Our two largest suppliers in 2013 were PT. Alumindo Light Metal Industry and Hulamin Ltd., from whom we purchased approximately 51% of our products. Accordingly, the termination or limitation by one or more of our largest suppliers of their relationships with us could limit our ability to fulfill customer orders or cause us to purchase products at a loss, which could have a material adverse effect on our business and results of operations. In addition, our loss of any one of our other suppliers (or material default by any supplier in its obligations to us) for any reason, including but not limited to bankruptcy, financial difficulties, expropriation, social unrest, destruction, sabotage, strikes, acquisition by a person or entity unwilling to provide products to us, or for any other reason, could limit our ability to fulfill customer orders or cause us to purchase products at a loss, which could have a material adverse effect on our business.

An interruption in the sources of our metal supply could have a material adverse effect on our results of operations.

We rely on our suppliers to fulfill contractual obligations. The failure of any one of our suppliers to fulfill its obligations to us may expose us to serious losses by requiring us to purchase material at a loss in the open market and/or absorb losses for hedges applied to the defaulting supplier's transaction. Our primary suppliers could curtail or discontinue their delivery of metals to us in the quantities we need with little or no notice. If our suppliers experience production problems, lack of capacity or transportation disruptions, we may be unable to obtain sufficient amounts of metal on a timely basis, or we may not be able to obtain metal from alternate sources at competitive prices to meet our delivery schedules.

In addition, in recent years, the metal producing supply base has experienced significant consolidation, with a few domestic producers accounting for a majority of the domestic metal market. The number of available suppliers could be reduced in the future by factors such as further industry consolidation or bankruptcies affecting metal suppliers. Although we have successfully replaced suppliers lost as a result of industry consolidations in the past, there can be no assurance that we will be able to replace the volume of production or the type of products supplied by any of our current suppliers if they were acquired or their operations terminated or were interrupted.

The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are highly dependent on a few significant customers.

Our sales are highly concentrated among a few customers. During the period ended December 31, 2013 and 2012, 37% and 47%, respectively, of our revenues were derived from sales to ten customers. During 2013, no one customer accounted for 10% or more of our sales. During 2012, two major customers, Ryerson Inc. and Samuel Son & Co., Ltd., accounted for approximately 19% of our consolidated net sales for the year. Over the last several years, there have been consolidations in the industries we serve that may increase our sales concentration and the related risks. Any material reduction in sales to any of these customers could have a material adverse effect on our business. Our sales contracts tend to be short term in nature. We typically sell our products on monthly or quarterly customer commitments. As a result, the relationship, as well as particular orders, can generally be terminated with relatively little advance notice. The loss of any one of our major customers or decrease in demand by those customers or credit constraints placed on them could have a material adverse effect on our business, financial condition and results of operations.

The counterparties to our commodity derivative instruments may not be able to perform their obligations to us, which could materially affect our cash flows and results of operations.

In order to minimize risk associated with fluctuations in commodity prices and foreign currency, we use derivative instruments to hedge metal pricing and foreign currency risk as we deem appropriate for a majority of our purchase and sales contracts. We are exposed to the risk of a counterparty default in fulfilling these derivative instruments. Should there be a counterparty default, we could be exposed to losses on the original derivative instrument or be unable to recover anticipated gains from the transactions, which could result in decreased gross margins, profitability and/or outright losses.

Although we expect to finance our future and in-process growth initiatives through borrowings under our credit facility, we may have to find additional sources of funding, which could be difficult. Additionally, increased leverage could adversely impact our business and results of operations.

We expect to finance our future and in-process growth initiatives through borrowings under our $200 million secured, asset-based credit facility, which matures on June 30, 2014. However, our credit facility may not be renewed or sufficient or available to finance our growth initiatives, and we may have to find additional sources of financing. It may be difficult for us in the future to obtain the necessary funds and liquidity to run and expand our business.

Additionally, if we incur substantial additional debt, including under our credit facility, to finance future growth, our leverage could increase as could the risks associated with such leverage. A high degree of leverage could have important consequences to us. For example, it could:

- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash from operations to the payment of debt service, thereby reducing the availability of cash to fund working capital, capital expenditures, dividends and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures, general corporate purposes or acquisitions;
- place us at a disadvantage compared to our competitors that are less leveraged; and
- limit our flexibility in planning for, or reacting to, changes in our business.

We may not be able to generate sufficient cash flow to meet our existing debt service obligations.

Our annual debt service obligations until June 30, 2014, when our senior credit facility is scheduled to mature, will be primarily limited to interest and principal payments on our 10% Convertible Senior Subordinated Notes Due June 1, 2016, with an aggregate principal amount of $12 million, and borrowings under our $200 million credit facility with outstanding borrowings of $103.5 million as of December 31, 2013. Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations will depend on our future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, we may be required to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We may not be able to consummate any such transaction at all or on a timely basis or on terms, and for proceeds, that are acceptable to us, and these transactions may not be permitted under the terms of our various debt instruments then in effect. Our inability to generate sufficient cash flow to satisfy our debt obligations or to timely refinance our obligations on acceptable terms could adversely affect our ability to serve our customers and could cause us to reduce or discontinue our planned operations.

We service industries that are highly cyclical, and any downturn in our customers' demand could reduce our sales, margins and profitability.

Many of our products are sold to customers in industries that experience significant fluctuations in demand based on economic conditions, energy prices, consumer demand, availability of adequate credit and financing, customer inventory levels, changes in governmental policies (including those that would limit or reduce defense spending) and other factors beyond our control. When one or more of our customers' industries experiences a decline, we may have difficulty increasing or maintaining our level of sales or profitability if we are not able to divert sales of our products to customers in other industries.

We are vulnerable to interest rate fluctuations on our indebtedness, which could hurt our operating results.

We are exposed to various interest rate risks as a result of our indebtedness under our credit facility. Market risk arises from changes in variable interest rates of our borrowings, which are primarily short-term LIBOR or money market based loans, which are subject to change. If interest rates significantly increase, we could be unable to service our debt, or we would have to dedicate materially more of our resources toward debt service, which could have a material adverse effect on our operating results.

We are dependent on our executive officers and key employees.

We are highly dependent on the management and leadership skills of our executive officers and other key employees, including Nathan Kahn, our chief executive officer, president and a director, Sandra Kahn, our vice president, chief financial officer and a director, and Harvey Wrubel, our vice president of sales/director of marketing and a director. There can be no assurance that these individuals will continue to provide services to us. The loss of any of our executive officers or other key employees or the failure to attract and retain additional qualified personnel could prevent us from implementing our business strategy and continuing to grow our business at a rate necessary to maintain future profitability.

The failure by one of our suppliers to honor the terms of our supply and pre-payment advance agreements could have a material adverse effect on us.

We are a party to a supply agreement and a pre-payment advance agreement with one of our largest suppliers, which provide for the sale to us of certain aluminum products and our advance of $10 million to finance the expansion of the supplier's production capacity. We are exposed to the risk of failure of our supplier to honor its obligations under these agreements. The supplier's failure to provide the supply of materials as contemplated could negatively impact our results of operations. The supplier's failure to repay the balance of the advance could also result in a material loss to us.

Many of our suppliers and customers are located in international markets, which expose us to a number of risks.

We generally purchase metal products from foreign suppliers, and our customers are principally located throughout the Americas, Australia, New Zealand and Europe. Thus, our operations could be materially and adversely affected by changes in economic, political and social conditions in the countries where we currently purchase or sell or may in the future purchase or sell such products, including the potential for adverse change in the local political or social climate or in government policies, laws and regulations, restrictions on imports and exports or sources of supply, and change in duties and taxes.

In addition, an act of war or terrorism or major pandemic event could disrupt international shipping schedules, cause additional delays in importing our products into the U.S. or increase the costs required to do so. Acts of crime or violence in these international markets could also adversely affect our operating results. Fluctuations in the value of the U.S. dollar versus foreign currencies could reduce the value of these assets as reported in our financial statements, which could reduce our stockholders' equity. Our failure to adequately anticipate and respond to these risks and the other risks inherent in international operations could have a material adverse effect on our operating results.

Our future operating results could be impacted by the volatility of the prices of metals, which could cause our results to be adversely affected.

The metal industry is highly cyclical and pricing can be volatile. The prices we pay for metals and the prices we charge our customers may fluctuate depending on many factors, including general economic conditions (both domestic and international), competition, production levels, import duties and other trade restrictions and currency fluctuations. We rely on long-term relationships with our suppliers but generally have no long-term, fixed-price purchase contracts. Instead we purchase at prevailing market prices at the time orders are placed, typically with discounts for quantity purchases. To the extent metal prices decline, we would generally expect lower sales and possibly lower net income, depending on the timing of the price changes and the ability to pass price changes on to our customers. To the extent we are not able to pass on to our customers any increases in our raw materials prices, our operating results may be adversely affected. In addition, because we maintain substantial inventories of metals in order to meet short lead-times and the just-in-time delivery requirements of our customers, a reduction in our selling prices could result in lower profitability or, in some cases, losses, either of which could adversely impact our ability to remain in compliance with certain financial covenants in our loan facilities, as well as result in us incurring impairment charges.

If suppliers fail to provide products of sufficient quality, customer relationships and prices could be negatively affected.

Our relationships with our customers depend, in part, on our ability to deliver products of the quality specified by those customers. We rely on certifications from our suppliers that attest to the quality of the metals received from those suppliers for resale and generally, consistent with industry practice, do not undertake independent testing of such metals. In the event that metal purchased from suppliers is deemed defective material or deemed to not meet quality specifications as set forth in the certifications or customer specifications, we may be forced to buy products of the specified quality from another source to fulfill the customer's order. While we would then be left with a claim against the supplier for any loss sustained by us, we may not be able to bring these claims successfully, particularly in foreign jurisdictions. In addition, we could suffer damage to our reputation that may arise from sub-standard products and possibly lose customers.

We are exposed to credit risk from our customers.

We do not require collateral for customer receivables. We have significant balances owing from customers that operate in cyclical industries and under leveraged conditions, which may impair our collection of these receivables. We carry credit insurance with a 10% deductible covering the majority of our customers, and we have set specific limits on each customer's receivables. However, we sometimes elect to exceed these specific credit limits, and in selected instances the co-pay may be increased. Our failure to collect a significant portion of the amount due on our receivables directly from customers or through insurance claims (or other material default by customers) could have a material adverse effect on our financial condition and results of operations.

We are subject to the risk of default by our customers.

We rely on our customers to fulfill contractual obligations. The failure of our customers to do so may expose us to serious losses and may force us to sell material at a loss in the open market and/or absorb losses for metal hedges applied to the defaulting customer's transaction. A default by a single customer or multiple customers could have a material adverse effect on our financial condition and results of operations.

We could be held liable for any product failures related to the products we manufactured at our extrusion facility or for products manufactured by our suppliers.

As a result of the production that took place at our extrusion facility prior to September 2009, when we ceased production at the facility, we may be exposed to potentially serious risks such as product failure following distribution in the market. While we are not aware of any defects in our aluminum extrusion products, defects in the products that we manufactured may result in serious and potentially fatal accidents which may in turn result in substantial losses to us. Additionally, we may be exposed to risks as a result of product failures by the products we import.

Significant changes to international trade regulations could adversely affect our results of operations.

During 2013 and 2012, approximately 19% and 22%, respectively, of our purchases of aluminum products were from countries whose exports were eligible for preferential tariff treatment for import into the U.S. under the African Growth and Opportunity Act ("AGOA") and the Generalized System of Preferences ("GSP"). In addition, GSP expired on July 31, 2013, and there is no guarantee that it will be renewed or renewed retroactively, or that it will not be amended. If preferential tariff treatment of any of our suppliers that are currently eligible for such treatment under AGOA becomes unavailable, then imports from such supplier may be subjected to a tariff instead of the duty-free treatment those imports now enjoy. To the extent that these increased costs could not be passed on to our customers, our profit margins could suffer. In fact, one of our suppliers, PT. Alumindo Light Metal Industry, exceeded the quota of imports permitted under the GSP statute during 2011, and triggered the Competitive Needs Limit of the GSP program. As a result, imports from PT. Alumindo Light Metal Industry are subject to a 3% duty as of July 1, 2012. This increase in duty rate, along with other duty increases imposed on our other suppliers, could adversely affect our profit margins to the extent these increased costs cannot be passed on to our customers, resulting in a material adverse effect on our business, financial condition and results of operations.

Antidumping and other duties could be imposed on us, our suppliers and our products.

The imposition of an antidumping or other increased duty on any products that we import could have a material adverse effect on our financial condition. For example, under U.S. law, an antidumping duty may be imposed on any imports if two conditions are met. First, the Department of Commerce must decide that the imports are being sold in the U.S. at less than fair value. Second, the International Trade Commission must determine that the U.S. industry is materially injured or threatened with material injury by reason of the imports. The International Trade Commission's determination of injury involves a two-prong inquiry: first, whether the industry is materially injured, and second, whether the dumping, not other factors, caused the injury. The International Trade Commission is required to analyze the volume of imports, the effect of imports on U.S. prices for like merchandise, and the effects the imports have on U.S. producers of like products, taking into account many factors, including lost sales, market share, profits, productivity, return on investment, and utilization of production capacity.

General global economic, credit and capital market conditions have had and could continue to have an adverse impact on our business, operating results and financial condition.

We are susceptible to macroeconomic downturns in the U.S. and abroad which have had, and in the future may continue to have, an adverse effect on demand for our products and consequently our operating results, financial condition and cash flows. Future negative economic conditions, as well as a slow recovery period from the current economic downturn, could lead to reduced demand for our products, increased price competition, reduced gross margins, increased risk of obsolete inventories and higher operating costs as a percentage of revenue.

Disruption of the capital and credit markets may negatively impact our business, including our ability to access additional financing at a time when we would like, or need, to access those markets to run or expand our business. These events may also make it more costly for us to raise capital through the issuance of our equity securities and could reduce our net income by increasing our interest expense and other costs of capital. The diminished availability of credit and other capital could also affect the industries we serve and could result in reduction in sales volumes and increased credit and collection risks.

Our industry is highly competitive, which may force us to lower our prices and may have an adverse effect on our operating results.

The principal markets that we serve are highly competitive. Competition is based principally on price, service, quality, processing capabilities, inventory availability and timely delivery. Many of our competitors are significantly larger than us, and many have captive sources of supply and significantly greater access to capital and other resources. Increased competition could lower our margins or reduce our market share and have a material adverse effect on our financial performance. Additionally, if our sources of supply were interrupted, our competitors could be in a position to capture our customers.

Increases in energy prices would increase our operating costs, and we may be unable to pass all these increases on to our customers in the form of higher prices.

If our energy costs increase disproportionately to our revenues, our earnings could be reduced. We use energy to process and transport our products. Our operating costs increase if energy costs, including electricity, diesel fuel and natural gas, rise. During periods of higher energy costs, we may not be able to recover our operating cost increases through price increases without reducing demand for our products. In addition, we generally do not hedge our exposure to higher energy prices. Increases in energy prices will increase our operating costs and may reduce our profitability if we are unable to pass all of the increases on to our customers.

Rising freight rate costs and lack of adequate cargo space may affect our operations.

Substantially all of the products we distribute require transportation, either through ocean vessels, rail or trucks. Increasing freight rates may materially adversely affect our profit margin and lack of cargo space may affect our ability to deliver products in a timely manner.

The failure of our key computer-based systems could have a material adverse effect on our business.

We currently maintain computer-based systems in the operation of our business and we depend on these systems to a significant degree for all areas of business operations. These systems are vulnerable to, among other things, damage or interruption from fire, flood, tornado, and other natural disasters, power loss, computer system and network failures, operator negligence, physical and electronic loss of data or security breaches and computer viruses. The destruction or failure of any one of our computer-based systems for any significant period of time could materially adversely affect our business, financial condition, results of operations and cash flows.

We may face risks associated with current or future litigation and claims.

Although we do not believe that we currently face any material litigation or claims, there can be no guarantee that we will not, in the future, be involved in one or more lawsuits, claims or other proceedings. These suits could concern issues including contract disputes, employment actions, employee benefits, taxes, environmental, health and safety, personal injury and product liability matters. Due to the uncertainties of litigation, we can give no assurance that we will prevail on any claims made against us in any such lawsuit. While it is not feasible to predict the outcome of any pending lawsuits and claims, we do not believe that the disposition of any such pending matters is likely to have an adverse effect on our financial condition or liquidity, although the resolution in any reporting period of one of more of these matters could have an adverse effect on our operating results for that period. Also, we can give no assurance that any other lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results.

Risks Related our Common Stock

The interests of our controlling stockholders may not coincide with yours and such controlling stockholder may make decisions with which you may disagree.

As of March 18, 2014, Nathan Kahn, our chief executive officer, president and a director, and Sandra Kahn, our vice president, chief financial officer and a director, beneficially owned approximately 46% of our outstanding common stock (43% excluding the 10% Convertible Senior Subordinated Notes Due June 1, 2016, which only have voting rights once they are converted to common stock) and Harvey Wrubel, our vice president of sales/director of marketing and a director, beneficially owns approximately 5%. In addition, through ownership of our 10% Convertible Senior Subordinated Notes Due June 1, 2016, Leon G. Cooperman and his affiliates beneficially own (i.e., have the right acquire) 19% of our outstanding common stock. As a result, our controlling stockholders control substantially all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our company and make some future transactions more difficult or impossible without the support of our controlling stockholders. The interests of our controlling stockholders may not coincide with our interests or the interests of other stockholders.

Our common stock may be affected by limited trading volume and price fluctuations, each of which could adversely impact the value of our common stock.

Historically, there has been relatively limited trading volume in our common stock. As such, our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations, which could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets could cause the price of our common stock to fluctuate substantially. These fluctuations may also cause short sellers to enter the market from time to time in the belief that we will have poor results in the future. We cannot predict the actions of market participants and, therefore, can offer no assurances that the market for our stock will be stable or appreciate over time.

Our stock price may be volatile, which could result in substantial losses for investors.

The market price of our common stock is highly volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including the following:

- additions or departures of key personnel;
- sales of our common stock, including management shares;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- industry developments; and
- general domestic or international economic, market and political conditions.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also significantly affect the market price of our common stock.

A significant number of our shares are eligible for sale and their sale or potential sale may depress the market price of our common stock.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock. In particular, all of our currently outstanding shares of common stock are freely tradeable unless they are purchased by our “affiliates,” as defined in Rule 144 under the Securities Act of 1933, as amended, and 3,007,440 shares of common stock issuable at December 31, 2013 upon the conversion of our 10% Convertible Senior Subordinated Notes Due June 1, 2016 are currently freely tradable pursuant to an effective registration statement.

In addition, 410,000 shares are issuable upon exercise of options. If any options are exercised, the shares issued upon exercise will be restricted, but may be sold under Rule 144 after the applicable holding period has been satisfied and the satisfaction of certain other conditions.

In addition to the possibility that actual sales of significant amounts of our common stock in the public market could harm our common stock price, the fact that our stockholders have the ability to make such sales could create a circumstance commonly referred to as an “overhang,” in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, could also make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Although we have paid dividends in prior periods, there can be no assurance that we will pay dividends in the future. As a result, any return on investment may be limited to the value of our common stock.

Although we have paid dividends in prior periods, there can be no assurance that we will pay dividends in the future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have research coverage by securities and industry analysts and you should not invest in our common stock in anticipation that we will obtain such coverage. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Sarbanes-Oxley Act, the Dodd-Frank Act, and other applicable securities rules and regulations. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. We may need to hire more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company that is subject to these rules and regulations could make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors and qualified executive officers.

We are obligated to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for fiscal 2013. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting.

These reporting and other obligations place significant demands on our management, administrative, operational, internal audit and accounting resources. Any failure to maintain effective internal controls could have a material adverse effect on our business, operating results and stock price. Moreover, effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. In addition, if we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located in Fort Lee, New Jersey, where we lease office space pursuant to a lease expiring in March 2015. The lease provides for a minimum annual rental payment of $284,000, plus escalations.

We own a 120,000 square foot distribution and warehouse facility at 6900 Quad Avenue, Baltimore, Maryland.

We believe that our facilities are adequate to meet our current and proposed needs.

Item 3. Legal Proceedings.

From time to time, we may be involved in litigation relating to claims arising out of our operations. We are not currently a party to any material litigation or other material legal proceedings. We may, however, be involved in material legal proceedings in the future. Such matters are subject to uncertainty and there can be no assurance that such legal proceedings will not have a material adverse effect on our business, results of operations, financial position or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity,Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock has been quoted on The NASDAQ Capital Market since February 4, 2013 under the symbol "ERS." Prior to that date, it was traded on the OTCQX under the trading symbol ERSO.PK.

The following table sets forth the high and low bid prices for our common stock for the periods indicated, as reported by the OTCQX. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.
As of March 5, 2014, there were 30 record holders of our common stock.

	2013		2012	
	High	**Low**	**High**	**Low**
First Quarter	$ 5.35	$ 2.91	$ 3.49	$ 2.35
Second Quarter	$ 5.25	$ 4.06	$ 3.15	$ 2.27
Third Quarter	$ 5.15	$ 3.48	$ 2.95	$ 2.61
Fourth Quarter	$ 3.95	$ 3.24	$ 3.49	$ 2.67

During 2013 and 2012, our board of directors declared dividends on our common stock approximately on a quarterly basis. The board of directors determined that we were able to return some of our cash to stockholders without impacting future revenue and earnings growth or restricting strategic opportunities. The board of directors declared a regular cash dividend of $0.025 per share on March 22, 2012, June 21, 2012, September 12, 2012 and December 6, 2012, March 21, 2013, June 18, 2013, September 12, 2013 and December 10, 2013. On December 6, 2012, the board of directors also declared a special dividend of $0.20. The board of directors intends to review the Company's dividend policy on a quarterly basis and make a determination with respect to a dividend distribution, subject to profitability, free cash flow and the other requirements of the business. There can be no assurance that dividends will be paid in the future.

The following table shows our common stock repurchases for the quarter ended December 31, 2013 (all numbers in thousands, except for per share data):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2013 - October 31, 2013	2	$ 3.50		
November 1, 2013 - November 31, 2013	5	$ 3.50		
December 1, 2013 - December 31, 2013	5	$ 3.47		
Total	**12**	**$ 3.49**	**1,264**	**736**

In July 2008, the Board of Directors authorized the repurchase of 2 million shares of the Company's common stock at a maximum price of $3.50 per share.

Information concerning our 2006 Stock Option Plan can be found in "Item 8—Financial Statements and Supplementary Data—Note J. Stock Options."

Item 6. Selected Financial Data.

Not Applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K.

Our Business

We are engaged in the purchase, sale and distribution of semi-finished aluminum and steel products to a diverse customer base located in the Americas, Europe, Australia and New Zealand. We sell our products through our own marketing and sales personnel as well as through commission based independent sales agents located in North America and Europe. We purchase products from suppliers located throughout the world. Our two largest suppliers furnished approximately 51% of our products during the 2013 as compared to 57% of our products during 2012. While we generally place orders with our suppliers based upon orders that we receive from our customers, we also purchase material for our own stock, which we typically use for shorter term deliveries to our customers.

Critical Accounting Policies and Estimates

The following discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. The preparation of financial statements in accordance with generally accepted accounting principles in the U.S. requires us to make estimates and assumptions that affect the amounts reported in our financial statements. The financial statements include estimates based on currently available information and our judgment as to the outcome of future conditions and circumstances. Significant estimates in these financial statements include allowance for doubtful accounts and accruals for inventory claims. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the financial statements and actual results could differ from the estimates and assumptions.

Among the significant judgments made by management in the preparation of our financial statements are the following:

Allowance for Doubtful Accounts (in thousands)

As of December 31, 2013, we had $52,696 in trade receivables, after an allowance for doubtful accounts of $562. We report accounts receivable, net of an allowance for doubtful accounts, to represent our estimate of the amount that ultimately will be realized in cash. We review the adequacy of our allowance for doubtful accounts on an ongoing basis, using historical collection trends, aging of receivables, as well as review of specific accounts, and make adjustments in the allowance as we believe necessary. We maintain a credit insurance policy on the majority of our customers. In general, this policy has a 10% deductible; however there are some instances where the co-insurance may vary and instances where we may exceed the insured values. Changes in economic conditions could have an impact on the collection of existing receivable balances or future allowance considerations. In addition, changes in the credit insurance environment could affect the availability of credit insurance and our ability to secure it.

Accruals for Inventory Claims

Generally, our exposure on claims for defective material is relatively immaterial, as we usually refer all claims on defects back to our suppliers. If we do not believe that a supplier will honor a material claim for a defective product, we will record an allowance for inventory adjustments.

Results of Operations

We are engaged in the purchase, sale and distribution of semi-finished aluminum and steel products which we purchase from producing mills around the world. The market prices of materials we purchase, as well as the market price of materials we sell, fluctuate constantly in world markets. Our cost of sales is composed of metal content, which is determined on world metal exchanges, plus a unique fabrication premium charged by each producer to convert the raw metal to a semi-finished product. In turn, we typically sell to our customers based on metal content plus a premium which includes supplier fabrication margin, and costs of importation, warehousing, and delivery of material to customers. Since metal content costs are the largest component of cost of sales and selling price, our sales pricing trends and cost of sales trends generally track consistently.

Comparison of Fiscal Years Ended December 31, 2013 and 2012 (in thousands, except per share amounts)

During 2013, net sales decreased by $55,844, from $538,527 to $482,683, or a decrease of 10.4% from the same period in 2012. This decrease was primarily due to lower unit shipments in North America, Australia and New Zealand as well as lower pricing for aluminum as compared to the same period in 2012. This decrease was also a result of continued pricing and competitive pressures and weakness in demand.

Gross profit decreased by $3,228, from $24,967 to $21,739 from 2012 to 2013, or 12.9%. This decrease was the result of lower unit shipments as well as the full year impact in 2013 of the imposition of import duty in the second half of 2012 which affected our shipments from our principal supplier. The imposition of duty negatively affected the gross profit margin for the full year in 2013 as compared to only the second half of the year in 2012.

Selling, general and administrative expenses increased 1.0% or $134, from $13,258 during the year ended December 31, 2012, to $13,392 for the year ended December 31, 2013 which are attributable to increased travel expenses as well as banking costs.

During 2013, interest expense decreased by $711, from $5,225 to $4,514 for the same period in 2012 as our bank debt during this period was reduced. During the twelve months ended December 31, 2013 and 2012, the interest on our 10% Convertible Senior Subordinated Notes Due June 1, 2016 and amortization of the debt discount in connection with these notes totaled $1,766.

Net income decreased by $1,568 to $2,396 for the year ended December 31, 2013 from $3,964 during the same period in 2012, which is attributable to the 10.4% decline in sales as well as the slight decrease in gross profit margin percentage.

Liquidity and Capital Resources (in thousands, except per share amounts)

Overview

At December 31, 2013, we had cash of $2,477, accounts receivable of $52,696, total senior secured debt of $109,212 and subordinated debt of $12,000. Management believes that cash from operations, together with funds available under our credit facility will be sufficient to fund the cash requirements relating to our existing operations for the next twelve months. However, we will require additional debt or equity financing in connection with the future expansion of our operations.

Comparison of Periods Ended December 31, 2013 and 2012

Net cash provided by operating activities was $13,368 during the period ended December 31, 2013 as compared to $39,327 during the same period in 2012. During 2013, we maintained our focus on inventory levels needed to support sales volume, which led to positive operating cash flows. Cash provided by operating activities during the period ended December 31, 2013 was primarily due to net income, decreased inventory, and increased trade accounts payable. Inventory levels decreased by $5,969 from December 31, 2012 as a result of continued focus on controlling inventory levels and improving cash flows. Accounts payable increased $8,008 as a result increased supplier shipments in December 2013.

During 2013, our inventory turn rate of 3.5 times (or 3.5 months on hand) was relatively flat, as compared to our 2012 annual rate of about 3.7 times (or 3.2 months on hand). The days' payable outstanding increased from 27 days at December 31, 2012 to 35 days at December 31, 2013. We continue to focus on our days' sales outstanding and our inventory turnover rate to manage working capital, because accounts receivable and inventory are the two most significant elements of our working capital. As of December 31, 2013, our days' sales outstanding rate increased slightly from 36 days as of December 31, 2012 to 39 days as of December 31, 2013.

Cash flows provided by investing activities during the year ended December 31, 2013 was primarily the repayment by PT. Alumindo Light Metal Industry and its affiliates of $3,333 related to our supply agreement. Cash flows used in investing activities during the year ended December 31, 2012 was primarily the $5,000 advance related to our supply agreement with PT. Alumindo Light Metal Industry and its affiliates.

Cash flows used in financing activities during the year ended December 31, 2013 amounted to $17,300, as compared to cash flows used in financing activities of $35,400 during the same period in 2012. Cash used in financing activities was primarily repayments of bank debt, from cash generated by reducing inventory, accounts receivable and increases in accounts payable. We paid dividends to our stockholders of $644 during 2013 and $2,825 during 2012.

As of December 31, 2013, our committed line of credit totaled $200,000. The agreement also allows additional increases in the line of credit of up to $50,000, subject to certain restrictions. Our direct borrowings amounted to $103,500 and letters of credit amounted to $71,105, leaving an availability of approximately $25,395 on our line of credit, or approximately 13% as of December 31, 2013. The letters of credit will expire on or before April 30, 2014.

Our wholly owned Belgian subsidiary, Imbali Metals BVBA ("Imbali"), operates under a line of credit with ING Belgium S.A./N.V., with a EUR 8,000 ($10,996) commitment for loans and documentary letters of credit as of December 31, 2013.

Credit Agreements and Other Debt *(* in thousands, except per share amounts)

On April 28, 2011 we entered into a new working capital credit agreement with Rabobank International, for itself and as lead arranger and agent, JPMorgan Chase, for itself and as syndication agent, and ABN AMRO, BNP Paribas, RBS Citizens, Société Générale, and Brown Brothers Harriman. The $200,000 secured, asset-based credit facility matures on June 30, 2014 and refinanced our $175,000 credit agreement. The agreement also allows additional increases in the line of credit of up to $50,000, subject to certain restrictions. Amounts borrowed bear interest of Eurodollar, money market or base rates, at our option, plus an applicable margin. Our borrowings under this line of credit are secured by substantially all of our assets. The credit agreement contains financial and other covenants including but not limited to, covenants requiring maintenance of minimum tangible net worth of $25,000 plus an aggregate amount equal to 25% of our positive net earnings and compliance with a leverage ratio of not more than 6.00 to 1, as well as an ownership minimum and limitations on other indebtedness, liens, and investments and dispositions of assets. The credit agreement provides that amounts under the facility may be borrowed and repaid, and re-borrowed, subject to a borrowing base test, until the maturity date of June 30, 2014. As of December 31, 2013, we had borrowings of $103,500 outstanding under the credit agreement, bearing interest at 2.66% and we were in compliance with all financial covenants. We are negotiating a new line of credit and anticipate that a new credit agreement will be in effect prior to the expiration of the current agreement; however there can be no assurances that we will be able to successfully conclude a new agreement.

Our wholly owned Belgian subsidiary, Imbali, operates under a line of credit with ING Belgium S.A./N.V., with a EUR 8,000 ($10,996) commitment for loans and documentary letters of credit. Loan advances are limited to a percentage of Imbali's pledged accounts receivables and inventory. This secured credit arrangement is unconditionally guaranteed by us. As of December 31, 2013, we had borrowings of EUR 3,217 ($4,422) under this line of credit, bearing interest at EURIBOR plus 1.75%, and we were in compliance with all financial covenants.

In addition, we are a party to a mortgage and an interest rate swap that we entered into in 2004 in connection with the purchase of our Baltimore warehouse. The mortgage loan, which had an outstanding balance of $1,290 at December 31, 2013, requires monthly payments of approximately $21.6, including interest at LIBOR plus 1.75%, and matures in December 2014. Under the related interest rate swap, which has been designated as a cash flow hedge and remains effective through the maturity of the mortgage loan, we will pay a monthly fixed interest rate of 6.37% to the counterparty bank on a notional principal equal to the outstanding principal balance of the mortgage. In return, the bank will pay us a floating rate, namely, LIBOR, to reset monthly, plus 1.75% on the same notional principal amount.

We have commitments in the form of letters of credit to some of our suppliers.

On June 3, 2011, we sold $12,000 principal amount of 10% Convertible Senior Subordinated Notes Due June 1, 2016 in a private placement to selected accredited investors. The notes are currently convertible at the option of the holders into shares of common stock at a conversion rate of 250.62 shares of common stock per $1 principal amount of notes, subject to adjustment for cash and stock dividends, stock splits and similar transactions, at any time before maturity. The current conversion price reflects eleven adjustments for dividends. In addition, if the last reported sale price of the common stock for 30 consecutive trading days is equal to or greater than $7.00, and a registration statement is effective covering the resale of the shares of common stock issuable upon conversion of the notes, we have the right, in our sole discretion, to require the holders to convert all or part of their notes at the then applicable conversion rate. Interest on the notes is payable in arrears on the first day of June and December every year the notes are outstanding.

Derivative Financial Instruments

Inherent in our business is the risk of matching the timing of our purchase and sales contracts. The prices of the aluminum products we buy and sell are based on a constantly moving terminal market price determined by the London Metal Exchange. Were we not to hedge such exposures, we could be exposed to significant losses due to the continually changing aluminum prices.

We use aluminum futures contracts to manage our exposure to this commodity price risk. It is generally our policy to hedge such risks to the extent practicable. We enter into hedges to limit our exposure to volatile price fluctuations that we believe would impact our gross margins on firm purchase and sales commitments. As an example, if we enter into fixed price contracts with our suppliers and variable priced sales contracts with our customers, we will generally enter into a futures contract to sell the aluminum for future delivery in the month when we expect the aluminum price to be fixed according to the sales contract terms. We repurchase this position once the pricing has been fixed with our customer. If the underlying metal price increases, we suffer a hedging loss and have a derivative liability, but the sales price to the customer is based on a higher market price and offsets the loss. Conversely, if the metal price decreases, we have a hedging gain and recognize a derivative asset, but the sales price to the customer is based on the lower market price and offsets the gain.

We also enter into foreign exchange forward contracts to hedge our exposure related to commitments to purchase or sell metals denominated in some international currencies. In such cases, we will purchase or sell the foreign currency through a bank for an approximate date when we anticipate making a payment to a supplier or receiving payment from the foreign customer.

In accordance with generally accepted accounting principles in the U.S., we designate these derivative contracts as fair value hedges and recognize them on our balance sheet at fair value. We also recognize offsetting changes in the fair value of the related firm purchase and sales commitment to which the hedge is attributable in earnings upon revenue recognition, which occurs at the time of delivery to our customers.

As further described under “Risk Factors,” the potential for losses related to our hedging activities, given our hedging methodology, arises from counterparty defaults with banks for our foreign exchange hedging, the London Metal Exchange for our aluminum hedges, or customer defaults. In the event of a customer default, we might be forced to sell the material in the open market and absorb losses for metal or foreign exchange hedges that were applied to the defaulting customers’ transactions. Our results of operations could be materially impacted by any counterparty or customer default, as we might not be able to collect money owed to us and/or our hedge might effectively be cancelled.

We use hedges for no purpose other than to avoid exposure to changes in aluminum prices and foreign currency rates between when we buy a shipment of aluminum from a supplier and when we deliver it to a customer. Our derivatives are not for purposes of trading in the futures market. We earn our gross profit margin through our business operations and not from the movement of aluminum prices.

As part of our business we also engage in the purchase, sale and distribution of steel products. If we do not have a matching sales contract related to such products, (for example, any steel products that are unsold in our inventory), we have price risk that we currently do not or are unable to hedge. As such, any decline in pricing for such products may adversely impact our profitability.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Empire Resources, Inc.
Fort Lee, New Jersey

We have audited the accompanying consolidated balance sheets of Empire Resources, Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, cash flows and stockholders' equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Empire Resources, Inc. and subsidiaries as of December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

New York, New York
March 27, 2014

EMPIRE RESOURCES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands except share amounts)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash	$ 2,477	$ 3,136
Trade accounts receivable (less allowance for doubtful accounts of $562 and $521)	52,696	53,551
Inventories	139,752	145,547
Deferred tax assets	3,217	3,306
Advance to supplier, net of imputed interest of $176 and $292	3,147	3,061
Other current assets, including derivatives	6,081	3,965
Total current assets	207,370	212,566
Advance to supplier, net of imputed interest of $56 and $234, net of current maturities	3,287	6,413
Preferential supply agreement, net	641	962
Long-term financing costs, net of amortization	358	862
Property and equipment, net	3,949	3,987
Deferred Tax assets	215	-
Total assets	$ 215,820	$ 224,790
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable - banks	$ 107,922	$ 124,095
Current maturities of mortgage payable	1,290	171
Trade accounts payable	44,058	36,048
Income taxes payable	2,042	3,036
Accrued expenses and derivative liabilities	2,844	4,783
Dividends payable	215	-
Total current liabilities	158,371	168,133
Mortgage payable, net of current maturities	-	1,290
Subordinated convertible debt net of unamortized discount of $1,368 and $1,933 respectively	10,632	10,067
Derivative liability for embedded conversion option	2,048	1,996
Deferred taxes payable	-	195
Total Liabilities	171,051	181,681
Commitments (Note R)		
Stockholders' equity:		
Common stock $0.01 par value, 20,000,000 shares authorized and 11,749,651 shares issued at December 31, 2013 and December 31, 2012	117	117
Additional paid-in capital	11,937	11,937
Retained earnings	38,178	36,641
Accumulated other comprehensive income/(loss)	51	(136)
Treasury stock, 3,177,708 and 3,158,597 shares at December 31, 2013 and December 31, 2012, respectively	(5,514)	(5,450)
Total stockholders' equity	44,769	43,109
Total liabilities and stockholders' equity	$ 215,820	$ 224,790

See notes to consolidated financial statements

EMPIRE RESOURCES, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(In thousands except per share amounts)

	Year Ended December 31, 2013	2012
Net sales	$ 482,683	$ 538,527
Cost of goods sold	460,944	513,560
Gross profit	21,739	24,967
Selling, general and administrative expenses	13,392	13,258
Operating income	8,347	11,709
Other expenses		
Change in value of derivative liability	(52)	(63)
Interest expense, net	(4,514)	(5,225)
Income before income taxes	3,781	6,421
Income taxes	1,385	2,457
Net income	$ 2,396	$ 3,964
Weighted average shares outstanding:		
Basic	8,583	8,897
Diluted	8,852	12,028
Earnings per share:		
Basic	$0.28	$0.45
Diluted	$0.27	$0.42

See notes to consolidated financial statements

EMPIRE RESOURCES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2013	2012
Net Income	$ 2,396	$ 3,964
Other comprehensive income/(loss) before tax		
Foreign currency translation adjustments	132	49
Decrease in value of interest rate swap liability	57	53
Reclassification of loss on sale/(decrease) in value of marketable securities	32	(6)
Other comprehensive income before tax	221	96
Income tax related to components of other comprehensive income	(34)	(18)
Other comprehensive income, net of tax	187	78
Comprehensive income	$ 2,583	$ 4,042

See notes to consolidated financial statements

EMPIRE RESOURCES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2013	2012
Cash flows from operating activities:		
Net income	$ 2,396	$ 3,964
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	697	686
Change in value of derivative liability	52	63
Amortization of convertible note discount	566	566
Imputed interest on vendor advance	(293)	(436)
Provision for doubtful accounts	33	(6)
Amortization of supply agreement	321	-
Deferred income taxes	(356)	45
Foreign exchange gain and other	(29)	(6)
Loss on sale of marketable securities	31	-
Changes in:		
Trade accounts receivable	981	3,012
Inventories	5,969	38,655
Other current assets	(2,121)	7,083
Trade accounts payable	8,008	(14,016)
Income taxes payable	(994)	(1,024)
Accrued expenses and derivative liabilities	(1,893)	741
Net cash provided by operating activities	13,368	39,327
Cash flows provided by/(used in) investing activities:		
Repayment/(advance) related to supply agreement	3,333	(5,000)
Net proceeds from sale of marketable securities	6	-
Purchases of property and equipment	(95)	(73)
Net cash provided by/(used in) investing activities	3,244	(5,073)
Cash flows used in financing activities:		
Repayments of notes payable – banks	(16,361)	(30,412)
Repayments - mortgage payable	(171)	(160)
Dividends paid	(644)	(2,825)
Deferred financing costs	(60)	(62)
Treasury stock purchased	(64)	(1,941)
Net cash used in financing activities	(17,300)	(35,400)
Net decrease in cash	(688)	(1,146)
Effect of exchange rate	29	8
Cash at beginning of period	3,136	4,274
Cash at end of the period	$ 2,477	$ 3,136
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 3,739	$ 5,107
Income taxes	$ 2,553	$ 3,197
Non cash financing activities:		
Dividend declared but not yet paid	$ 215	$ -

See notes to consolidated financial statements

EMPIRE RESOURCES, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(In thousands)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Treasury Stock	Total Stockholders' Equity
Balance at December 31, 2011	**11,750**	**$ 117**	**$ 11,937**	**$ 35,271**	**$ (214)**	**$ (3,509)**	**$ 43,602**
Treasury stock acquired						(1,941)	(1,941)
Net change in cumulative translation adjustment					49		49
Decrease in value of interest rate swap liability, net of deferred tax of $20					33		33
Decrease in value of marketable securities, net of deferred tax of $2					(4)		(4)
Dividends declared ($0.30 per share)				(2,594)			(2,594)
Net income				3,964			3,964
Balance at December 31, 2012	**11,750**	**$ 117**	**$ 11,937**	**$ 36,641**	**$ (136)**	**$ (5,450)**	**$ 43,109**
Treasury stock acquired						(64)	(64)
Net change in cumulative translation adjustment					132		132
Decrease in value of interest rate swap liability, net of deferred tax of $21					35		35
Reclassification on loss of sale of marketable securities, net of deferred tax of $12					20		20
Dividends declared ($0.10 per share)				(859)			(859)
Net income				2,396			2,396
Balance at December 31, 2013	**11,750**	**117**	**11,937**	**38,178**	**51**	**(5,514)**	**44,769**

See notes to consolidated financial statements

Empire Resources, Inc. and Subsidiaries.

Notes to Consolidated Financial Statements
(In thousands, except per share amounts)

Note A – Business

Empire Resources, Inc. ("the Company") is engaged principally in the purchase, sale and distribution of value added semi-finished aluminum and steel products to a diverse customer base located throughout the Americas, Australia, Europe and New Zealand. The Company sells its products through its own marketing and sales personnel and through independent sales agents located in the U.S. and Europe who receive commissions on sales. The Company purchases from several suppliers located throughout the world (see Note B [14]).

Note B - Summary of Significant Accounting Policies

[1] Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Empire Resources Pacific Ltd., the Company's sales agent in Australia, 6900 Quad Avenue LLC, the owner of the warehouse facility in Baltimore, Maryland, and Imbali Metals BVBA, the Company's operating subsidiary in Europe. All intercompany balances and transactions have been eliminated on consolidation.

[2] Revenue recognition:

Revenue on product sales is recognized at the point in time when the product has been shipped or delivered, title and risk of loss has been transferred to the customer, and the following conditions are met: persuasive evidence of an arrangement exists, the price is fixed and determinable, and collectability of the resulting receivable is reasonably assured.

[3] Accounts receivable and allowance policy:

Accounts receivable are stated as the outstanding balance due from customers, net of an allowance for doubtful accounts. The Company maintains a credit insurance policy with a 10% co-pay provision for most accounts receivable. The Company will provide an allowance for doubtful accounts in the event that it determines there may be probable losses beyond the credit insurance coverage.

[4] Inventories:

Inventories which consist of purchased semi-finished metal products are stated at the lower of cost or market. Cost is determined by the specific-identification method. Inventory has generally been purchased for specific customer orders. The carrying amount of inventory which is hedged by futures contracts designated as fair value hedges is adjusted to fair value.

[5] Property and equipment:

Property and equipment are stated at cost and depreciated by the straight-line method over their estimated useful lives. Impaired assets are written down to their fair value.

[6] Derivatives:

The Company recognizes all derivatives in the balance sheet at fair value. Derivatives that are not hedges are adjusted to fair value through earnings. If the derivative is a hedge, depending upon the nature of the hedge, changes in the fair value of the derivative are either offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings (fair value hedge), or recognized in other comprehensive income until the hedged item is recognized in earnings (cash flow hedge). The ineffective portion of a derivative's change in fair value, if any, is immediately recognized in earnings. When a hedged item in a fair value hedge is sold, the adjustment in the carrying amount of the hedged item is recognized in earnings (see Note E).

[7] Foreign currency translation:

The functional currency of Empire Resources Pacific Ltd., a wholly-owned domestic subsidiary which acts as a sales agent in Australia and New Zealand, is the Australian dollar. The Company also has a wholly owned foreign subsidiary incorporated in Belgium which sells semi-finished aluminum products in Europe. The functional currency of this subsidiary is the Euro. Cumulative translation adjustments, which are charged or credited to accumulated other comprehensive income, arise from translation of functional currency amounts into U.S. dollars.

[8] Income taxes:

The Company follows the asset and liability approach for deferred income taxes. This method provides that deferred tax assets and liabilities are recorded, using currently enacted tax rates, based upon the difference between the tax bases of assets and liabilities and their carrying amounts for financial statement purposes.

Deferred tax asset valuation allowances are recorded when management does not believe that it is more likely than not that the related deferred tax assets will be realized.

[9] Per share data:

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share give effect to all dilutive outstanding stock options, using the treasury stock method and assumed conversion of subordinated debt (see Note O).

[10] Stock - based compensation:

Stock-based compensation expense for an award of equity instruments, including stock options, is recognized over the vesting period based on the fair value of the award at the grant date.

[11] Newly Effective Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board issued authoritative guidance on the reporting of reclassifications out of accumulated other comprehensive income ("AOCI") and changes in AOCI balances. The guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income if the amount is reclassified to net income in its entirety in the same reporting period. The guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2012, with early adoption permitted. The Company adopted this guidance effective January 1, 2013.

[12] Fair Value

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy consists of three broad levels, as described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Derivative contracts consisting of aluminum contracts, foreign currency contracts, and interest rate swaps are valued using quoted market prices and significant other observable inputs. These financial instruments are typically exchange-traded and are generally classified within Level 1 or Level 2 of the fair value hierarchy depending on whether the exchange is deemed to be an active market or not. The conversion option embedded in convertible subordinated notes issued in 2011 was valued using Level 3 inputs.

Major categories of assets and liabilities measured at fair value at December 31, 2013 and 2012 are classified as follows (in thousands):

	December 31, 2013			**December 31, 2012**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets:						
Inventories	$ 106,903			$ 124,274		
Aluminum futures contracts	1,047					
Foreign Currency forward contracts	316					
Liabilities:						
Foreign currency forward contracts				27		
Interest rate swap contracts		$ 52			$ 111	
Aluminum futures contracts				842		
Embedded conversion option			$ 2,048			$ 1,996

[13] Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

[14] Significant customers and concentration of suppliers:

No customer accounted for sales in excess of 10% during 2013. Two customers accounted for 19% of sales in 2012.

The Company's purchase of metal products is from a limited number of suppliers located throughout the world. Two suppliers, PT. Alumindo and Hulamin Ltd, accounted for 51% of total purchases for the year ended December 31, 2013 as compared to 57% of total purchases during the year ended December 31, 2012. The Company's loss of any of its largest suppliers or a material default by any such supplier in its obligations to the Company would have at least a short-term material adverse effect on the Company's business.

Note C – Fair Value of Financial Instruments

The carrying amounts of variable rate notes payable to the banks and the variable rate mortgage payable approximate fair value as of December 31, 2013 and 2012 because these notes reflect market changes to interest rates. The fair value of the subordinated convertible debt approximates its principal amount of $12 million at December 31, 2013 and 2012, which exceeds its carrying amount as a result of the unamortized discount related to the bifurcation of the embedded conversion option. The carrying amount of the advance to supplier approximates its fair value at December 31, 2013 and 2012. Fair value of financial instruments are based on level 2 inputs. Derivative financial instruments are carried at fair value (see Note B [12]).

Note D – Property and Equipment

Property and equipment are summarized as follows: (in thousands)

	December 31,		
	2013	2012	Estimated Useful Life
Cost:			
Land	$1,180	$1,180	
Buildings and improvements	3,165	3,165	10 and 40 years
Other equipment	1,464	1,369	3 to 5 years
	5,809	5,714	
Less: Accumulated depreciation	1,860	1,727	
Net Book Value	$3,949	$3,987	

Depreciation expense was $130 and $126 for the years ended December 31, 2013 and 2012, respectively.

Note E – Derivative Financial Instruments and Risk Management

The Company uses derivative financial instruments designated as fair value hedges to manage its exposure to commodity price risk and foreign currency exchange risk inherent in its operations. It is the Company's policy to hedge such risks to the extent practicable. The Company enters into high-grade aluminum futures contracts to limit its gross margin exposure by hedging the metal content element of firmly committed purchase and sales commitments. The Company also enters into foreign exchange forward contracts to hedge its exposure related to commitments to buy and sell non-ferrous metals denominated in international currencies.

The Company's unrealized assets and liabilities in respect of its fair value hedges measured at fair value at December 31, 2013 and 2012 are as follows (in thousands):

Derivatives designated as fair value hedges	Balance Sheet Location	December 31, 2013	December 31, 2012
Asset derivatives:			
Aluminum futures contracts	Other current assets	$ 1,047	-
Foreign currency forward contracts	Other current assets	316	-
Total		**$ 1,363**	**$ -**
Liability derivatives:			
Foreign currency forward contracts	Accrued expenses and derivative liabilities		$ 27
Aluminum futures contracts	Accrued expenses and derivative liabilities		842
Total		**$ -**	**$ 869**

For the years ended December 31, 2013, and 2012, hedge ineffectiveness associated with derivatives designated as fair value hedges was insignificant, and no fair value hedges were derecognized.

On October 31, 2011, MF Global UK Limited, one of the Company's London Metal Exchange clearing brokers, went into special administration under The Investment Bank Special Administration Regulations 2011 in the UK. On October 31, 2011 we had no cash balances with MF Global UK Limited. The majority of the positions cleared through MF Global UK Limited were transferred to another London Metal Exchange broker. There were some unsettled contracts that were not transferred at that time. For the contracts not transferred, the Company had a claim of approximately $800 against MF Global UK Limited, representing the fair value of the contracts on October 31, 2011. Of such amount, unsettled contracts valued at $536 and $264, which hedged inventory sold in 2011 and 2012, respectively, have been written off to cost of goods sold in such years based on the uncertainty of recoverability. On November 20, 2012, the Company sold its claim on a non-recourse basis to a third party for $497, which was credited to cost of goods sold.

As discussed in Note G, the Company entered into an interest rate swap to convert a mortgage from a variable rate to a fixed rate obligation. This swap has been designated as a cash flow hedge and the Company's unrealized liabilities relating to the swap measured at fair value at December 31, 2013 and 2012 are as follows (in thousands):

Derivatives designated as cash flow hedges	Balance Sheet Location	December 31, 2013	December 31, 2012
Liability derivatives:			
Interest rate swap contracts	Accrued expenses and derivative liabilities	**$ 52**	**$ 111**

A corresponding debit, net of deferred taxes, is reflected in accumulated other comprehensive loss in the accompanying balance sheet (see Note L).

The table below summarizes the realized gain or (loss) on the Company's derivative instruments and their location in the income statement (in thousands):

Derivatives in hedging relationships		Location of Gain or (Loss) Recognized	Year Ended December 31, 2013	2012
Foreign currency forward contracts	(a)	Cost of goods sold	$ (13)	$ (754)
Interest rate swaps	(b)	Interest expense, net	(56)	(67)
Aluminum futures	(c)	Cost of goods sold	6,975	11,447
Total			**$ 6,906**	**$ 10,626**

(a) Fair value hedge: the related hedged item is accounts receivable and accounts payable denominated in foreign currency and offsetting gains in 2013 and 2012, in the same respective amounts are included in cost of goods sold.

(b) Cash flow hedge: recognized loss reclassified from accumulated other comprehensive loss in 2013 and 2012.

(c) Fair value hedge: the related hedged item is inventory and offsetting losses in the same respective amounts are included in cost of goods sold in 2013 and 2012. Also included in 2012 is a loss of approximately $264, related to the write off of unsettled contracts and a gain of $497 related to the sale of the claim for the unsettled contracts referred to above.

Note F – Accrued expenses and derivative liabilities

Accrued expenses and derivative liabilities consist of the following (in thousands):

	December 31, 2013	2012
Accrued expenses	$ 2,792	$ 3,804
Derivative liabilities	52	979
	$ 2,844	**$ 4,783**

Note G – Mortgage Payable

In December 2004, the Company entered into a mortgage in connection with the purchase of a warehouse. The mortgage, which requires monthly payments of approximately $21.6 including interest, bears interest at LIBOR + 1.75% and matures in December 2014.

In connection with the mortgage, the Company entered into an interest rate swap with a bank which has been designated as a cash flow hedge. Effective 2004 through December 29, 2014, each month the Company will pay a fixed interest rate of 6.37% to the bank on a notional principal equal to the outstanding principal balance of the mortgage. In return, the bank will pay to the Company a floating rate, namely, LIBOR, to reset monthly plus 1.75% on the same notional principal amount.

Note H - Notes Payable

On April 28, 2011, the Company entered into a new working capital credit agreement with Rabobank International, for itself and as lead arranger and agent, JPMorgan Chase, for itself and as syndication agent, and ABN AMRO, BNP Paribas, RBS Citizens, Société Générale, and Brown Brothers Harriman. The $200,000 secured, asset-based credit facility matures on June 30, 2014 and refinanced the Company's

$175,000 credit agreement. The agreement includes a commitment to issue letters of credit and also allows additional increases in the line of credit of up to $50,000, subject to certain restrictions. Amounts borrowed bear interest at Eurodollar, money market or base rates, at the Company's option, plus an applicable margin. The Company's borrowings under this line of credit are secured by substantially all of the Company's assets. The credit agreement contains financial and other covenants including but not limited to, covenants requiring maintenance of minimum tangible net worth of $25,000 plus an aggregate amount equal to 25% of the Company's positive net earnings after December 31, 2011 and compliance with a leverage ratio of not more than 6.00 to 1, as well as an ownership minimum and limitations on other indebtedness, liens, and investments and dispositions of assets. The credit agreement provides that amounts under the facility may be borrowed and repaid, and re-borrowed, subject to a borrowing base test, until the maturity date of June 30, 2014. As of December 31, 2013, the Company had borrowings of $103,500 outstanding under the credit agreement, bearing interest at 2.66%, and the Company was in compliance with all financial covenants. In addition, the credit utilized under the agreement included $71,105 outstanding letters of credit. As of December 31, 2012, the Company had borrowings of $118,250 outstanding under the credit agreement, bearing interest at 2.75%, and the outstanding letters of credit utilized under the agreement totaled $33,534. The Company is negotiating a new line of credit and anticipates that a new credit agreement will be in effect prior to the expiration of the current agreement; however there can be no assurances that it will be able to successfully conclude a new agreement.

The Company's wholly owned Belgian subsidiary, Imbali Metals BVBA, ("Imbali") operates under a line of credit with ING Belgium S.A./N.V., with a EUR 8,000 ($10,996) commitment for loans and documentary letters of credit. Loan advances are limited to a percentage of Imbali's pledged accounts receivable and inventory. This secured credit arrangement is unconditionally guaranteed by the Company. As of December 31, 2013, Imbali had borrowings of EUR 3,217($4,422) under this line of credit, bearing interest at EURIBOR plus 1.75%, and was in compliance with all financial covenants. As of December 31, 2012, Imbali had borrowings of EUR 4,430 ($5,845) outstanding under this line of credit, and was in compliance with all financial covenants.

Note I – Convertible Subordinated Debt

On June 3, 2011, the Company sold $12,000 principal amount of 10% Convertible Senior Subordinated Notes Due June 1, 2016 in a private placement to selected accredited investors. As of December 31, 2013, the notes are convertible at the option of the holders into shares of common stock at a conversion price of 250.62 shares of common stock per $1,000 principal amount of notes (equivalent to a conversion price of $3.99 per share of common stock), subject to dilutive adjustment for cash and stock dividends, stock splits and similar transactions, at any time before maturity. As of December 31, 2012, the notes were convertible at the option of the holders into shares of common stock at a conversion price of 244.61 shares of common stock per $1,000 principal amount of notes (equivalent to a conversion price of $4.09 per share of common stock), subject to dilutive adjustment for cash and stock dividends, stock splits and similar transactions. The conversion price at December 31, 2013 reflects eleven adjustments for dividends declared on common stock subsequent to the issuance of the notes through such date. In addition, if the last reported sale price of the Company's common stock for 30 consecutive trading days is equal to or greater than $7.00, and a registration statement is effective covering the resale of the shares of common stock issuable upon conversion of the notes, the Company has the right, in its sole discretion, to require the holders to convert all or part of their notes at the then applicable conversion rate. Interest on the notes is payable in arrears on the first day of June and December every year the notes are outstanding. The note contains covenants, including restrictions on the Company's ability to incur certain indebtedness and create certain liens. Officers and directors of the Company and certain affiliated entities purchased $4,000 principal amount of the notes.

The majority of proceeds of the convertible subordinated debt was earmarked for a long term advance in connection with a supply agreement with the Indonesian company PT. Alumindo Light Metal Industry Tbk, (PT. Alumindo) a leading producer of high quality semi-finished aluminum products, and its affiliates, as described below. The agreement called for, and the Company provided a $10,000 non-interest bearing loan to an affiliate of PT. Alumindo to enable the expansion of capacity within that group of companies' production network. The agreements also provide for a long term, multi-year substantial and preferential supply position from PT. Alumindo's premier aluminum rolling mill located in Surabaya, Indonesia. The loan is being repaid to the Company beginning on January 1, 2013 in monthly installments of $278. If the Company and PT. Alumindo are unable to agree on a product price under the supply agreement for any given quarter, the monthly re-payment obligation will increase to $556 and the outstanding balance will accrue interest, at the one month U.S. dollar LIBOR rate plus 3.5% per annum, per month. The entire remaining balance, if any, must be repaid on January 1, 2016. The specific parties to the agreement, PT. Alumindo, Southern Aluminum Industry and Fung Lam Trading Company, are related parties controlled by the Maspion Group - Indonesia. The Fung Lam Trading Company Ltd, which is wholly owned by the Maspion Group, is a holding company for the group's investments in China, including 70% ownership of Southern Aluminum Industry. The loan was made to Fung Lam Trading Company Ltd at the request of Maspion Group – Indonesia. The purpose of the loan was to allow the Maspion Group - Indonesia to increase their overall production capacity, specifically for regional markets and for distribution in China. As consideration for this loan the Maspion Group - Indonesia agreed to make available a committed and significant tonnage of production to the Company on a guaranteed and long-term basis, which will help the Company lessen the risk of an interruption in the sources of its metal supply, from PT. Alumindo's mill in Surabaya, Indonesia, with which the Company has had substantial experience. The supply agreement calls for increased supply and minimum tonnages.

Interest at the rate of 3.69%, based on the interest rate chargeable in the agreement in the event the supplier does not meet its supply commitments, has been imputed on the non-interest bearing advance and the resulting discount which amounted to $962, has been ascribed to the preferential supply agreement. Imputed interest income is being recognized over the term of the advance by use of the interest method and amounted to $293 and $436 during 2013 and 2012 respectively, and is included in interest expense, net. The preferential supply agreement is being amortized by the straight line method over three years starting from January 1, 2013, the date that the increased supply began. Amortization expense for 2013 amounted to $321.

As a result of transactions which cause adjustments to the conversion rate, the embedded conversion option has been bifurcated and recorded as a separate derivative liability at a fair value at issuance of the notes of $2,829, with a corresponding discount recorded on the notes. The derivative liability is carried at fair value with changes therein recorded in income. The quarterly mark to market of the derivative liability will result in non-operating, non-cash gains or losses based on decreases or increases in the Company's stock market price, respectively, among other factors. The non-cash discount is being amortized as additional interest expense over the term of the notes. During the years ended December 31, 2013 and December 31, 2012, the change in the fair value of the derivative liability resulted in a loss of $52 and $63, respectively, and amortization of the discount amounted to $566.

The derivative liability was valued using a lattice model using Level 3 inputs. This technique was selected because it embodies all of the types of inputs that the Company expects market participants would consider in determining the fair value of equity linked derivatives embedded in hybrid debt agreements.

The following table summarizes the significant inputs resulting from the calculations at issuance and year end:

	December 31, 2013	December 31, 2012	June 3, 2011
Equity value	$ 30,708	$ 25,696	$ 36,811
Volatility	45%	55%	70%
Risk free return	0.38%	0.54%	1.60%
Dividend Yield	2.79%	3.34%	2.51%
Strike Price	$ 3.99	$ 4.09	$ 4.65

Note J - Stock Options

The Company's 2006 Stock Option Plan (the "2006 Plan"), as amended, provides for the granting of options to purchase not more than an aggregate of 559,000 shares of common stock. Under the 2006 Plan, all canceled or terminated options are available for grants. All officers, directors and employees of the Company and other persons who perform services for the Company are eligible to participate in the 2006 Plan. Some or all of the options may be “incentive stock options” within the meaning of the Internal Revenue Code of 1986, as amended.

The 2006 Plan provides that it is to be administered by the Board of Directors, or by a committee appointed by the Board, which will be responsible for determining, subject to the provisions of the 2006 Plan, to whom the options are granted, the number of shares of common stock subject to an option, whether an option shall be incentive or non-qualified, the exercise price of each option (which, other than in the case of incentive stock options, may be less than the fair market value of the shares on the date of grant), the period during which each option may be exercised and the other terms and conditions of each option. No options may be granted under the 2006 Plan after June 26, 2016.

The following is a summary of stock option activity for the years ended December 31, 2013 and 2012:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining contractual term (years)	Aggregate Intrinsic Value
Options outstanding and exercisable at December 31, 2011	416,000	$ 1.53	7.48	$ 532,060
Options canceled	(2,000)	$ 1.13		
Options outstanding and exercisable at December 31, 2012	414,000	$ 1.53	7.48	$ 532,060
Options canceled	(4,000)	$ 1.87		
Options outstanding and exercisable at December 31, 2013	**410,000**	$ 1.52	5.55	$ 843,800
Options available for grant under 2006 Plan at December 31, 2013	**415,000**			

During 2013 and 2012, there were no stock option grants. As of December 31, 2013 and 2012, there was no unrecognized compensation expense, as all options had vested by December 31, 2009.

NOTE K - TREASURY STOCK

On July 22, 2008, the Board of Directors authorized the Company to repurchase up to 2,000 shares of its common stock. As of December 31, 2013, the Company repurchased a total of 1,264 shares under the repurchase program for an aggregate cost of $3,287. During 2013, the Company purchased 19 common shares under the program at a cost of $64 and in 2012 the Company purchased 647 shares at a cost of $1,941.

NOTE L – ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

Changes in accumulated other comprehensive income/(loss) for the year ended December 31, 2013, on an after tax basis is as follows (in thousands):

	Foreign Currency Translation	Interest Rate Swap Contract	Available for Sale Marketable Securities	Total
Beginning balance	$ (48)	$ (68)	$ (20)	$ (136)
Other comprehensive income before reclassification	132		-	132
Loss reclassified to operations	-	35 (a)	20	55
Net current period other comprehensive income	132	35	20	187
Ending balance	**$ 84**	**$ (33)**	**$ -**	**$ 51**
(a) Reclassified to following line items in the statement of income:				
Interest expense, net		$ 56	$ 32	
Income taxes		(21)	(12)	
Net of tax		**$ 35**	**$ 20**	

NOTE M - INCOME TAXES

The components of income/(loss) before income taxes were as follows (in thousands):

	Year Ended December 31, 2013	2012
U.S.	$ 3,575	$ 6,595
Foreign	206	(174)
	$ 3,781	**$ 6,421**

Income tax expense (benefit) consists of the following (in thousands):

	Year Ended December 31, 2013		Year Ended December 31, 2012	
Current				
U.S. Federal	$	1,400	$	2,101
State and local		288		390
Foreign		53		(79)
		1,741		**2,412**
Deferred				
U.S. Federal		(289)		(41)
State and local		(67)		7
Foreign		-		79
		(356)		**45**
	$	**1,385**	**$**	**2,457**

The U.S. statutory rate can be reconciled to the effective tax rate as follows (in thousands):

	Year Ended December 31, 2013		Year Ended December 31, 2012	
Provision for taxes at statutory rate of 34%	$	1,286	$	2,183
State and local taxes, net of federal tax effect		157		263
Permanent differences and other current year adjustments		46		35
Reversal of overaccrual of prior year unrecognized tax benefits		(81)		-
Other		(23)		(24)
	$	**1,385**	$	**2,457**

Deferred tax assets and liabilities are composed of the following (in thousands):

	December 31, 2013	December 31, 2012
Deferred current tax assets		
Allowance for doubtful accounts	$ 215	$ 201
Accrued expenses	73	273
Inventories	2,829	2,697
Marketable Securities	-	12
Stock Options	80	80
Derivative contracts	20	43
Net deferred current tax assets	**3,217**	**3,306**
Deferred long-term tax assets		
Derivative liability for embedded conversion option	781	762
Advance to supplier	-	201
	781	**963**
Deferred long-term tax liabilities		
Property and Equipment	(45)	(53)
Unamortized debt discount	(521)	(738)
Preferrential supplier agreement	-	(367)
	(566)	**(1,158)**
Net deferred long-term tax assets /(liabilities)	**215**	**(195)**
Net deferred tax assets	**$ 3,432**	**$ 3,111**

Foreign income and related foreign income taxes primarily relate to Imbali, the Company's Belgian subsidiary. For US income tax purposes, the Company has elected to treat Imbali as a disregarded entity and include its taxable income in the Company's consolidated federal income tax return and separate state income tax returns. Federal income taxes attributable to Imbali's taxable income are offset by tax credits for foreign taxes paid by Imbali. Undistributed earnings of Imbali amounted to approximately $3,171 at December 31, 2013. Upon distribution of the earnings in the form of dividends, the Company would be required to pay Belgian withholding tax at the rate of 5%. As the Company intends to indefinitely reinvest such earnings, no provision for such withholding tax has been provided. For federal income tax purposes, foreign tax credits would be available to the Company for the withholding tax, subject to limitations.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for the years ended December 31, 2013 and 2012 is as follows (in thousands):

	2013	2012
Balance at January 1	$ 329	$ 343
Settlements	(294)	(137)
Net increase for tax positions of prior years	214	123
Balance at December 31	$ **249**	$ **329**

The total amount of unrecognized tax benefits at December 31, 2013 and 2012 would impact the Company's effective tax rate, if recognized. During 2013, upon settlement of a tax assessment with the State of California covering the years 2007 through 2012, the Company reversed $81 of the liability for unrecognized tax benefits and reduced income tax expense. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. In connection with the settlement the Company reversed approximately $148 of accrued interest related to unrecognized tax benefits in the year ended December 31, 2013. The Company recognized approximately $39 of interest expense related to unrecognized tax benefits during the year ended December 31, 2012. Interest related to unrecognized tax benefits accrued in the Company's balance sheet at December 31, 2013 and 2012 amounted to approximately $107 and $255, respectively.

The Company's federal and certain state income tax returns remain open to examination by the tax authorities for the years 2010 and thereafter. Certain other state income tax returns remain open for examination for the years 2008 through 2011.

Note N - Employee Retirement Benefits

The Company has implemented a salary reduction employee benefit plan, under Section 401(k) of the Internal Revenue Code. Employees may contribute up to the maximum amount allowable by law and the Company will provide a matching contribution of 50% of employee contributions, limited to 2% of employee compensation. The plan covers all employees who have attained age 18, and most of the eligible employees have elected to participate.

Each employee's pre-tax contributions are immediately vested upon participation in the plan. The employees' vesting of the Company's matching contribution is based upon length of service as follows:

Years of service	Vested
1	25%
2	50%
3	75%
4	100%

Employees who terminate prior to 100% vesting forfeit their non-vested portion of the Company's matching contribution, and those funds are used to reduce future matching contributions. Employees in active service on the effective date of the plan were granted retroactive service credit for the purpose of determining their vested percentage. Company matching contributions amounted to $82 in 2013 and $77 in 2012.

Note O – Per Share Data

The following is the reconciliation of the numerators and denominators of the basic and diluted earnings per share:

	Year Ended December 31,			
		2013		2012
Numerator:				
Net income	$	2,396	$	3,964
Add back of interest on convertible subordinated debt, net of taxes		-		742
Add back of amortization of discount on convertible subordinated debt, net of taxes		-		350
Adjustment for change in value of convertible note derivative, net of taxes		-		39
Numerator for diluted earnings per share	$	2,396	$	5,095
Denominator:				
Weighted average shares outstanding-basic		8,583		8,897
Dilutive effect of stock options		269		196
Dilutive effect of convertible subordinated debt		-		2,935
Weighted average shares outstanding-diluted		8,852		12,028
Basic Earnings per Share	$	0.28	$	0.45
Diluted Earnings per Share	$	0.27	$	0.42

In computing diluted earnings per share for the year ended December 31, 2013, no effect has been given to the 3,007 common shares issuable upon conversion of subordinated debt as the effect is anti-dilutive.

NOTE P – Dividends

On March 21, 2013, our Board of Directors declared a cash dividend of $0.025 per share to stockholders of record at the close of business on April 11, 2013. On June 18, 2013, our Board of Directors declared a cash dividend of $0.025 per share to stockholders of record at the close of business on July 17, 2013. On September 12, 2013, our Board of Directors declared a cash dividend of $0.025 per share to stockholders of record at the close of business on October 11, 2013. On December 10, 2013 our Board of Directors declared a regular cash dividend of $0.025 to stockholders of record at the close of business on December 24, 2013, payable January 7, 2014.

The Board of Directors will review its dividend policy on a quarterly basis, and make a determination subject to the profitability and free cash flow and the other requirements of the business.

NOTE Q – Business Segment and Geographic Area Information

The Company's only business segment is the sale and distribution of non-ferrous and ferrous metals. Sales are attributed to countries based on location of customer. Sales to domestic and foreign customers were as follows (in thousands):

	Year Ended December 31, 2013		Year Ended December 31, 2012	
United States	$	311,127	$	365,315
Latin America		66,126		56,694
Canada		48,394		50,824
Australia & New Zealand		38,698		48,172
Europe		18,338		17,522
	$	**482,683**	**$**	**538,527**

Note R - Commitments and Contingencies

[1] Lease:

The Company leases office facilities under a lease expiring in 2015. The minimum non-cancelable scheduled rentals under such lease are as follows (in thousands):

Year Ending December 31,		
2014		284
2015		74
	$	**358**

Rent expense under the lease for the years ended December 31, 2013 and 2012 was $302 and $301, respectively.

[2] Letters of credit:

Outstanding letters of credit at December 31, 2013, amounted to approximately $71,105 all of which expire prior to April 30, 2014.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2013. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2013 our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate over time.

Management, including our chief executive officer and our chief financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework. Based on its assessment and those criteria, management has concluded that we maintained effective internal control over financial reporting as of December 31, 2013.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Except as set forth below, the information required in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

We have adopted a Code of Business Conduct and Ethics that applies to our directors, officers and other employees, including our principal executive officer, principal financial officer and principal accounting officer. Copies of the code can be obtained free of charge from our web site, www.empireresources.com. We intend to disclose any future amendments to certain provisions of the code, or waivers of such provisions granted to executive officers and directors, on this website within four business days following the date of any such amendment or waiver.

Item 11. Executive Compensation.

The information required in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. Certain Relationshipsand Related Transactions, and Director Independence.

The information required in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. Principal Accounting Fees and Services.

The information required in response to this Item is incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A promulgated under the Exchange Act not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of report:

1. <u>Financial Statements</u>

The following financial statements are included herein:

- Report of EisnerAmper LLP, Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2013 and 2012
- Consolidated Statements of Income for the Years Ended December 31, 2013 and 2012
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2013 and 2012
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2013 and 2012
- Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2013 and 2012
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules

None.

3. Exhibits

See Index to Exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EMPIRE RESOURCES, INC.

Date: March 31, 2014

By: /s/ Nathan Kahn

Nathan Kahn

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Nathan Kahn Nathan Kahn	President, Chief Executive Officer and Director (principal executive officer)	March 31, 2014
/s/ Sandra Kahn Sandra Kahn	Vice President, Chief Financial Officer and Director (principal financial and accounting officer)	March 31, 2014
/s/ William Spier William Spier	Chairman of the Board of Directors	March 31, 2014
/s/ Harvey Wrubel Harvey Wrubel	Vice President of Sales/Director of Marketing and Director	March 31, 2014
/s/ Jack Bendheim Jack Bendheim	Director	March 31, 2014
/s/ Peter G. Howard Peter G. Howard	Director	March 31, 2014
/s/ Douglas Kass Douglas Kass	Director	March 31, 2014
/s/ Nathan Mazurek Nathan Mazurek	Director	March 31, 2014
/s/ L. Rick Milner L. Rick Milner	Director	March 31, 2014
/s/ Morris J. Smith Morris J. Smith	Director	March 31, 2014

Index to Exhibits

Exhibit No.	**Description**
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation (Amendment No. 1) (incorporated by reference to Exhibit 3.2 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
3.3	Certificate of Amendment of the Amended and Restated Certificate of Incorporation (Amendment No. 2) (incorporated by reference to Exhibit 3.3 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
3.4	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.4 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
3.5	Amendment No. 1 to Amended and Restated By-Laws (incorporated by reference to Exhibit 3.5 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
3.6	Amendment No. 2 to Amended and Restated By-Laws (incorporated by reference to Exhibit 3.6 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
4.1	Form of Convertible Notes Purchase Agreement, dated June 3, 2011, by and among Empire Resources, Inc. and the purchasers listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
4.2	Amendment No. 1 to Convertible Notes Purchase Agreement, dated March 29, 2012, by and among Empire Resources, Inc. and the purchasers listed on the signature pages thereto (incorporated by reference to Exhibit 4.2 to Amendment No. 2 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 6, 2012)
4.3	Form of Stock Certificate for Common Stock (incorporated by reference to Exhibit 4.3 to Amendment No. 3 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 23, 2012)
10.1+	Employment and Non-Competition Agreement, dated September 15, 1999, by and between Empire Resources, Inc. and Nathan Kahn (incorporated by reference to Exhibit 10.1 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
10.2+	Amendment No. 1 to Employment and Non-Competition Agreement, dated July 19, 2002, by and between Empire Resources, Inc. and Nathan Kahn (incorporated by reference to Exhibit 10.2 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
10.3+	Employment and Non-Competition Agreement, dated September 15, 1999, by and between Empire Resources, Inc. and Sandra Kahn (incorporated by reference to Exhibit 10.3 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
10.4+	Employment and Non-Competition Agreement, dated September 15, 1999, by and between Empire Resources, Inc. and Harvey Wrubel (incorporated by reference to Exhibit 10.4 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)

10.5+	1996 Stock Option Plan (incorporated by reference to Exhibit 10.5 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
10.6+	2006 Stock Option Plan (incorporated by reference to Exhibit 10.6 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
10.7+	Form of Option Grant under the Empire Resources, Inc. 2006 Stock Option Plan (incorporated by reference to Exhibit 10.7 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
10.8	Letter of Understanding of Business Relationship in North America, dated June 23, 2008, by and between Hulamin Rolled Products and Empire Resources, Inc. (incorporated by reference to Exhibit 10.8 to Amendment No. 1 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 9, 2012)
10.9	Credit Agreement, dated April 28, 2011, by and among Empire Resources, Inc. as borrower, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as lead arranger, agent, swing line bank, issuing bank and acceptance bank, JPMorgan Chase Bank, N.A., as syndication agent, and the banks party thereto (incorporated by reference to Exhibit 10.9 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
10.10	Supply Agreement, dated May 27, 2011, by and among Empire Resources, Inc., Southern Aluminum Industry (China) Co., Ltd., PT. Alumindo Light Metal Industry, TBK, and Fung Lam Trading Company Ltd. (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on March 9, 2012)
10.11	Pre-Payment Advance Agreement, dated May 27, 2011, by and among Empire Resources, Inc., Southern Aluminum Industry (China) Co., Ltd., PT. Alumindo Light Metal Industry, TBK, and Fung Lam Trading Company Ltd. (incorporated by reference to Exhibit 10.11 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
21.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 to Registration Statement on Form S-1 filed with the Securities and Exchange Commission on January 30, 2012)
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101**	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (eXtensible Business Reporting Language), (i) Consolidated Balance Sheets, (ii)Consolidated Statements of Income, (iii)Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, (v)Consolidated Statement of Stockholders' Equity and (vi) Notes to Consolidated Financial Statements

* Filed herewith.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

+ Management contract or compensatory plan or arrangement.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)

I, Nathan Kahn, certify that:

1. I have reviewed this Annual Report on Form 10-K of Empire Resources, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2014

By: /s/ Nathan Kahn

Name: Nathan Kahn

President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a)

I, Sandra Kahn, certify that:

1. I have reviewed this Annual Report on Form 10-K of Empire Resources, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 31, 2014

By:	/s/ Sandra Kahn
Name:	Sandra Kahn
Title:	Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION FURNISHED PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the Annual Report on Form 10-K (the "Form 10-K") for the year ended December 31, 2013 of Empire Resources, Inc. (the "Company"). I, Nathan Kahn, the President and Chief Executive Officer of the Company, certify that, based on my knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Date: March 31, 2014

By: /s/ Nathan Kahn

Name: Nathan Kahn

Title: President and Chief Executive Officer (Principal Executive Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-K pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-K for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION FURNISHED PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the Annual Report on Form 10-K (the "Form 10-K") for the year ended December 31, 2013 of Empire Resources, Inc. (the "Company"). I, Sandra Kahn, the Vice President and Chief Financial Officer of the Company, certify that, based on my knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(3) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in this report.

Date: March 31, 2014

By: /s/ Sandra Kahn

Name: Sandra Kahn

Title: Vice President and Chief Financial Officer (Principal Financial Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-K pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-K for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.