

NEW YORK--([BUSINESS WIRE](#))--**National Holdings Corporation (OTCBB:NHLD)** ("National Holdings" or the "Company"), a full-service investment banking and asset management firm, today announced financial results for the Company's fiscal year ended September 30, 2013.

Fiscal 2013 Highlights

- Increased revenues by approximately 8% to \$127.6 million, compared with revenues of \$118.6 million in the prior year period
- Generated net income of \$1.6 million, or \$0.02 per diluted share for the year ended September 30, 2013, compared with a loss of \$2.0 million, or \$0.08 per diluted share for the same period last year
- Reported Adjusted EBITDA, a non-GAAP measure, of \$4.1 million for the fiscal year ended September 30, 2013, compared with \$1.5 million for the same period last year
- Completed the acquisition of Gilman Ciocia in a stock and cash transaction issuing to Gilman stockholders approximately 22.7 million shares of the Company's common stock, and the retirement of \$5.4 million of their debt in exchange for all shares of the Gilman Ciocia common stock in October 2013
- Completed transfer of Gilman Ciocia's broker dealer subsidiary, Prime Capital Services', retail brokers and customer accounts to the Company's broker dealer subsidiary, National Securities in November 2013 following approval from the Financial Industry Regulatory Authority ("FINRA")

Mark D. Klein, National Holdings' Chief Executive Officer and Co-Executive Chairman, commented, "During fiscal year 2013, we achieved strong financial results and considerable progress in the execution of our growth strategy aimed at enhancing revenues, improving profitability, strengthening our financial position and reducing costs.

We also strengthened our operational focus through the acquisition of Gilman Ciocia and consolidation of its Prime Capital Services, which created a retail sales force possessing in excess of 800 registered representatives and 147 registered branch offices. This strong performance reflects the favorable market conditions we witnessed for the majority of our financial products and services in the 12-month period. This included our investment banking group's participation in approximately 60 transactions with emerging growth companies across our target sectors of Healthcare, Technology, Media and Telecom, Energy and Financial Institutions."

Klein, continued, “Looking forward, we are confident in our future growth prospects as we leverage Gilman Ciocia’s established brand entering tax season and utilizing our strong financial position to continue executing our growth strategy.”

Mark Goldwasser, President and Chief Executive Officer of the Company’s broker-dealer subsidiary, National Securities, added, “Continuing our emphasis on implementing operating efficiencies and broadening our products and services, we completed the Gilman Ciocia integration a full quarter ahead of schedule, which included the realization of synergies such as headcount reductions and elimination of certain cost redundancies and other expenses. Gilman Ciocia now constitutes a meaningful portion of National Holdings’ total business. When coupled with a rapidly expanding investment banking practice, increasing commissions for sales and trading and significant cash balances and no bank debt, the Company is poised to continue its growth entering fiscal 2014.”

Fiscal Year Ended September 30, 2013 Financial Review

National Holdings reported 2013 revenue of \$127.6 million, an increase of 8% over year-to-date revenue of \$118.6 million reported in 2012.

In comparison with the 8% increase in total revenues, total expenses increased 5%, or \$6.2 million, to \$125.8 for fiscal year 2013 compared to \$119.5 in fiscal year 2012. The increase in total expenses is primarily a result of higher commission expense and clearing fees, which is consistent with the increase in transaction volumes and commission revenues, offset by decreases in employee non commission based compensation expense, communications costs and occupancy and equipment costs resulting from management’s cost cutting efforts. Interest expense also decreased significantly due to the recapitalization, which allowed the Company to repay all of its debt in 2013.

Adjusted EBITDA increased to \$4.1 million in the fiscal year ended September 30, 2013, compared with EBITDA of \$1.5 million in the fiscal year ended September 30, 2012.

On a GAAP basis, net income for the fiscal year ended September 30, 2013 was \$1.6

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million, or \$0.02 per basic and diluted share, compared with a net loss of \$2.0 million, or \$0.08 per basic and diluted share in 2012.

Balance Sheet

As of September 30, 2013, National Holdings had \$20.0 million in cash and cash equivalents. On January 25, 2013, the Company completed an offering of 29.45 million shares of its common stock that raised gross proceeds of \$8.8 million.

On August 28, 2013, National Holdings completed an offering of 10.6 million shares of its common stock that raised gross proceeds of \$3.2 million.

Conference Call

National Holdings will host a conference call to discuss its fiscal 2013 earnings results on Thursday, January 9, 2014, at 9:00 a.m. ET. To access the teleconference, please dial (706) 902-2067 (domestic and international) approximately ten minutes before the teleconference's scheduled start time and reference ID # 24559036.

If you are unable to access the live teleconference, a replay will be available beginning approximately two hours after the call's completion and available through January 16, 2014. The teleconference replay can be accessed by dialing (404) 537-3406 (domestic and international) and entering the ID# 24559036. An audio file replay will also be available on the investor relations portion of National Holding's website at <http://www.nhldcorp.com/investors.aspx>.

About National Holdings Corporation

National Holdings Corporation is a full-service investment banking and asset management firm that provides a range of services, including independent retail brokerage

and advisory services, investment banking, institutional sales and trading and equity research, financial planning, market making, tax preparation, insurance and annuities, to corporations, institutional investors and high-net-worth clients. With over 1,100 Independent advisors, brokers, traders and sales associates, the Company is a leading Independent Advisor and Broker services company. National Holdings operates through five subsidiaries: National Securities Corporation, vFinance Investments, Inc., National Insurance Corporation and National Asset Management, Inc. and Gilman Ciocia, Inc. The Company was founded in 1947 and is headquartered in New York and Florida. For more information, visit www.nhldcorp.com.

Safe Harbor Statements

This release contains forward-looking statements within the meaning of the federal securities laws. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Information on significant potential risks and uncertainties that may also cause differences includes, but is not limited to, those mentioned by National Holdings from time to time in their filings with the SEC. The words “may,” “will,” “believe,” “estimate,” “expect,” “plan,” “intend,” “project,” “anticipate,” “could,” “would,” “should,” “seek,” “continue,” “pursue” and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. National Holdings undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may be disclosed from time to time in our SEC filings or otherwise, including the factors discussed in Item 1A, Risk Factors, of our Annual Report on Form 10-K and in or periodic reports on Form 10-Q, and, therefore, readers should not place undue reliance on these forward-looking statements.

NATIONAL HOLDINGS CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION ASSETS

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Current Assets

2013

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Cash and cash equivalents	\$	19,985,000
Restricted cash	92,000	-
Deposits with clearing organizations	1,107,000	1,107,000
Receivables from broker dealers and clearing organizations	4,206,000	3,650,000
Other receivables	1,049,000	147,000
Advances to registered representatives - Current portion of	884,000	allowance for uncollectible 249,000
Securities owned: marketable – at market value	428,000	696,000
Securities owned: nonmarketable – at fair value	39,000	56,000
Prepaid expense		764,000

Total Current Assets	28,144,000	14,359,000
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Advances to registered representatives - Long term	427,000	641,000
Fixed assets, net of accumulated depreciation	447,000	662,000
Intangible assets, net	-	466,000
Other assets		493,000

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Total Assets \$ **29,511,000**

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current Liabilities

Accounts payable, accrued expenses and other liabilities \$ 13,491,000

Payable to broker dealers and clearing organizations 18,000 119

Securities sold, but not yet purchased, at market 15,000 1,0

Convertible notes payable, net of debt discount

Total Current Liabilities **13,522,000** **18,217,000**

Accrued expenses and other liabilities - Long term 192,000

Total Liabilities, before subordinated borrowings and other liabilities **13,714,000** **18,480,000**

Subordinated borrowings -

Total Liabilities **13,714,000** **19,480,000**

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National Holdings Corporation Stockholders' Equity (Deficit)

Series C and D, convertible preferred stock, \$0.01 par value,	10,000,000 shares authorized,	0
Common stock, \$.02 par value, 150,000,000 shares authorized;	100,580,203 shares issued,	506,100
Additional paid-in capital	67,982,000	46,000
Accumulated deficit	(54,212,000)	

Total National Holdings Corporation Stockholders' Equity (Deficit)

Non Controlling Interest 15,000

Total Stockholders' Equity (Deficit) 15,797,000

Total Liabilities and Stockholders' Equity (Deficit) 1,000

The accompanying notes are an integral part of these consolidated financial statements.

NATIONAL HOLDINGS CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS

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Years Ended September 30,

2013

Revenues

Commissions	\$	78,168,000
Principal transactions	13,426,000	14,427,000
Investment banking fees	14,002,000	15,390,000
Interest and dividends	3,935,000	2,996,000
Transfer fees and clearing services	7,740,000	7,196,000
Investment advisory fees	9,508,000	8,092,000
Other		804,000

Total Revenues

127,583,000

Operating Expenses

Commissions, compensation and fees	110,656,000	103,800,000
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Clearing fees	2,134,000	1,662,000
Communications	4,494,000	4,731,000
Occupancy, equipment and other admin expenses	3,300,000	4,189,000
Professional fees	3,382,000	2,714,000
Interest	248,000	916,000
Taxes, licenses and registration		1,582,000
Total Operating Expenses		125,796,000
Net Income (Loss) from Operations		1,787,000
Other Expenses		
Loss on disposition of unconsolidated joint venture -		(1,051,000)
Loss on Investment in Unaffiliated Entity		(162,000)

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Total Other Expenses		(162,000)
Net Income (Loss) before income taxes	1,625,000	(1,951,000)
Income taxes		60,000
Total Provision for Income Tax		60,000
Net Income (Loss) before non-controlling interest	1,565,000	(1,951,000)
Net loss attributable to noncontrolling interest		3,000
NET INCOME (LOSS)	\$	1,568,000

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Preferred stock dividend	-	(93,000)
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Net Income (loss) attributable to common stockholders		1,568,000
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Net Income (loss) attributable to common stockholders - Basic		0.02
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Net Income (loss) attributable to common stockholders - Diluted		0.02
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Weighted number of shares outstanding - Basic		70,651,415
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Weighted number of shares outstanding - Diluted		74,887,749
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The accompanying notes are an integral part of these consolidated

Non-GAAP Financial Measures

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To provide investors with greater insight, promote transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making, the Company supplements its consolidated statements of income presented on a GAAP basis with non-GAAP financial measures of earnings. Please refer to the schedule in this release for a reconciliation of non-GAAP financial measures to GAAP measures.

Management uses Earnings before Interest, Income Taxes, Depreciation and Amortization ("EBITDA") and adjusted EBITDA as financial measures to evaluate the profitability and efficiency of the Company's business model. EBITDA and adjusted EBITDA are not presented in accordance with GAAP.

Investors should consider the non-GAAP measures in addition to, and not as a substitute for, financial measures prepared in accordance with GAAP. Additionally, the Company's non-GAAP measures may differ from similar measures used by other companies, even if similar terms are used to identify such measures.

National Holdings Corporation Reconciliation of Non-GAAP Financial Measures to GAAP Measures (unaudited)

	Fiscal Year Ended		
		2013	
Net income (loss), as reported	\$	1,568,000	
Interest expense		248,000	916
Income taxes		158,000	153
Depreciation		460,000	533
Amortization		466,000	

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EBITDA	2,900,000	203
Non-cash compensation expense	379,000	10,
Forgivable loan amortization	349,000	265
Loss on investment in unaffiliated entity	162,000	-
Non-cash settlement costs	313,000	-
Loss on disposition of unconsolidated joint venture	-	-
EBITDA, as adjusted	\$	4,103,000