

NATIONAL HOLDINGS CORPORATION REPORTS FISCAL YEAR 2013 RESULTS

Completed acquisition of Gilman Ciocia, diversifying the Company's products to financial planning and tax preparation services and strengthens its broker dealer subsidiary

Investment banking deal volume increased with close of approximately 60 transactions in 2013

Management to host conference call on January 9, 2014 at 9:00 a.m. ET to discuss financial results and provide update on future growth strategy

NEW YORK, December 30, 2013 – National Holdings Corporation (OTC BB: NHLN) ("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 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.

Contacts:

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Source: National Holdings Corporation

(Financial Tables Follow)

**NATIONAL HOLDINGS CORPORATION AND SUBSIDIARIES CONSOLIDATED
STATEMENTS OF FINANCIAL CONDITION ASSETS**

	September 30,	
	2013	2012
Current Assets		
Cash and cash equivalents	\$19,985,000	\$7,934,000
Restricted cash	92,000	-
Deposits with clearing organizations	1,107,000	1,107,000
Receivables from broker dealers and clearing organizations	4,296,000	3,650,000
Other receivables	1,049,000	147,000
Advances to registered representatives - Current portion, net of allowance for uncollectible accounts	384,000	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	520,000
Total Current Assets	28,144,000	14,359,000
Advances to registered representatives - Long term portion	427,000	641,000
Fixed assets, net of accumulated depreciation	447,000	662,000
Intangible assets, net	-	466,000
Other assets	493,000	461,000
Total Assets	\$29,511,000	\$16,589,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable, accrued expenses and other liabilities	\$13,494,000	\$11,297,000
Payable to broker dealers and clearing organizations	13,000	119,000
Securities sold, but not yet purchased, at market value	15,000	1,000
Convertible notes payable, net of debt discount	-	6,800,000
Total Current Liabilities	13,522,000	18,217,000
Accrued expenses and other liabilities - Long term portion	192,000	263,000
Total Liabilities, before subordinated borrowings and other liabilities	13,714,000	18,480,000
Subordinated borrowings	-	1,000,000
Total Liabilities	13,714,000	19,480,000
National Holdings Corporation Stockholders' Equity (Deficit)		
Series C and D, convertible preferred stock, \$0.01 par value, 10,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2013 and 94,169 issued and outstanding at September 30, 2012	-	6,156,000
Common stock, \$.02 par value, 150,000,000 shares authorized; 100,580,203 shares issued and outstanding, at September 30, 2013 and 26,555,572 shares issued and outstanding, at September 30, 2012	2,012,000	531,000
Additional paid-in capital	67,982,000	46,184,000
Accumulated deficit	(54,212,000)	(55,780,000)
Total National Holdings Corporation Stockholders' Equity (Deficit)	15,782,000	(2,909,000)
Non Controlling Interest	15,000	18,000
Total Stockholders' Equity (Deficit)	15,797,000	(2,891,000)
Total Liabilities and Stockholders' Equity (Deficit)	\$29,511,000	\$16,589,000

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

**NATIONAL HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years Ended September 30,	
	2013	2012
Revenues		
Commissions	\$78,168,000	\$70,301,000
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	246,000
Total Revenues	127,583,000	118,648,000
Operating Expenses		
Commissions, compensation and fees	110,656,000	103,800,000
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	1,536,000
Total Operating Expenses	125,796,000	119,548,000
Net Income (Loss) from Operations	1,787,000	(900,000)
Other Expenses		
Loss on disposition of unconsolidated joint venture	-	(1,051,000)
Loss on Investment in Unaffiliated Entity	(162,000)	-
Total Other Expenses	(162,000)	(1,051,000)
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	14,000
NET INCOME (LOSS)	\$1,568,000	\$(1,937,000)
Preferred stock dividend	-	(93,000)
Net Income (loss) attributable to common stockholders	\$1,568,000	\$(2,030,000)
Net Income (loss) attributable to common stockholders - Basic	\$0.02	\$(0.08)
Net Income (loss) attributable to common stockholders - Diluted	\$0.02	\$(0.08)
Weighted number of shares outstanding - Basic	70,651,415	25,014,166
Weighted number of shares outstanding - Diluted	74,887,749	25,014,166

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

Non-GAAP Financial Measures

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	2012
Net income (loss), as reported	\$1,568,000	\$(1,937,000)
Interest expense	248,000	916,000
Income taxes	158,000	153,000
Depreciation	460,000	533,000
Amortization	466,000	538,000
EBITDA	2,900,000	203,000
Non-cash compensation expense	379,000	10,000
Forgivable loan amortization	349,000	265,000
Loss on investment in unaffiliated entity	162,000	-
Non-cash settlement costs	313,000	-
Loss on disposition of unconsolidated joint venture	-	1,051,000
EBITDA, as adjusted	\$4,103,000	\$1,529,000