



News Announcement

For Immediate Release

HERITAGE GLOBAL INC. REPORTS 2013 Q3 OPERATING RESULTS

SAN DIEGO, California, and TORONTO, Canada (November 14, 2013) – Heritage Global Inc. (OTCQB: HGBL), a leader in distressed and surplus capital assets valuations and transactions, today reported financial results for the third quarter and nine months ended September 30, 2013 as summarized below.

Summary Financial Data (unaudited)				
(\$ in thousands, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Total asset liquidation revenue ⁽¹⁾	\$ 2,265	\$ 3,052	\$ 5,589	\$ 9,917
Earnings of equity accounted asset liquidation investments ⁽²⁾	456	222	1,265	1,449
Operating income (loss)	234	(1,575)	(1,778)	(1,104)
Net income (loss)	(260)	(1,000)	(1,650)	(1,031)
Earnings (loss) per diluted common share	\$ (0.01)	\$ (0.03)	\$ (0.06)	\$ (0.04)

(1) Represents revenue generated from activities where Heritage Global Partners acted in a principal capacity or had majority interest in a transaction.

(2) Represents equity income from activities where Heritage Global Partners acted as a member of a syndicate in a transaction.

2013 Q3 Summary:

- Heritage Global had operating income of \$0.2 million, as compared to an operating loss of \$1.6 million level in the corresponding 2012 period.
- Combined asset liquidation revenue and earnings of equity accounted asset liquidation investments (pre-tax) was approximately \$2.7 million, compared to approximately \$3.3 million in the prior year quarter.
- SG&A expenditures, including expenses paid to related parties, dropped approximately 39% versus the year-ago quarter.
- Total operating costs and expenses declined approximately 36%, year-over-year.
- Net loss for the period narrowed to \$260,000, \$0.01 per diluted common share. In the year-earlier period, Heritage Global lost \$1.0 million, or \$0.03 on a per share basis.

Heritage Global Inc. Managing Partner Ross Dove stated, “In the recent quarter we focused significant time and efforts on successfully reducing the Company’s corporate overhead, infrastructure and controllable expense levels as well as ensuring a virtually seamless transition to the organization’s new senior executive team. Our new business auction and advisory services pipeline, both here in the US and internationally, is robust and we look forward to finishing the year with a solid fourth quarter and getting off to a good start in 2014.”

About Heritage Global Inc. (www.heritageglobalinc.com)

Heritage Global Inc. (OTCQB: HGBL) is a value-driven, innovative leader in distressed and surplus capital assets valuations and transactions. The Company focuses on identifying, valuing, acquiring and monetizing distressed and surplus capital assets in twenty-five global manufacturing and technology sectors. It specializes in both acting as an advisor as well as acquiring turnkey manufacturing facilities, surplus industrial machinery and equipment, industrial inventories, accounts receivable portfolios and related intellectual property.

Forward-Looking Statements

The statements made in this release that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered as forward-looking statements. Such statements are based on knowledge of the environment in which the Company currently operates, but because of the factors listed herein, as well as other factors beyond the Company's control, actual results may differ materially from the expectations expressed in the forward-looking statements. Important factors that may cause actual results to differ from anticipated results include, but are not limited to, obtaining necessary approvals and other risks detailed from time to time in the Company's securities and other regulatory filings.

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HERITAGE GLOBAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(In thousands of US dollars, except per share amounts)
(unaudited)

(In thousands of US dollars, except per share amounts)	Three Months Ended September 30, <u>2013</u>		Nine Months Ended September 30, <u>2012</u>	
Revenue:				
Asset liquidation				
Asset sales	\$ 1,201	\$ 1,284	\$ 1,799	\$ 5,175
Commissions and other	1,064	1,768	3,790	4,742
Total asset liquidation revenue	<u>2,265</u>	<u>3,052</u>	<u>5,589</u>	<u>9,917</u>
Patent licensing	624	—	824	—
Total revenue	<u>2,889</u>	<u>3,052</u>	<u>6,413</u>	<u>9,917</u>
Operating costs and expenses:				
Asset liquidation	819	1,152	1,401	4,360
Inventory maintenance	86	15	275	(8)
Patent licensing and maintenance	10	4	166	38
Selling, general and administrative	1,912	3,210	6,682	7,265
Expenses paid to related parties	166	196	574	532
Depreciation and amortization	118	272	358	283
Total operating costs and expenses	<u>3,111</u>	<u>4,849</u>	<u>9,456</u>	<u>12,470</u>
Earnings of equity accounted asset liquidation investments	(222)	(1,797)	(3,043)	(2,553)
	456	222	1,265	1,449
Operating income (loss)	<u>234</u>	<u>(1,575)</u>	<u>(1,778)</u>	<u>(1,104)</u>
Other income (expenses):				
Other income (expenses)	—	8	—	(299)
Interest expense – third party	(39)	(71)	(308)	(175)
Interest expense – related party	(91)	11	(91)	—
Total other income (expenses)	<u>(130)</u>	<u>(52)</u>	<u>(399)</u>	<u>(474)</u>
Income (loss) before the undernoted	104	(1,627)	(2,177)	(1,578)
Income tax expense (recovery)	387	(638)	(466)	(612)
Earnings (loss) of other equity accounted investments (net of \$0 tax)	23	(11)	61	(65)
Net income (loss)	<u>(260)</u>	<u>(1,000)</u>	<u>(1,650)</u>	<u>(1,031)</u>
Other comprehensive loss:				
Currency translation adjustment (net of tax of \$0)	(4)	—	(13)	—
Comprehensive income (loss)	<u>\$ (264)</u>	<u>\$ (1,000)</u>	<u>\$ (1,663)</u>	<u>\$ (1,031)</u>
Weighted average common shares outstanding – basic (in thousands)				
	28,384	28,593	28,759	28,072
Weighted average common shares outstanding – diluted (in thousands)				
	28,384	28,593	28,759	28,072
Earnings (loss) per share – basic and diluted:				
Common shares	\$ (0.01)	\$ (0.03)	\$ (0.06)	\$ (0.04)

HERITAGE GLOBAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share amounts)
(unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,543	\$ 4,314
Amounts receivable (net of allowance for doubtful accounts of \$0; 2012 - \$0)	1,960	1,068
Receivable from a related party	—	2,929
Deposits	119	1,481
Inventory – equipment	486	820
Other current assets	740	312
Income taxes recoverable	118	70
Deferred income tax assets	1,953	1,956
Total current assets	9,919	12,950
Non-current assets:		
Inventory – real estate	6,078	6,078
Asset liquidation investments	3,574	3,618
Investments	1,757	2,426
Property, plant and equipment, net	33	52
Intangible assets, net	4,923	5,263
Goodwill	5,301	5,301
Deferred income tax assets	26,102	25,622
Total assets	\$ 57,687	\$ 61,310
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,353	\$ 4,415
Debt payable to third parties	1,541	10,883
Debt payable to a related party	3,649	—
Total current liabilities	13,543	15,298
Commitments and contingencies		
Equity:		
Preferred stock, \$10.00 par value, authorized 10,000,000 shares; issued and outstanding 592 Class N shares at September 30, 2013 and December 31, 2012, liquidation preference of \$592 at September 30, 2013 and December 31, 2012	6	6
Common stock, \$0.01 par value, authorized 300,000,000 shares; issued and outstanding 28,166,728 shares at September 30, 2013 and 28,945,228 shares at December 31, 2012	282	290
Additional paid-in capital	283,084	283,281
Accumulated deficit	(239,208)	(237,558)
Accumulated other comprehensive loss	(20)	(7)
Total equity	44,144	46,012
Total liabilities and equity	\$ 57,687	\$ 61,310

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