

PROPHASE LABS, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
	(unaudited)	(unaudited)		
Net sales	\$ 9,079	\$ 7,460	\$ 22,406	\$ 17,453
Cost of sales	3,391	2,664	8,154	6,171
Gross profit	<u>5,688</u>	<u>4,796</u>	<u>14,252</u>	<u>11,282</u>
Operating expenses:				
Sales and marketing	3,914	4,528	8,946	7,904
Administrative	2,100	1,607	6,127	5,028
Research and development	246	494	1,301	1,088
Settlement benefit	(1,024)	-	(1,024)	-
	<u>5,236</u>	<u>6,629</u>	<u>15,350</u>	<u>14,020</u>
Income (loss) from operations	452	(1,833)	(1,098)	(2,738)
Interest and other income	1	2	7	28
Income (loss) before income taxes	<u>453</u>	<u>(1,831)</u>	<u>(1,091)</u>	<u>(2,710)</u>
Income tax (benefit)	-	-	-	-
Net Income (loss)	<u>\$ 453</u>	<u>\$ (1,831)</u>	<u>\$ (1,091)</u>	<u>\$ (2,710)</u>
Basic income (loss) per share:				
Net income (loss)	<u>\$ 0.04</u>	<u>\$ (0.12)</u>	<u>\$ (0.07)</u>	<u>\$ (0.18)</u>
Diluted income (loss) per share:				
Net income (loss)	<u>\$ 0.03</u>	<u>\$ (0.12)</u>	<u>\$ (0.07)</u>	<u>\$ (0.18)</u>
Weighted average common shares				
Basic	<u>14,914</u>	<u>14,609</u>	<u>14,843</u>	<u>14,817</u>
Diluted	<u>15,305</u>	<u>14,609</u>	<u>14,843</u>	<u>14,817</u>

PROPHASE LABS, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET DATA
(in thousands)

	December 31, 2012	December 31, 2011
Cash and cash equivalents	\$ 572	\$ 5,541
Accounts receivable	\$ 5,409	\$ 3,219
Inventory	\$ 2,051	\$ 2,688
Total current assets	\$ 10,719	\$ 13,195
Total assets	\$ 16,661	\$ 19,079
Total current liabilities	\$ 4,910	\$ 7,853
Other long term obligations	\$ 300	\$ -
Total stockholders' equity	\$ 11,451	\$ 11,226