

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

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Net sales	\$ 5,415	\$ 5,083	\$ 13,328	\$ 9,992
Cost of sales	2,016	1,487	4,763	3,508
Gross profit	3,399	3,596	8,565	6,484
Operating expenses:				
Sales and marketing	1,035	1,158	5,032	3,376
Administration	1,126	1,134	4,027	3,417
Research and development	165	198	1,055	594
	2,326	2,490	10,114	7,387
Income (loss) from operations	1,073	1,106	(1,549)	(903)
Interest and other income	1	4	6	26
Income (loss) before income taxes	1,074	1,110	(1,543)	(877)
Income tax (benefit)	-	-	-	-
Net income (loss)	\$ 1,074	\$ 1,110	\$ (1,543)	\$ (877)
Basic income (loss) per share:				
Net income (loss)	\$ 0.07	\$ 0.07	\$ (0.10)	\$ (0.06)
Diluted income (loss) per share:				
Net income (loss)	\$ 0.07	\$ 0.07	\$ (0.10)	\$ (0.06)
Weighted average common shares outstanding:				
Basic	14,836	15,113	14,804	14,901
Diluted	14,981	15,113	14,804	14,901

ProPhase Labs, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet Data
(in thousands)
(unaudited)

	September 30, 2012	December 31, 2011
Cash and cash equivalents	\$ 1,815	\$ 5,541
Accounts receivable	\$ 4,172	\$ 3,219
Inventory	\$ 3,414	\$ 2,688
Total current assets	\$ 10,505	\$ 13,195
Total assets	\$ 16,534	\$ 19,079
Total current liabilities	\$ 6,643	\$ 7,853
Total stockholders' equity	\$ 9,891	\$ 11,226