

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

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net sales	\$ 1,797	\$ 1,939	\$ 7,968	\$ 9,481
Cost of sales	1,005	1,011	3,196	3,214
Gross profit	792	928	4,772	6,267
Operating expenses:				
Sales and marketing	852	709	3,849	4,072
Administration	2,804	1,721	4,311	3,216
Research and development	273	216	551	404
	3,929	2,646	8,711	7,692
Loss from operations	(3,137)	(1,718)	(3,939)	(1,425)
Interest income	1	1	1	1
Interest expense	(2)	(2)	(4)	(5)
Loss before income tax	(3,138)	(1,719)	(3,942)	(1,429)
Income tax	-	-	-	-
Net loss	\$ (3,138)	\$ (1,719)	\$ (3,942)	\$ (1,429)
Basic and diluted loss per share:				
Net loss	\$ (0.19)	\$ (0.11)	\$ (0.24)	\$ (0.09)

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

	June 30, 2014	December 31, 2013
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents	\$ 7,350	\$ 1,638
Accounts receivable, net	\$ 2,343	\$ 5,319
Inventory	\$ 3,248	\$ 2,521
Total current assets	\$ 13,674	\$ 11,279
Total assets	\$ 19,760	\$ 17,420
Total current liabilities	\$ 5,952	\$ 4,624
Other long term obligations	\$ 200	\$ 200
Total stockholders' equity	\$ 13,608	\$ 12,596