

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

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net sales	\$ 1,894	\$ 1,744	\$ 7,912	\$ 4,910
Cost of sales	1,069	848	2,747	2,020
Gross profit	825	896	5,165	2,890
Operating expenses:				
Sales and marketing	820	663	3,997	2,218
Administration	1,408	1,040	2,900	2,285
Research and development	529	176	890	395
	<u>2,757</u>	<u>1,879</u>	<u>7,787</u>	<u>4,898</u>
Loss from operations	(1,932)	(983)	(2,622)	(2,008)
Interest and other income	2	9	5	21
Loss before income taxes	(1,930)	(974)	(2,617)	(1,987)
Income tax (benefit)	-	-	-	-
Net loss	<u>\$ (1,930)</u>	<u>\$ (974)</u>	<u>\$ (2,617)</u>	<u>\$ (1,987)</u>
Basic and diluted loss per share:				
Net loss	<u>\$ (0.13)</u>	<u>\$ (0.06)</u>	<u>\$ (0.18)</u>	<u>\$ (0.13)</u>
Weighted average common shares outstanding:				
Basic and diluted	<u>14,831</u>	<u>14,990</u>	<u>14,811</u>	<u>14,864</u>

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

	June 30, 2012	December 31, 2011
Cash and cash equivalents	\$ 4,610	\$ 5,541
Accounts receivable	\$ 938	\$ 3,219
Inventory	\$ 3,141	\$ 2,688
Total current assets	\$ 9,180	\$ 13,195
Total assets	\$ 15,175	\$ 19,079
Total current liabilities	\$ 6,403	\$ 7,853
Total stockholders' equity	\$ 8,772	\$ 11,226