

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

|   | Three Months Ended |                |
|---|--------------------|----------------|
|   | March 31, 2016     | March 31, 2015 |
| Net sales   | \$ 5,370           | \$ 5,860       |
| Cost of sales   | 2,431              | 2,198          |
| Gross profit  | 2,939              | 3,662          |
| Operating expenses:   |                    |                |
| Sales and marketing   | 2,598              | 2,812          |
| Administration  | 1,539              | 2,021          |
| Research and development  | 86                 | 208            |
|   | 4,223              | 5,041          |
| Loss from operations  | (1,284)            | (1,379)        |
| Interest expense, net   | (52)               | (1)            |
| Loss before income tax  | (1,336)            | (1,380)        |
| Income tax  | -                  | -              |
| Net loss  | \$ (1,336)         | \$ (1,380)     |
| Basic and diluted loss per<br>Net loss                              | \$ (0.08)          | \$ (0.09)      |
| Weighted average common<br>shares outstanding:<br>Basic and diluted | 17,081             | 15,892         |

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

|                             | March 31,<br>2016 | December 31,<br>2015 |
|-----------------------------|-------------------|----------------------|
| Cash and cash equivalents   | \$ 2,457          | \$ 1,664             |
| Accounts receivable         | \$ 2,688          | \$ 4,000             |
| Inventory                   | \$ 4,072          | \$ 4,331             |
| Total current assets        | \$ 10,272         | \$ 11,879            |
| Total assets                | \$ 13,325         | \$ 14,829            |
| <br>                        |                   |                      |
| Total current liabilities   | \$ 4,359          | \$ 4,534             |
| Other long term obligations | \$ 1,472          | \$ 1,466             |
| Total stockholders' equity  | \$ 7,494          | \$ 8,829             |