

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

	Three Months Ended December 31,		Year Ended December 31,	
	2013 (unaudited)	2012 (unaudited)	2013	2012
Net sales	\$ 9,602	\$ 9,079	\$ 25,032	\$ 22,406
Cost of sales	3,015	3,391	8,361	8,154
Gross profit	<u>6,587</u>	<u>5,688</u>	<u>16,671</u>	<u>14,252</u>
Operating expenses:				
Sales and marketing	4,375	3,914	9,538	8,946
Administration	1,374	2,100	5,893	6,127
Research and development	238	246	824	1,301
Settlement benefit	-	(1,024)	-	(1,024)
	<u>5,987</u>	<u>5,236</u>	<u>16,255</u>	<u>15,350</u>
Income (loss) from operations	600	452	416	(1,098)
Interest and other income	-	-	2	7
Interest expense	(3)	1	(13)	-
Income (loss) before income taxes	<u>597</u>	<u>453</u>	<u>405</u>	<u>(1,091)</u>
Income tax (benefit)	-	-	-	-
Net income (loss)	<u>\$ 597</u>	<u>\$ 453</u>	<u>\$ 405</u>	<u>\$ (1,091)</u>
Basic income (loss) per share	<u>\$ 0.04</u>	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ (0.07)</u>
Diluted income (loss) per share	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ (0.07)</u>
Weighted average common shares outstanding:				
Basic	<u>15,895</u>	<u>14,914</u>	<u>15,839</u>	<u>14,843</u>
Diluted	<u>16,428</u>	<u>15,305</u>	<u>16,276</u>	<u>14,843</u>

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

	December 31, 2013	December 31, 2012
Cash and cash equivalents	\$ 1,638	\$ 572
Accounts receivable	\$ 5,319	\$ 5,409
Inventory	\$ 2,521	\$ 2,051
Total current assets	\$ 11,279	\$ 10,719
Total assets	\$ 17,420	\$ 16,661
Total current liabilities	\$ 4,624	\$ 4,910
Other long term obligations	\$ 200	\$ 300
Total stockholders' equity	\$ 12,596	\$ 11,451