

**PROPHASE LABS, INC. & SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net sales (Note 2)	\$ 3,186	\$ 1,905	\$ 6,594	\$ 2,676
Cost of sales (Note 2)	1,928	1,765	3,910	2,451
Gross profit	1,258	140	2,684	225
Operating expenses (Note 2):				
Sales and marketing	235	221	407	336
Administration	1,200	1,306	2,419	2,387
Research and development	87	224	174	258
	1,522	1,751	3,000	2,981
Interest income, net	4	151	100	97
Loss from continuing operations before income taxes (Note 6)	(260)	(1,460)	(216)	(2,659)
Income tax benefit from continuing operations	-	574	-	1,027
Loss from continuing operations	(260)	(886)	(216)	(1,632)
Discontinued operations (Note 3):				
Income (loss) from discontinued operations	-	(835)	-	530
Gain (loss) on sale of discontinued operations, net of taxes	-	(584)	-	42,684
Income (loss) from discontinued operations	-	(1,419)	-	43,214
Net income (loss)	\$ (260)	\$ (2,305)	\$ (216)	\$ 41,582
Other comprehensive income (loss):				
Unrealized gain on marketable securities	68	-	25	-
Total comprehensive income (loss)	\$ (192)	\$ (2,305)	\$ (191)	\$ 41,582
Basic earnings per share:				
Loss from continuing operations	(\$0.02)	(\$0.06)	(\$0.02)	(\$0.10)
Income (loss) from discontinued continued operations	-	(0.08)	-	2.54
Net income (loss)	(\$0.02)	(\$0.14)	(\$0.02)	\$2.44
Diluted earnings per share:				
Loss from continuing operations	(\$0.02)	(\$0.06)	(\$0.02)	(\$0.10)
Income (loss) from discontinued continued operations	-	(0.08)	-	2.44
Net (loss) income	(\$0.02)	(\$0.14)	(\$0.02)	\$2.34
Weighted average common shares outstanding:				
Basic	11,339	16,943	11,237	17,030
Diluted	11,339	16,943	11,237	17,680

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

	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 3,665	\$ 3,173
Marketable securities, available for sale	\$ 6,776	\$ 18,765
Accounts receivable	\$ 1,363	\$ 1,945
Inventory	\$ 2,386	\$ 1,531
Total current assets	\$ 19,547	\$ 28,417
Total assets	\$ 22,123	\$ 33,659
Total current liabilities	\$ 1,595	\$ 1,812
Total stockholders' equity	\$ 20,528	\$ 31,847