

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 26, 2013

PROPHASE LABS, INC.
(Exact name of Company as specified in its charter)

Nevada
(State or other jurisdiction of incorporation)

0-21617
(Commission File Number)

23-2577138
(I.R.S. Employer Identification No.)

621 N. Shady Retreat Road
Doylestown, PA
(Address of principal executive offices)

18901
(Zip Code)

Company's telephone number, including area code: **(215) 345-0919**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On March 26, 2013, ProPhase Labs, Inc. issued a press release announcing its financial results for the three months and year ended December 31, 2012. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>No.</u>	<u>Description</u>
99.1	Press Release dated March 26, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ProPhase Labs, Inc.

By: /s/ Robert V. Cuddihy, Jr.
Robert V. Cuddihy, Jr.
Chief Operating Officer and Chief Financial Officer

Date: March 26, 2013

EXHIBIT INDEX

No.	Description
99.1	Press Release dated March 26, 2013



**ProPhase Labs Reports Financial Results
for the Fourth Quarter and Year Ended December 31, 2012**

DOYLESTOWN, Pennsylvania – March 26, 2013. **ProPhase Labs, Inc.** (*NASDAQ: PRPH*, www.ProPhaseLabs.com) today reported a net sales increase of 21.7% to \$9.1 million for the three months ended December 31, 2012 as compared to net sales of \$7.5 million for the three months ended December 31, 2011.

The Company realized net income for the three months ended December 31, 2012, of \$453,000, or \$0.04 per share, compared to a net loss of \$1.8 million, or (\$0.12) per share, for the three months ended December 31, 2011. The improved financial results for the three months ended December 31, 2012 as compared to three months ended December 31, 2011 was due principally to (i) increased revenues, (ii) the reduction in marketing expenditures as a consequence of the fluctuation from period to period of the timing and scope of our marketing initiatives and (iii) the \$1.0 million settlement benefit we realized due to the reduction of a previously recorded obligation following resolution of a dispute with certain third parties during the fourth quarter of 2012.

For the year ended December 31, 2012, net sales increased 28.4% to \$22.4 million as compared to \$17.5 million for the year ended December 31, 2011. The Company incurred a net loss for the year ended December 31, 2012, of \$1.1 million, or (\$0.07) per share, as compared to a net loss of \$2.7 million, or (\$0.18) per share, for the year ended December 31, 2011.

Results for the year ended December 31, 2012 compared to the year ended December 31, 2011 principally reflect the net effect of (i) an increase in net sales of \$4.9 million and (ii) the \$1.0 million settlement benefit, offset by (iii) an increase in sales and marketing expense of \$1.0 million, (iv) an increase of \$1.1 million in administration costs and (v) an increase in research and development costs of \$213,000 primarily attributable to the successful development of our new Cold-EEZE[®] Daytime/Nighttime QuickMelts[®].

Ted Karkus, ProPhase Labs' Chairman and CEO stated, "After net sales bottomed in 2010 at \$14.5 million, we developed and implemented a long term strategy to increase the value of our company. This strategy included: (a) improvement in our core Cold-EEZE[®] lozenge flavors and packaging; (b) improvement in our relationships with our partners, i.e. the retailers who carry our products on their shelves; (c) overhaul of our entire marketing and in-store merchandising campaigns; (d) restructuring and downsizing of our staff as well as the upgrading of virtually every vendor and advisor with whom we conduct business. The net result has been an increase in net sales of 20.3% to \$17.5 million in fiscal 2011 and a further increase of 28.4% to \$22.4 million in fiscal 2012. Over this two year period, net sales have thus increased an impressive 54.5%. To the credit of our entire ProPhase Labs team, these results were accomplished despite a significant decline in the incidence of upper respiratory illness over this time period."

Mr. Karkus added, “Much like in 2012, our goal going forward is to introduce new Cold-EEZE[®] branded products which efficiently leverage our marketing dollars and leverage our strengthening distribution platform. Also, as in 2012, our next generation of Cold-EEZE[®] products (which we expect to be on shelves in the fall of 2013) will not be new flavors of lozenges but rather Cold-EEZE[®] products in new delivery forms that not only shorten the duration of the common cold but also provide additional health benefits.”

About ProPhase Labs

ProPhase Labs is a diversified natural health medical science company. It is a leading marketer of the Cold-EEZE[®] Cold Remedy brand as well as other cold relief products. Cold-EEZE[®] zinc gluconate lozenges are clinically proven to significantly reduce the severity and duration of the common cold. Cold-EEZE[®] customers include leading national retailers, chain food, drug and mass merchandise stores, wholesalers and distributors, as well as independent pharmacies. ProPhase Labs has several wholly owned subsidiaries including a manufacturing unit, which consists of an FDA registered facility to manufacture Cold-EEZE[®] lozenges and fulfill other contract manufacturing opportunities. ProPhase also owns 50% of Phusion Laboratories, LLC (“Phusion”). Phusion licenses a revolutionary proprietary technology that has the potential to improve the delivery and/or efficacy of many active ingredients or compounds. Phusion will formulate and test products to exploit market opportunities within ProPhase’s robust over-the-counter distribution channels. For more information visit us at www.ProPhaseLabs.com.

Except for the historical information contained herein, this document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks and uncertainties, including the difficulty of the acceptance and demand for our products, the impact of competitive products and pricing, the timely development and launch of new products, and the risk factors listed from time to time in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any subsequent SEC filings.

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Investor Contact

Ted Karkus, Chairman and CEO
ProPhase Labs, Inc.
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PROPHASE LABS, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2012	2011	2012	2011
	(unaudited)			
Net sales	\$ 9,079	\$ 7,460	\$ 22,406	\$ 17,453
Cost of sales	3,391	2,664	8,154	6,171
Gross profit	<u>5,688</u>	<u>4,796</u>	<u>14,252</u>	<u>11,282</u>
Operating expenses:				
Sales and marketing	3,914	4,528	8,946	7,904
Administrative	2,100	1,607	6,127	5,028
Research and development	246	494	1,301	1,088
Settlement benefit	(1,024)	-	(1,024)	-
	<u>5,236</u>	<u>6,629</u>	<u>15,350</u>	<u>14,020</u>
Income (loss) from operations	452	(1,833)	(1,098)	(2,738)
Interest and other income	1	2	7	28
Income (loss) before income taxes	453	(1,831)	(1,091)	(2,710)
Income tax (benefit)	-	-	-	-
Net Income (loss)	<u>\$ 453</u>	<u>\$ (1,831)</u>	<u>\$ (1,091)</u>	<u>\$ (2,710)</u>
Basic income (loss) per share:				
Net income (loss)	<u>\$ 0.04</u>	<u>\$ (0.12)</u>	<u>\$ (0.07)</u>	<u>\$ (0.18)</u>
Diluted income (loss) per share:				
Net income (loss)	<u>\$ 0.03</u>	<u>\$ (0.12)</u>	<u>\$ (0.07)</u>	<u>\$ (0.18)</u>
Weighted average common shares outstanding:				
Basic	<u>14,914</u>	<u>14,609</u>	<u>14,843</u>	<u>14,817</u>
Diluted	<u>15,305</u>	<u>14,609</u>	<u>14,843</u>	<u>14,817</u>

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

	December 31, 2012	December 31, 2011
Cash and cash equivalents	\$ 572	\$ 5,541
Accounts receivable	\$ 5,409	\$ 3,219
Inventory	\$ 2,051	\$ 2,688
Total current assets	\$ 10,719	\$ 13,195
Total assets	\$ 16,661	\$ 19,079
Total current liabilities	\$ 4,910	\$ 7,853
Other long term obligations	\$ 300	\$ -
Total stockholders' equity	\$ 11,451	\$ 11,226
