
**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): November 12, 2015

PROPHASE LABS, INC.

(Exact name of Company as specified in its charter)

Delaware
(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 November 12, 2015, ProPhase Labs, Inc. (the “Company”) issued a press release announcing its financial results for the three months and nine months ended September 30, 2015. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this Item 2.02 and 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 8.01 Other Events.

As previously disclosed on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on August 5, 2015, the Company and Dutchess Opportunity Fund, II, LP, a Delaware limited partnership (“Dutchess”) entered into an Investment Agreement (the “Investment Agreement”) whereby Dutchess committed to purchase, subject to certain restrictions and conditions, up to 3,200,000 shares of the Company’s common stock, \$.0005 par value (“Common Stock”) over a period of 36 months.

During the period August 21, 2015 through September 30, 2015, the Company sold an aggregate of 750,000 shares of Common Stock to Dutchess under and pursuant to the Investment Agreement and derived net proceeds of \$1.0 million.

As previously disclosed, on May 21, 2015, the Company received a letter from The Nasdaq Stock Market (the “Notice”) notifying the Company that it was not in compliance with the minimum stockholders’ equity requirement for continued listing on the NASDAQ Global Market. NASDAQ Global Market Listing Rule 5450(b)(1)(A) requires listed companies to maintain a minimum of \$10,000,000 in stockholders’ equity. As disclosed in the Company’s Form 10-Q, filed on May 13, 2015 with the SEC, the Company’s stockholders’ equity as of March 31, 2015 did not meet this requirement. The Company reported that as of March 31, 2015 its stockholders’ equity was \$9,370,000. The Company timely submitted a plan to regain compliance to NASDAQ and NASDAQ, after reviewing the plan with the Company, granted the Company an extension to provide evidence of compliance through November 17, 2015.

As a consequence of the sale to Dutchess and the financial results for the period ended September 30, 2015 as reported in the Company’s Quarterly Report on Form 10-Q as filed with the SEC on November 13, 2015, the Company believes its stockholders’ equity meets the minimum stockholders’ equity requirement for continued listing on the NASDAQ Global Market. The Company calculates that as of September 30, 2015 its stockholders’ equity was \$10,037,000.

NASDAQ will continue to monitor the Company’s ongoing compliance with the stockholders’ equity requirement and, if at the time of the Company’s next periodic report the Company does not evidence compliance, the Company may be subject to delisting. In such event, the Company would evaluate various actions to pursue, including a request to transfer to the NASDAQ Capital Market.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>No.</u>	<u>Description</u>
99.1	Press Release dated November 12, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company 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: November 13, 2015

INDEX TO EXHIBITS

<u>Number</u>	<u>Description</u>
99.1	Press Release issued November 12, 2015



**ProPhase Labs Reports Financial Results
for the Three and Nine Months Ended September 30, 2015**

DOYLESTOWN, Pennsylvania – November 12, 2015. **ProPhase Labs, Inc. (NASDAQ: PRPH, www.ProPhaseLabs.com)** today reported its net sales were \$4.4 million for the three months ended September 30, 2015, as compared to net sales of \$5.1 for the three months ended September 30, 2014. The Company realized net income for the three months ended September 30, 2015 of \$602,000, or \$0.04 per share, compared to a net loss of \$3.2 million, or (\$0.18) per share, for the three months ended September 30, 2014.

The Company's sales are principally derived from its over-the-counter ("OTC") health care and cold remedy products. As a consequence, a significant portion of our business is highly seasonal, which causes significant variations in operating results from quarter to quarter.

Results for the third quarter of 2015 compared to the third quarter of 2014 principally reflect the net effect of (i) a decrease in net sales of \$740,000, (ii) a decrease in administration costs of \$695,000 due principally to a decrease in professional and legal costs related to certain, now resolved, litigation matters, (iii) a decrease in sales and marketing expenses of \$176,000, (iv) a decrease in research and development expenditures of \$161,000 and (v) non-recurring impairment charge to operations of \$3.6 million during the third quarter of 2014.

The Company generated net sales for the nine months ended September 30, 2015 of \$12.4 million, as compared to \$13.1 million for the nine months ended September 30, 2014. The Company incurred a net loss for the nine months ended September 30, 2015 of \$2.3 million, or (\$0.14) per share, compared to a net loss of \$7.2 million, or (\$0.42) per share, for the nine months ended September 30, 2014.

The financial results for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014 reflect the net effect of (i) a decrease in net sales of \$657,000, (ii) a decrease in administration costs of \$1.4 million due principally to a decrease in professional and legal costs related to certain, now resolved, litigation matters, (iii) a decrease in sales and marketing expenses of \$503,000 as a consequence of the fluctuation from period to period of the timing and scope of our marketing initiatives, (iv) a decrease in research and development expenditures of \$232,000, and (v) non-recurring impairment charge to operations of \$3.6 million during the third quarter of 2014.

Ted Karkus, the CEO of the Company, stated, "Our product development efforts over the past several years have been largely focused on successfully leveraging the Cold-EEZE[®] brand. To this end, three new product line extensions are now available on retail shelves for the fourth quarter of 2015: (i) Cold-EEZE[®] Multi-Symptom Relief for Cold and Flu lozenges, (ii) Cold-EEZE[®] Daytime and Nighttime Multi-Symptom Relief in liquid forms for each of adults and children, and (iii) Cold-EEZE[®] Natural Allergy Relief caplets for indoor and outdoor allergies. Our current plan is to introduce two additional Cold-EEZE[®] branded products to the trade in February of 2016."

Mr. Karkus continued, "In addition to the continued development and commercialization of new Cold-EEZE[®] branded products, we are also continuing the development of the new TK Supplements line of products in the dietary supplement category. Our new product line is initially comprised of three men's health products for: (i) sexual health, (ii) daily energy booster plus testosterone support and (iii) prostate and urinary health. I am pleased to announce that the pre-commercialization steps for all three products, including formulation, stabilization, mass production and packaging are near completion. Additionally, we anticipate that our first product in this category for sexual health will be introduced to the marketplace through Direct Response TV within the next 1-2 months."

Mr. Karkus added, "While we are certainly optimistic, no assurance can be made that our new TK Supplements product efforts will be successful. Furthermore, over time we may need to raise additional funds through debt financing or equity financing to support all of these strategic initiatives and to provide additional working capital."

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[®] Cold Remedy zinc gluconate lozenges are clinically proven to significantly reduce the duration of the common cold. Cold-EEZE[®] Cold Remedy customers include leading national chain, regional, specialty and local retail stores. ProPhase Labs has several wholly owned subsidiaries including a manufacturing unit, which consists of an FDA registered facility to manufacture Cold-EEZE[®] Cold Remedy lozenges and fulfill other contract manufacturing opportunities. 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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PROPHASE LABS, INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net sales	\$ 4,390	\$ 5,130	\$ 12,441	\$ 13,098
Cost of sales	1,671	1,620	5,052	4,816
Gross profit	<u>2,719</u>	<u>3,510</u>	<u>7,389</u>	<u>8,282</u>
Operating expenses:				
Sales and marketing	699	875	4,221	4,724
Administration	1,222	1,917	4,834	6,228
Research and development	195	356	675	907
Impairment charge	-	3,577	-	3,577
	<u>2,116</u>	<u>6,725</u>	<u>9,730</u>	<u>15,436</u>
Income (loss) from operations	603	(3,215)	(2,341)	(7,154)
Interest income, net	(1)	(1)	(3)	(4)
Income (loss) before income tax	602	(3,216)	(2,344)	(7,158)
Income tax	-	-	-	-
Net income (loss)	<u>\$ 602</u>	<u>\$ (3,216)</u>	<u>\$ (2,344)</u>	<u>\$ (7,158)</u>
Basic income (loss) per share:				
Net income (loss)	<u>\$ 0.04</u>	<u>\$ (0.18)</u>	<u>\$ (0.14)</u>	<u>\$ (0.42)</u>
Diluted income (loss) per share:				
Net income (loss)	<u>\$ 0.04</u>	<u>\$ (0.18)</u>	<u>\$ (0.14)</u>	<u>\$ (0.42)</u>
Weighted average common shares outstanding:				
Basic	<u>16,597</u>	<u>18,208</u>	<u>16,171</u>	<u>17,216</u>
Diluted	<u>16,972</u>	<u>18,208</u>	<u>16,171</u>	<u>17,216</u>

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

	September 30, 2015	December 31, 2014
Cash and cash equivalents	\$ 1,336	\$ 2,926
Accounts receivable	\$ 2,766	\$ 5,836
Inventory	\$ 4,891	\$ 3,292
Total current assets	\$ 10,835	\$ 13,458
Total assets	\$ 13,852	\$ 16,057
Total current liabilities	\$ 3,715	\$ 5,241
Other long term obligations	\$ 100	\$ 100
Total stockholders' equity	\$ 10,037	\$ 10,716
