

MEDIFAST INC
Form 10-Q
November 10, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

OR

“ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: 001-31573

Medifast, Inc.

(Exact name of registrant as specified in its charter)

Delaware

13-3714405

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3600 Crondall Lane
Owings Mills, Maryland 21117
Telephone Number: (410) 581-8042

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerate filer. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12 b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by checkmark whether the Registrant is a shell company (as defined in Rule 12 b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of the registrant's common stock outstanding at November 10, 2014 was 12,060,558.

Medifast, Inc. and subsidiaries

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MEDIFAST, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS**

	(Unaudited) September 30, 2014	(Audited) December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,631,000	\$ 36,382,000
Accounts receivable-net of allowance for sales returns and doubtful accounts of \$573,000 and \$647,000 at September 30, 2014 and December 31, 2013, respectively	2,354,000	1,246,000
Inventory	16,208,000	18,059,000
Investment securities	27,997,000	31,420,000
Income taxes, prepaid	907,000	-
Prepaid expenses and other current assets	1,937,000	2,890,000
Deferred tax assets	2,018,000	1,957,000
Total current assets	79,052,000	91,954,000
Property, plant and equipment - net	36,014,000	40,336,000
Other assets	273,000	360,000
TOTAL ASSETS	\$ 115,339,000	\$ 132,650,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 27,090,000	\$ 26,780,000
Income taxes payable	-	99,000
Current maturities of capital leases	229,000	222,000
Total current liabilities	27,319,000	27,101,000
Other liabilities:		
Capital leases, net of current portion	301,000	474,000
Deferred tax liabilities	5,167,000	6,659,000
Total liabilities	32,787,000	34,234,000
Stockholders' Equity:		
Preferred stock, \$.001 par value (1,500,000 authorized, no shares issued and outstanding)	-	-
Common stock; par value \$.001 per share; 20,000,000 shares authorized; 12,368,249 and 13,143,309 issued at September 30, 2014 and December 31, 2013, respectively; 12,058,314 and 13,115,642 issued and outstanding at September 30, 2014 and December 31, 2013, respectively	12,000	13,000

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Accumulated other comprehensive income	282,000	703,000
Retained earnings	82,258,000	97,700,000
Total stockholders' equity	82,552,000	98,416,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 115,339,000	\$ 132,650,000

The accompanying notes are an integral part of these consolidated financial statements.

MEDIFAST, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue	\$ 73,992,000	\$ 86,480,000	\$ 241,404,000	\$ 279,595,000
Cost of sales	19,076,000	21,627,000	62,194,000	69,403,000
Gross Profit	54,916,000	64,853,000	179,210,000	210,192,000
Selling, general, and administrative	48,977,000	57,504,000	157,163,000	183,624,000
Income from operations	5,939,000	7,349,000	22,047,000	26,568,000
Other income				
Interest and dividend income, net	149,000	167,000	445,000	317,000
Other income	757,000	362,000	2,044,000	581,000
	906,000	529,000	2,489,000	898,000
Income before income taxes	6,845,000	7,878,000	24,536,000	27,466,000
Provision for income taxes	1,990,000	2,205,000	7,994,000	8,787,000
Net income	\$ 4,855,000	\$ 5,673,000	\$ 16,542,000	\$ 18,679,000
Basic earnings per share	\$ 0.39	\$ 0.41	\$ 1.28	\$ 1.35
Diluted earnings per share	\$ 0.39	\$ 0.41	\$ 1.27	\$ 1.34
Weighted average shares outstanding -				
Basic	12,457,438	13,884,293	12,877,297	13,852,155
Diluted	12,569,387	13,903,412	12,975,671	13,955,217

The accompanying notes are an integral part of these consolidated financial statements.

MEDIFAST, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Unaudited)**

	Three Months Ended September		Nine Months Ended September	
	30,	2013	30,	2013
	2014		2014	
Net income	\$ 4,855,000	\$ 5,673,000	\$ 16,542,000	\$ 18,679,000
Other comprehensive income, net of tax				
Change in unrealized gains/losses on marketable securities:				
Change in fair value of marketable securities, net of tax	(146,000)	304,000	171,000	(4,000)
Adjustment for net (gains)/losses realized and included in net income, net of tax	(459,000)	(32,000)	(592,000)	(217,000)
Total change in unrealized gains/losses on marketable securities, net of tax	(605,000)	272,000	(421,000)	(221,000)
Other comprehensive income	(605,000)	272,000	(421,000)	(221,000)
Comprehensive income	\$ 4,250,000	\$ 5,945,000	\$ 16,121,000	\$ 18,458,000

The accompanying notes are an integral part of these consolidated financial statements.

MEDIFAST, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY****Nine Months Ended September 30, 2014****(Unaudited)**

	Number of Shares Issued	Par Value \$0.001 Amount	Additional Paid- In Capital	Retained Earnings	Accumulated other comprehensive income	Treasury Stock	Total
Balance, December 31, 2013	13,143,309	\$ 13,000	\$-	\$ 97,700,000	\$ 703,000	\$-	\$ 98,416,000
Shares issued to executives and directors	352,032						
Share-based compensation to executives and directors			1,858,000				1,858,000
Share-based compensation tax benefit			51,000				51,000
Treasury stock purchases						(33,894,000)	(33,894,000)
Treasury stock retirement	(1,127,092)	(1,000)	(1,909,000)	(31,984,000)		33,894,000	-
Net income				16,542,000			16,542,000
Net change in unrealized gain on investments					(421,000)		(421,000)
Balance, September 30, 2014	12,368,249	\$ 12,000	\$-	\$ 82,258,000	\$ 282,000	\$-	\$ 82,552,000

The accompanying notes are an integral part of these consolidated financial statements.

MEDIFAST, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 16,542,000	\$ 18,679,000
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	7,332,000	7,912,000
Realized gain on investment securities, net	(949,000)	(337,000)
Share-based compensation	1,858,000	1,772,000
Deferred income taxes	(1,269,000)	(47,000)
(Gain)/loss on disposal of fixed assets	(17,000)	85,000
Changes in assets and liabilities which provided (used) cash:		
Accounts receivable	(1,108,000)	216,000
Inventory	1,851,000	3,353,000
Prepaid expenses and other current assets	953,000	1,261,000
Other assets	64,000	764,000
Accounts payable and accrued expenses	310,000	2,117,000
Income taxes	(1,006,000)	(1,682,000)
Net cash provided by operating activities	24,561,000	34,093,000
Cash Flow from Investing Activities:		
Sale of investment securities	23,367,000	7,416,000
Purchase of investment securities	(19,700,000)	(21,576,000)
Sale of property and equipment	1,215,000	-
Purchase of property and equipment	(4,208,000)	(8,644,000)
Net cash used in investing activities	674,000	(22,804,000)
Cash Flow from Financing Activities:		
Repayment of long-term debt and capital leases	(166,000)	(3,587,000)
Decrease in note receivable	23,000	19,000
Excess tax benefits from share-based compensation	51,000	322,000
Purchase of treasury stock	(33,894,000)	-
Net cash used in financing activities	(33,986,000)	(3,246,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,751,000)	8,043,000
Cash and cash equivalents - beginning of the period	36,382,000	39,937,000
Cash and cash equivalents - end of period	\$ 27,631,000	\$ 47,980,000
Supplemental disclosure of cash flow information:		
Interest paid	\$ 104,000	\$ 49,000
Income taxes paid	\$ 10,211,000	\$ 10,143,000

The accompanying notes are an integral part of these consolidated financial statements.

Medifast, Inc. and subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

General

1. Basis of Presentation

The condensed unaudited interim consolidated financial statements included herein have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). However, in the opinion of management, all adjustments consisting of normal, recurring adjustments considered necessary for a fair presentation of the financial position and results of operations have been included. The condensed consolidated financial statements and notes are presented as permitted on Form 10-Q. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

The results of operations for the three months and nine months ended September 30, 2014 are not necessarily indicative of results that may be expected for the year ending December 31, 2014. The accompanying condensed unaudited interim consolidated financial statements should be read in conjunction with the 2013 audited financial statements and notes thereto, which are included in the Company’s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2013 (“2013 Form 10-K”).

2. Presentation of Financial Statements

The Company’s condensed consolidated financial statements include the accounts of Medifast, Inc. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

3. Recent Accounting Pronouncements

We have considered all new accounting pronouncements and have concluded that there are no new pronouncements that may have a material impact on our results of operations, financial condition, or cash flows, based on current

information, except for Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires the Company to recognize revenue for the transfer of goods or services to customers for the amount the Company expects to be entitled in exchange for those goods or services. The Company will be required to identify the contract, identify the relevant performance obligations, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize the revenue when the entity satisfies a performance obligation. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2016. Management is currently evaluating the effect that the provisions of ASU 2014-12 will have on the Company’s financial statements.

4. Revenue Recognition

Revenue is recognized net of discounts, rebates, promotional adjustments, price adjustments, and estimated returns and upon transfer of title and risk to the customer which primarily occurs at shipping (F.O.B. terms). Upon shipment, the Company has no further performance obligations and collection is reasonably assured as the majority of sales are paid for prior to shipping. Medifast Weight Control Centers’ program fees are recognized over the estimated service period.

5. Inventories

Inventories consist principally of packaged meal replacements held in the Company’s warehouses. Inventory is stated at the lower of cost or market, utilizing the first-in, first-out method. The cost of finished goods includes the cost of raw materials, packaging supplies, direct and indirect labor and other indirect manufacturing costs. On a quarterly basis, management reviews inventory for unsalable or obsolete inventory.

Inventories consisted of the following at September 30, 2014 and December 31, 2013:

	2014	2013
Raw Materials	\$4,795,000	\$5,381,000
Packaging	1,000,000	757,000
Non-food Finished Goods	1,073,000	855,000
Finished Goods	9,481,000	11,356,000
Reserve for Obsolete Inventory	(141,000)	(290,000)
	\$ 16,208,000	\$ 18,059,000

6. Earnings per Share

Basic earnings per share (“EPS”) computations are calculated utilizing the weighted average number of shares of common stock outstanding during the periods presented. Diluted EPS is calculated utilizing the weighted average number of shares of common stock outstanding adjusted for the effect of dilutive common stock equivalents.

The following table sets forth the computation of basic and diluted EPS for the three and nine months ended September 30:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Numerator:				
Net income	\$ 4,855,000	\$ 5,673,000	\$ 16,542,000	\$ 18,679,000
Denominator:				
Weighted average shares of common stock outstanding	12,457,438	13,884,293	12,877,297	13,852,155
Effect of dilutive common stock equivalents	111,949	19,119	98,374	103,062
Weighted average shares of common stock outstanding	12,569,387	13,903,412	12,975,671	13,955,217
EPS:				
Basic	\$ 0.39	\$ 0.41	\$ 1.28	\$ 1.35
Diluted	\$ 0.39	\$ 0.41	\$ 1.27	\$ 1.34

The calculation of diluted earnings per share excluded 67,764 options outstanding for the three and nine months ended September 30, 2014 that could potentially dilute base earnings per share in the future. No options were excluded from the calculation for the three and nine months ended September 30, 2013.

7. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Certain financial assets and liabilities are accounted for at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes the inputs used to measure fair value:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value from the perspective of a market participant.

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The following table represents cash and the available-for-sale securities adjusted cost, gross unrealized gains, gross unrealized losses and fair value by significant investment category recorded as cash and cash equivalents or investment securities as of September 30, 2014 and December 31, 2013:

September 30, 2014							
	Cost	Unrealized Gains	Unrealized Losses	Accrued Interest	Estimated Fair Value	Cash & Cash Equivalents	Investment Securities
Cash	\$27,177,000	\$-	\$-	\$-	\$27,177,000	\$27,177,000	\$-
Level 1:							
Money Market Accounts	454,000	-	-	-	454,000	454,000	-
Mutual Funds	11,688,000	68,000	(124,000)	-	11,632,000	-	11,632,000
Corporate Equity Securities	2,736,000	472,000	(57,000)	-	3,151,000	-	3,151,000
Government & Agency Securities	4,558,000	32,000	(13,000)	13,000	4,590,000	-	4,590,000
	19,436,000	572,000	(194,000)	13,000	19,827,000	454,000	19,373,000
Level 2:							
Municipal Bonds	3,657,000	94,000	(7,000)	24,000	3,768,000	-	3,768,000
Corporate Bonds	4,818,000	24,000	(16,000)	30,000	4,856,000	-	4,856,000
	8,475,000	118,000	(23,000)	54,000	8,624,000	-	8,624,000
Total	\$55,088,000	\$690,000	\$(217,000)	\$67,000	\$55,628,000	\$27,631,000	\$27,997,000
December 31, 2013							
	Cost	Unrealized Gains	Unrealized Losses	Accrued Interest	Estimated Fair Value	Cash & Cash Equivalents	Investment Securities
Cash	\$30,958,000	\$-	\$-	\$-	\$30,958,000	\$30,958,000	\$-
Level 1:							
Money Market Accounts	5,424,000	-	-	-	5,424,000	5,424,000	-
Mutual Funds	7,887,000	127,000	(164,000)	-	7,850,000	-	7,850,000
Corporate Equity Securities	4,614,000	1,076,000	(9,000)	-	5,681,000	-	5,681,000
Government & Agency Securities	6,112,000	62,000	(43,000)	26,000	6,157,000	-	6,157,000
	24,037,000	1,265,000	(216,000)	26,000	25,112,000	5,424,000	19,688,000

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Level 2:

Municipal Bonds	3,524,000	103,000	-	25,000	3,652,000	-	3,652,000
Corporate Bonds	7,995,000	74,000	(47,000)	58,000	8,080,000	-	8,080,000
	11,519,000	177,000	(47,000)	83,000	11,732,000	-	11,732,000
Total	\$66,514,000	\$1,442,000	\$(263,000)	\$109,000	\$67,802,000	\$36,382,000	\$31,420,000

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9. Shared-based Compensation

Stock Options:

The Company has issued non-qualified and incentive stock options to employees and nonemployee directors. The fair value of these options are estimated on the date of grant using the Black-Scholes option pricing model, which requires estimates of the expected term of the option, the expected volatility of the price of the Company's common stock, dividend yield and the risk-free interest rate. Options outstanding as of September 30, 2014 vest over a period of three years with an expiration term of ten years. The exercise price of these options ranges from \$24.26 to \$28.81. The expected volatility is based on the historical volatility of the Company's common stock over the period of time equivalent to the expected term for each award. Due to the Company's lack of option exercise history, the expected term is calculated using the simplified method defined as the midpoint between the vesting period and the contractual term of each award. The risk free interest rate is based on the U.S. Treasury yield curve in effect on the date of grant which most closely corresponds to the expected term of the option. The Company historically has not issued dividends and therefore does not utilize a dividend yield in the calculation. The weighted average input assumptions used and resulting fair values were as follows:

	2014	2013
Expected life (in years)	6	-
Risk-free interest rate	1.61 %	-
Expected volatility	63.15 %	-
Dividend yield	-	-

The following table summarizes the stock option activity:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Yrs)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	-	\$ -		
Granted	70,542	26.11		
Exercised	-	-		
Forfeited	(2,778)	27.16		
Outstanding at September 30, 2014	67,764	\$ 26.07	9.10	458,340
Exerciseable at September 30, 2014	5,051	\$ 24.61	7.76	41,517

The weighted-average grant date fair value of options granted was \$15.19. The unrecognized compensation expense calculated under the fair value method for shares expected to vest as of September 30, 2014 was approximately \$0.7 million and is expected to be recognized over a weighted average period of 2.2 years.

Restricted Stock:

The Company has issued restricted stock to employees and nonemployee directors generally with terms up to five years. The fair value is equal to the market price of the Company's common stock on the date of grant. Expense for restricted stock is amortized ratably over the vesting period. The following table summarizes the restricted stock activity:

	Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2013	393,532	\$ 24.23
Granted	15,918	28.43
Vested	(85,524)	23.04
Forfeited	(7,333)	28.81
Unvested at September 30, 2014	316,593	\$ 24.93

The total costs of the options and restricted awards vested and charged against income during the three months ended September 30, 2014 and 2013 was \$782,000 and \$620,000, respectively and \$2.4 million and \$2.0 million for the nine months ended September 30, 2014 and 2013, respectively. The Company accrued an additional \$82,000 and \$471,000 for performance awards for the three months ended September 30, 2014 and 2013, respectively and \$454,000 and \$1.3 million for the nine months ended September 30, 2014 and 2013, respectively. The cost of these awards will depend on the Company's fiscal 2014 performance and will be finalized and approved at the first Board of Directors meeting in 2015. The current cost recognized is based on the performance that management expects the Company will achieve as of September 30, 2014. The total income tax benefit recognized in the consolidated statements of income for these restricted stock awards was approximately \$276,000 and \$211,000 for the three months ended September 30, 2014 and 2013, respectively and \$849,000 and \$602,000 for the nine months ended September 30, 2014 and 2013, respectively. The total tax benefit recognized in additional paid-in capital upon vesting of restricted stock awards for the three months ended September 30, 2014 and 2013 was \$12,000 and \$224,000, respectively and \$51,000 and \$322,000 for the nine months ended September 30, 2014 and 2013, respectively. There was approximately \$5.5 million of total unrecognized compensation cost related to restricted stock awards as of September 30, 2014. The cost is expected to be recognized over a weighted-average period of approximately 3.1 years.

10.

Business Segments

Operating segments are components of an enterprise about which separate financial information is available that is regularly reviewed by the chief operating decision maker about how to allocate resources and in assessing performance. The Company has two reportable operating segments: Medifast, and MWCC and Wholesale. The Medifast reporting segment consists of the following distribution channels: Medifast Direct and Take Shape For Life. The MWCC and Wholesale segment includes what is referred to in MD&A as “Medifast Weight Control Centers and Medifast Wholesale Physicians”.

Total assets and operating expense not identified with a specific segment are listed as “Other” and include items such as auditors’ fees, attorney’s fees, stock compensation expense and corporate governance expense related to compliance with NYSE, Sarbanes-Oxley and SEC regulations. Evaluation of the performance of operating segments is based on their respective income from operations before taxes. The accounting policies of the segments are the same as those of the Company. The presentation and allocation of assets, liabilities and results of operations may not reflect the actual economic costs of the segments as stand-alone businesses. If a different basis of allocation were utilized, the relative contributions of the segments might differ, but management believes that the relative trends in segments would likely not be impacted.

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The following tables present segment information for the three and nine months ended September 30, 2014 and 2013:

	Three Months Ended September 30, 2014			
	Medifast	MWCC & Wholesale	Other	Consolidated
Revenues	\$63,344,000	\$10,648,000	\$-	\$73,992,000
Cost of Sales	15,865,000	3,211,000	-	19,076,000
Selling, General and Administrative Expense	37,528,000	6,258,000	2,935,000	46,721,000
Depreciation and Amortization	1,853,000	347,000	56,000	2,256,000
Interest(net) and other	12,000	12,000	(930,000)	(906,000)
Income before income taxes	\$8,086,000	\$820,000	\$(2,061,000)	\$6,845,000
Segment Assets	\$68,724,000	\$9,887,000	\$36,728,000	\$115,339,000

	Three Months Ended September 30, 2013			
	Medifast	MWCC & Wholesale	Other	Consolidated
Revenues	\$73,324,000	\$13,156,000	\$-	\$86,480,000
Cost of Sales	18,120,000	3,507,000	-	21,627,000
Selling, General and Administrative Expense	44,970,000	8,434,000	1,408,000	54,812,000
Depreciation and Amortization	1,939,000	684,000	69,000	2,692,000
Interest(net) and other	(306,000)	3,000	(226,000)	(529,000)
Income before income taxes	\$8,601,000	\$528,000	\$(1,251,000)	\$7,878,000
Segment Assets	\$91,370,000	\$12,450,000	\$44,576,000	\$148,396,000

	Nine Months Ended September 30, 2014			
	Medifast	MWCC & Wholesale	Other	Consolidated
Revenues	\$206,706,000	\$34,698,000	\$-	\$241,404,000
Cost of Sales	51,797,000	10,397,000	-	62,194,000
Selling, General and Administrative Expense	120,552,000	23,116,000	6,163,000	149,831,000
Depreciation and Amortization	5,808,000	1,357,000	167,000	7,332,000