

FORWARD INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

		For the Fiscal Years Ended September 30,	
		2013	2011
Net sales	revenue increase	\$ 30,910,506	\$ 22,763,280
Cost of goods sold		24,533,154	17,682,301
Gross profit		6,377,352	5,080,979
Operating expenses			
Sales and marketing		2,187,315	2,590,515
General and administrative		3,484,222	4,630,421
Total operating expenses	overhead decrease	5,671,537	7,220,936
Income (loss) from operations	improved results	705,815	(2,139,957)
Other expense (income):			
Interest income		(4,626)	(109,737)
Loss on marketable securities, net		722,347	-
Loss (gain) on change in fair market value of warrant liabilities		(49,618)	-
Other expense, net		31,770	51,301
Total other expense (income), net		699,873	(58,436)
Income (loss) from continuing operations before income tax expense		5,942	(2,081,521)
Income tax expense		507	(56,050)
Income (loss) from continuing operations	improved results	5,435	(2,025,471)
Loss from discontinued operations, net of tax benefit of \$(6,002) and \$0, respectively		(212,321)	(875,068)
Net loss		(206,886)	(2,900,539)
Preferred stock dividends, accretion and beneficial conversion feature		(546,888)	-
Net loss applicable to common equity		\$ (753,774)	\$ (2,900,539)
Net loss		\$ (206,886)	\$ (2,900,539)
Other comprehensive income (loss):			
Change in unrealized gains on marketable securities, net of tax		23,744	-
Translation adjustments		(8,254)	-
Total other comprehensive income		15,490	-
Comprehensive loss		\$ (191,396)	\$ (2,900,539)
Net loss per basic and diluted common shares:			
Loss from continuing operations		\$ (0.07)	\$ (0.25)
Loss from discontinued operations		(0.02)	(0.11)
Net loss per share		\$ (0.09)	\$ (0.36)
Weighted average number of common and common equivalent shares outstanding			
Basic and diluted		8,111,226	8,080,344

		Forward China	In-House
Sourcing Fees	new sourcing strategy neutralized pricing pressure impact on margins	1,292,000	1,820,629
- as a percentage of revenues		4.2%	8.0%