Progressive Care Inc.
Form 10-K/A
January 28, 2013

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

Form 10-K/A
(Amendment No. 2)

(Mark One)

x	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	Or
o	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-52684

Progressive Care Inc.
(Exact name of registrant as specified in its charter)

Delaware	32-0186005
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1111 Park Center Blvd., Suite 202, Miami Gardens, FL 33169
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: 1-786-657-2060

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.0001 per share	(OTC Bulletin Board)

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ý

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the issuer: (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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 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 o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of issuer's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Approximate aggregate market value of the registrant’s common stock held by non-affiliates as of March 31, 2011, based upon the last sale price reported for such date on the OTC Bulletin Board was $13,425,000

Number of shares of common stock outstanding as of March 31, 2011 was 33,562,000.

Documents incorporated by reference: Please refer to section 15(a) (3) of this filing.

EXPLANATORY NOTE

The purpose of this Amendment No. 2 (the "Amendment") to Progressive Care Inc.'s (the "Company") annual report on Form 10-K for the year ended December 31, 2010, originally filed with the U.S. Securities and Exchange Commission (the "SEC") on April 15, 2011 and as subsequently amended in a filing with the SEC on May 23, 2011 ("Amendment No. 1") is to restate the Company's financial statements, accompanying notes and related disclosures thereto, revising its accounting for the reverse merger on October 21, 2010 between the Company (the legal acquirer) and Pharmco, LLC (the accounting acquirer), which is being treated as a reverse recapitalization. See Note 1 to the financial statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the audited financial statements and notes thereto for the years ended December 31, 2010 and 2009 found in this report. In addition to historical information, the following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Where possible, we have tried to identify these forward looking statements by using words such as "anticipate," "believe," "intends,""may" or similar expressions. Our actual results could differ materially from those anticipated by the forward-looking statements due to important factors and risks including, but not limited to, those set forth under "Risk Factors" in Part I, Item 1A of this Report.

Introduction

The Company is a South Florida pharmacy, which specializes in providing anti-retroviral patient care management, durable medical equipment (DME) and pharmaceutical needs to long term care facilities and doctor's offices. The pharmacy industry is highly competitive; we compete with national and independent retail drug stores, specialty pharmacies, supermarkets, convenience stores, mail order prescription providers, discount merchandisers, membership clubs, health clinics, internet pharmacies, and home medical equipment providers.

The drugstore industry is highly competitive. In addition to other drugstore chains, independent drugstores and mail order prescription providers, we compete with various other retailers including grocery stores, convenience stores, mass merchants and dollar stores.

The Company's sales, gross profit margin and gross profit dollars are impacted by, among other things, both the percentage of prescriptions that we fill that are generic and the rate at which new generic versions are introduced to the market. In general, generic versions of drugs generate lower total sales dollars per prescription, but higher gross profit margins and gross profit dollars, as compared with patent-protected brand name drugs. The positive impact on gross profit margins and gross profit dollars has been significant in the first several months after a generic version of a drug is first allowed to compete with the branded version, which is generally referred to as a "generic conversion." In any given year, the number of blockbuster drugs that undergo a conversion from branded to generic status can increase or decrease, which can have a significant impact on our sales, gross profit margins and gross profit dollars. Moreover any number of factors outside of the Company's control or ability to foresee can affect timing for a generic conversion; we face substantial uncertainty in predicting when such conversions will occur and what effect they will have on particular future periods.

The long-term outlook for prescription utilization is strong due in part to the aging population, the increasing utilization of generic drugs, the continued development of innovative drugs that improve quality of life and control health care costs, and the expansion of health care insurance coverage under the Patient Protection and Affordable Care Act signed into law on March 23, 2010 (the ACA). The ACA seeks to reduce federal spending by altering the Medicaid reimbursement formula (AMP) for multi-source drugs, and when implemented, is expected to reduce Medicaid reimbursements. State Medicaid programs are also expected to continue to seek reductions in reimbursements independent of AMP. In addition, the Company continuously faces reimbursement pressure from pharmacy benefit management (PBM) companies, health maintenance organizations, managed care organizations, and other commercial third party payers, and the Company's agreements with these payers are regularly subject to expiration, termination or renegotiation.

We continue to increase our penetration in existing markets. To support our growth, we are looking at expanding to several new prime locations. We are focused on retail organic growth; however, consideration is given to retail and other acquisitions that provide unique opportunities and fit our business objectives.

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RESULTS OF OPERATIONS (As Restated)

For the year ended December 31, 2010 compared to the year ended December 31, 2009

The following table summarizes our results of operations for the years ended December 31, 2010 and 2009; all amounts have been rounded to the nearest thousandth.

	Year Ended December 31, 2010		December 31, 2009			
	Dollars	% of Revenue	Dollars	% of Revenue	$ change	% change
Total revenues - net	$ 5,885,000	100 %	$ 2,116,000	100 %	$ 3,769,000	178 %
Total cost of sales	2,923,000	50 %	1,187,000	56 %	$ 1,736,000	146 %
Total gross margin	2,962,000	50 %	929,000	44 %	$ 2,033,000	219 %
Operating expenses	1,287,000	22 %	696,000	33 %	$ 591,000	85 %
Other income (expense)	38,000	1 %	(5,000)	0 %	$ 43,000	
Operating income	1,713,000	29 %	228,000	11 %	$ 1,485,000	651 %
Income tax benefit	155,000	3 %	-	0 %	$ 155,000	
Net income	1,868,000	32 %	228,000	11 %	$ 1,640,000	719 %

Revenue

The following table summarizes our revenues for the years ended December 31, 2010 and 2009; all amounts have been rounded to the nearest thousandth.

	Year Ended December 31, 2010		December 31, 2009			
	Dollars	% of Revenue	Dollars	% of Revenue	$ change	% change
Pharmacy	$ 5,769,000	98 %	$ 2,116,000	100 %	$ 3,653,000	173 %
DME	$ 116,000	2 %	$ 0	0 %	116,000	
Total Sales	$ 5,885,000		$ 2,116,000		$ 3,769,000	178 %

Revenues grew in 2010 due to our increased presence in the community, enhanced marketing efforts, and increased visibility with medical professionals. A key driver of growth was the enactment of new Florida legislation increasing regulations on Pain Clinics, causing many to send their prescriptions to local pharmacies.

Gross Margin

Our gross margin as a percent of sales increased 6% primarily attributable to the enactment of new Florida legislation increasing regulations on Pain Clinics, causing many to send their prescriptions to local pharmacies; these medications carried a much larger margin than other medication.

During 2010, our gross margin increased year-over-year in both absolute dollars and in gross margin percentage. In the fourth quarter of 2010, we began to see decreasing drug costs particularity for generic drugs. In addition, we were able to obtain many brand name drugs at substantially lower average costs. We believe that drugs costs will continue to decline through the fourth quarter of 2011 given the current market environment; specifically the conversion of certain named drugs from brand to generic (“generic conversion”.)

Operating Expenses

Selling, General, and Administrative - Selling, general and administrative (“SG&A”) expenses increased year-over-year, largely attributable to increases in compensation-related expenses of approximately $430,000.

Net Income

Our overall net income increase was primarily attributable to our increased sales and increased gross margin as described herein.

LIQUIDITY AND CAPITAL COMMITMENTS (As Restated)

Current Market Conditions

We regularly monitor economic conditions and associated impacts on the financial markets and our business. Though there has been improvement in the global economic environment we continue to be cautious. We continue to evaluate the financial health of our supplier base, carefully manage customer credit, and monitor the concentration risk of our cash.

We believe that no significant concentration of credit risk currently exists. For further discussions of risks associated with market conditions, See "Part I — Item 1A — Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010.

Liquidity and Capital Resources

	Year Ended December 31, 2010	December 31, 2009	Change
Net change in cash from:			
Operating activities	$ 1,385,000	$ 21,000	$ 1,364,000
Investing activities	(251,000)	-	$ (251,000)
Financing activities	(950,000)	(1,000)	$ (949,000)
Change in cash	$ 184,000	$ 20,000	
Cash at end of Period	$ 204,000	$ 20,000	

We ended the year with cash of approximately $204,000 and working capital of approximately $83,000, compared to cash of approximately $20,000 and working capital of approximately $22,000 at December 31, 2009. Cash generated from operations was our primary source of operating liquidity and we believe that internally generated cash flows are sufficient to support business operations. We utilize external capital sources, such as notes and other term debt, to supplement our internally generated sources of liquidity, as necessary. We intend to maintain the appropriate debt levels based upon cash flow expectations, the overall cost of capital, cash requirements for operations, and discretionary spending, including for acquisitions. Due to the overall strength of our business, we believe that we will have adequate access to capital markets; however, any future disruptions, uncertainty or volatility in those markets may result in higher funding costs for us and adversely affect our ability to obtain funds.

Our increase in net cash provided by operating activities for the year ended December 31, 2010 as compared to the year ended December 31, 2009, was primarily a result of increases in depreciation of approximately $26,000, inventory of approximately $163,000 and accrued interest – related parties of approximately $19,000, offset by decreases in accounts receivable of approximately $96,000, deferred tax assets of approximately $162,000, accounts payable and accrued liabilities of approximately $109,000 and a gain on debt settlement of approximately $123,000.

Our increase in net cash used in investing activities for the year ended December 31, 2010 as compared to the year ended December 31, 2009, was primarily a result of approximately $151,000 paid in the Reverse Merger and approximately $99,000 in the purchase of property and equipment.

Our increase in net cash used in financing activities for the year ended December 31, 2010 as compared to the year ended December 31, 2009, was primarily due to member distributions prior to the Reverse Merger of approximately $1.4 million and the payment of debt of approximately $113,000, offset by the proceed of notes payable of approximately $508,000.

Critical Accounting Policies

The information required by this section is incorporated herein by reference to the information set forth under the caption “Summary of Significant Accounting Policies” in Note 2 of the Notes to Consolidated Financial Statements included in “Part I — Item 1 — Financial Statements” and is incorporated herein by reference.

Off-Balance Sheet Arrangements

We do not have any unconsolidated special purpose entities and, we do not have exposure to any off-balance sheet arrangements. The term “off-balance sheet arrangement” generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have: (i) any obligation arising under a guarantee contract, derivative instrument or variable interest; or (ii) a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report and other documents that we file with the Securities and Exchange Commission contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs and our management’s assumptions. Statements that are not historical facts are forward-looking statements, including forward-looking information concerning pharmacy sales trends, prescription margins, number and location of new store openings, outcomes of litigation, the level of capital expenditures, industry trends, demographic trends, growth strategies, financial results, cost reduction initiatives, acquisition synergies, regulatory approvals, and competitive strengths. Words such as “expect,” “outlook,” “forecast,” “would,” “could,” “should,” “project,” “intend,” “plan,” “continue,” “sustain”, “on track”, “believe,” “seek,” “estimate,” “anticipate,” “may,” “assume,” and such words and similar expressions are often used to identify such forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, including, but not limited to, those described in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K and in other reports that we file or furnish with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, we undertake no obligation to update publicly any forward-looking statements after the date they are made, whether as a result of new information, future events, changes in assumptions or otherwise.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

PROGRESSIVE CARE INC. AND SUBSIDIARY

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of:
Progressive Care, Inc.

We have audited the accompanying consolidated balance sheets of Progressive Care, Inc. and Subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Progressive Care, Inc. and Subsidiaries as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Berman & Company, P.A.

Boca Raton, Florida
January 24, 2013

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Member Florida Institute of Certified Public Accountants

Progressive Care Inc. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2010 (As Restated)	December 31, 2009 (As Restated)
Assets		
Current Assets		
Cash	$204,336	$20,019
Accounts receivable - net	406,587	172,572
Inventory	272,468	275,980
Deferred tax asset	2,545	-
Total Current Assets	885,936	468,571
Property and equipment - net	77,133	39,423
Deferred tax asset	158,988	-
Total Assets	$1,122,057	$507,994
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$137,163	$139,507
Income taxes payable	7,017	-
Notes payable	567,067	222,886
Notes payable - related parties	73,329	84,329
Accrued interest payable - related parties	18,866	-
Total Current Liabilities	803,442	446,722
Stockholders' Equity		
Common stock, par value $0.0001; 100,000,000 shares authorized, 33,562,000 and 30,000,000 issued and outstanding	3,356	3,000
Additional paid in capital	(1,320,279)	289,500
Retained earnings (deficit)	1,635,538	(231,228)
Total Stockholders' Equity	318,615	61,272
Total Liabilities and Stockholders' Equity	$1,122,057	$507,994

See accompanying notes to financial statements

Progressive Care Inc. and Subsidiaries
Consolidated Statements of Operations

	Years ended December 31, 2010 (As Restated)	2009 (As Restated)
Sales - net	$5,884,855	$2,115,831
Cost of sales	2,923,265	1,186,967
Gross profit	2,961,590	928,864
Selling, general and administrative expenses	1,286,977	696,171
Income from operations	1,674,613	232,693
Other income (expense)		
Interest expense	(85,249)	(4,852)
Gain on debt settlement	122,886	-
Total other income (expense)	37,637	(4,852)
Income before provision for income taxes	1,712,250	227,841
Provision for income tax benefit (expense)		
Current income tax expense	(7,017)	-
Deferred income tax benefit	161,533	-
Total income tax benefit	154,516	-
Net income	$1,866,766	$227,841
Basic and diluted earnings per share	0.06	0.01
Weighted average number of common shares outstanding during the year - basic and diluted	30,692,882	30,000,000

See accompanying notes to financial statements

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Progressive Care Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity (Deficit)
Years ended December 31, 2010 and 2009
(As Restated)

	Common Stock $0.0001 Par Value		Additional Paid-in	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Capital	(Deficit)	(Deficit)
Balance December 31, 2008	30,000,000	$3,000	$280,400	$(459,069)	$ (175,669)
Contributions	-	-	9,500	-	9,500
Distributions	-	-	(400)	-	(400)
Net income for the year ended December 31, 2009	-	-	-	227,841	227,841
Balance, December 31, 2009	30,000,000	3,000	289,500	(231,228)	61,272
Contributions	-	-	200	-	200
Distributions	-	-	(1,343,850)	-	(1,343,850)
Recapitalization	5,280,000	528	(266,301)	-	(265,773)
Retirement of shares	(1,718,000)	(172)	172	-	-
Net income for the year ended December 31, 2010	-	-	-	1,866,766	1,866,766
Balance, December 31, 2010	33,562,000	$3,356	$(1,320,279)	$1,635,538	$ 318,615

See accompanying notes to financial statements

Progressive Care Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	Years Ended December 31, 2010 (As Restated)	2009 (As Restated)
Cash Flows From Operating Activities:		
Net income	$1,866,766	$227,841
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Depreciation	61,789	36,061
Gain on debt settlement	(122,886)	-
Changes in operating assets and liabilities:		
Accounts receivable	(234,015)	(138,240)
Inventory	3,512	(159,864)
Deferred tax asset	(161,533)	-
Accounts payable and accrued liabilities	(54,003)	55,352
Income tax payable	7,017	-
Accrued interest payable related parties	18,866	-
Net Cash Provided by Operating Activities	1,385,513	21,150
Cash Flows From Investing Activities:		
Cash paid in acquisition of shares of Progressive prior to recapitalization	(151,453)	-
Net cash received in recapitalization	106	-
Purchase of property and equipment	(99,499)	-
Net Cash Used in Investing Activities	(250,846)	-
Cash Flows From Financing Activities:		
Cash overdraft	-	(8,560)
Proceeds from notes payable	507,800	-
Repayment of note payable	(103,500)	-
Repayment of note payable - related parties	(11,000)	(1,671)
Member contributions prior to recapitalization	200	9,500
Members' distributions prior to recapitalization	(1,343,850)	(400)
Net Cash Used in Financing Activities	(950,350)	(1,131)
Net increase in cash	184,317	20,019
Cash at beginning of year	20,019	-
Cash at end of year	$204,336	$20,019
Supplemental disclosures of cash flow information:		
Cash paid for interest	$51,077	$-
Cash paid for taxes	$-	$-

See accompanying notes to financial statements

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Progressive Care Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(As Restated)

Note 1 Nature of Operations, Recapitalization and Restatement

Organization

Progressive Training, Inc. ("Progressive Training") was incorporated on October 31, 2006 in the State of Delaware. Pharmco, LLC a Florida limited liability company ("PharmCo") was incorporated on November 29, 2005.

On October 21, 2010, Progressive Training entered into an Agreement and Plan of Merger with PharmCo, and Pharmco Acquisition Corp. ("Acquisition Sub"), pursuant to which Acquisition Sub was merged with and into PharmCo, and PharmCo, as the surviving corporation, became the Company's wholly-owned subsidiary (the "Reverse Merger"). As part of the Reverse Merger, Progressive Training was renamed Progressive Care Inc. (the "Company").

Description of the Business

The Company is a retail pharmacy specializing in the sale of medications and related patient care management, the sale and rental of durable medical equipment ("DME") and the supply of prescription medications and DME to nursing homes and assisted living facilities.

Restatement

The Company is restating the following financial statements: (i) its audited financial statement for the year ended December 31, 2010 filed in its annual report on Form 10-K with the SEC on April 15, 2011 as amended on May 23, 2011; (ii) its audited financial statement for the year ended December 31, 2011, filed in its annual report on Form 10-K with the SEC on April 16, 2012; (iii) its unaudited financial statement for the quarter ended March 31, 2011, filed in a quarterly report on Form 10-Q with the SEC on May 23, 2011; (iv) its unaudited financial statement for the quarter ended June 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on August 22, 2011; (v) its unaudited financial statement for the quarter ended September 30, 2011, filed in a quarterly report on Form 10-Q with the SEC on November 14, 2011, (vi) its unaudited financial statement for the quarter ended March 31, 2012, filed in a quarterly report on Form 10-Q with the SEC on May 21, 2012; (vii) its unaudited financial statement for the quarter ended June 30, 2012, filed in a quarterly report on Form 10-Q with the SEC on August 20, 2012; and, (viii) its unaudited financial statement for the quarter ended September 30, 2012, filed in a quarterly report on Form 10-Q with the SEC on November 21, 2012.

The Company originally recorded the Reverse Merger between Progressive Training and PharmCo as an acquisition, whereby Progressive Training acquired PharmCo. The financial statements are being restated to properly account for the Reverse Merger as a reverse recapitalization, whereby for accounting purposes, PharmCo acquired Progressive Training and therefore the financial statements set forth above are required to be restated.

Recapitalization

Immediately following the Reverse Merger, the shareholders of PharmCo owned a majority of the outstanding shares of the Company, obtaining voting control. In addition, as part of the transaction, the previous owners of Progressive Training retained the training video business; therefore, the transaction was accounted for as a reverse recapitalization. The assets and liabilities and the historical operations that are reflected in the financial statements are those of

PharmCo. The historical consolidated financial statements reflect the impact of the change in capital structure that resulted from the recapitalization from the earliest period presented.

Basis of Presentation and Reclassification

The consolidated statement of operations included in the financial statements presented in the Company's originally filed 10-K were presented for the seven months ended December 31, 2010 and the year ended May 31, 2010, because Progressive Training's original year-end was May 31, and subsequent to the Reverse Merger the Company changed its year end to December 31. For the year ended May 31, 2010, the financial statements included the historical operations of Progressive Training and for the seven months ended December 31, 2010 (the transitional period), the financial statements included the historical operations of Progressive Training and the current operations of PharmCo for the period of October 21, 2010 through December 31, 2010.

In connection with the restatements, however, the financial statements herein are presented for the years ended December 31, 2010 and 2009, and include the historical operations of PharmCo for the years then ended, and the current operations of Progressive Care Inc. for only the period of October 21, 2010 through December 31, 2010.

Progressive Care Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2010 and 2009
(As Restated)

Certain December 31, 2009 amounts from the financial statements of PharmCo (as filed for the Reverse Merger in the Company's 8-K/A on January 6, 2011) have been reclassified to conform to the new fiscal year's presentation.

The following tables present the impact of the restatements on the Company's years ended December 31, 2010 and 2009 consolidated balance sheets, statements of operations and statements of cash flows:

Progressive Care Inc. and Subsidiaries
Consolidated Balance Sheets
(As Restated)

	December 31, 2010				December 31, 2009			
	As Originally Reported	Adjustments		As Restated	As Originally Reported	Adjustments		As Restated
Assets								
Current Assets								
Cash	$ 204,336	$ -		$ 204,336	$ -	$ 20,019	G	$ 20,019
Accounts receivable - net	406,587	-		406,587	-	172,572	G	172,572
Inventory	272,468	-		272,468	-	275,980	G	275,980
Deferred tax asset	-	2,545	A	2,545	-	-		-
Current assets of discontinued operations	-	-		-	13,577	(13,577)	G	-
Total Current Assets	883,391	2,545		885,936	13,577	454,994		468,571
Property and equipment - net	77,133	-		77,133	-	39,423	G	39,423
Deferred tax asset	-	158,988	A	158,988	-	-		-
Intangibles - net	1,817,868	(1,817,868)	B	-	-	-		-
Goodwill	1,348,402	(1,348,402)	C	-	-	-		-
Total Assets	$ 4,126,794	$ (3,004,737)		$ 1,122,057	$ 13,577	$ 494,417		$ 507,994
Liabilities and Stockholders'								

Equity

Current Liabilities								
Accounts payable and accrued liabilities	$ 131,357	$ 5,806	D	$ 137,163	$ -	$ 139,507	G	$ 139,507
Income taxes payable	-	7,017	A	7,017	-	-		-
Notes payable	567,067	-		567,067	-	222,886	G	222,886
Notes payable - related parties	73,329	-		73,329	-	84,329	G	84,329
Accrued interest payable - related parties	24,672	(5,806)	D	18,866	-	-		-
Current liabilities of discontinued operations	-	-		-	160,911	(160,911)	G	-
Total Current Liabilities	796,425	7,017		803,442	160,911	285,811		446,722
Stockholders' Equity								
Common stock, par value $0.0001; 100,000,000 shares authorized, 33,562,000 and 30,000,000 issued and outstanding	3,528	(172)	E	3,356	528	2,472	H	3,000
Additional paid in capital	5,226,123	(6,546,402)	F	(1,320,279)	1,598,323	(1,308,823)	I	289,500
Retained earnings (deficit)	(1,899,282)	3,534,820	F	1,635,538	(1,746,185)	1,514,957	I	(231,228)
Total Stockholders' Equity (Deficit)	3,330,369	(3,011,754)		318,615	(147,334)	208,606		61,272
Total Liabilities and Stockholders' Equity	$ 4,126,794	$ (3,004,737)		$ 1,122,057	$ 13,577	$ 494,417		$ 507,994

2010 Adjustments

A - Recalculation of taxes including new net operating loss as a result of Reverse Merger; see Note 8

B - Removal of intangible assets in connection with Reverse Merger; see Note 1

C - Removal of goodwill in connection with Reverse Merger; see Note 1

D - Reclassification of related party accrued interest to non-related party

E- Cancellation and retirement of 1,718,000 shares of Progressive owned by Pharmco prior to the Reverse Merger; see Note 7
F - Change in additional paid in capital and retained earnings a result of change in acquirer/acquiree in connection with Reverse Merger; see Note 1

2009 Adjustments
G - Change in assets and liabilities as a result of change in acquirer/acquiree in connection with Reverse Merger; see Note 1
H- Issuance of stock to members of PharmCo in connection with Reverse Merger; this is a retroactive restatement of these shares to the earliest period presented, see Note 7
I - Change in additional paid in capital and retained earnings a result of change in acquirer/acquiree in connection with Reverse Merger; see Note 1

Progressive Care Inc. and Subsidiaries
Consolidated Statements of Operations
(As Restated)

	December 31, 2010				December 31, 2009		
	As Originally Reported	Adjustments		As Restated	As Originally Reported	Adjustments		As Restated
Sales - net	$ 1,295,571	$ 4,589,284	A	$ 5,884,855	$ -	$ 2,115,831	B	$ 2,115,831
Cost of sales	958,743	1,964,522	A	2,923,265	-	1,186,967	B	1,186,967
Gross profit	336,828	2,624,762		2,961,590	-	928,864		928,864
Selling, general and administrative expenses	522,562	764,415	A	1,286,977	-			