SECURITIES AND EXCHANGE COMMISSION Washington,
DC 20549
FORM 10-K
Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the Fiscal year ended December 31, 2002

Commission File No. 01-21617

THE QUIGLEY CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	23-2577138
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

(MAILING ADDRESS: PO Box 1349, Doylestown, PA 18901)

Kells Building, 621 Shady Retreat Road, Doylestown,	PA 18901
(Address of principle executive offices)	(Zip Code)

(215) 345-0919

(Registrant's telephone number, including area code)

SECURITIES REGISTERED UNDER SECTION 12(B) OF THE EXCHANGE ACT: NONE

Securities registered under Section 12(g) of the Exchange Act:
COMMON STOCK ($.0005 Par Value)
COMMON SHARE PURCHASE RIGHTS

Indicate by check mark 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.

[X] Yes [ ] No

Indicate by the check mark if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-X contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act 12b-2).

[ ] Yes [X] No

The aggregate market value of the registrant's common stock held by non-affiliates was $49,939,701 as of June 28, 2002, based on the closing price of the common stock on the Nasdaq National Market System. For purposes of this calculation, only executive officers and directors are deemed to be the affiliates of the registrant.

Number of shares of each of the Registrant's classes of securities (all of one class of $.0005 par value Common Stock) outstanding on March 14, 2003: 11,456,617.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in this Report on Form 10-K:

1. Information set forth in Part III of this report is incorporated by reference form the Registrant's Proxy Statement for the 2003 Annual Meeting of Stockholders.

THE EXHIBIT INDEX IS LOCATED ON PAGES 22-23.

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FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report contains forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, management of growth, competition, pricing pressures on the Company's product, industry growth and general economic conditions. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. The Company undertakes no obligation to revise or publicly release the results of any revision to these forward-looking statements. Readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission. No claims are being made for the potential medicine discussed in this filing to be safe, effective, or approved by the Federal Food and Drug Administration (FDA).

PART 1

ITEM 1. DESCRIPTION OF BUSINESS

BUSINESS DEVELOPMENT

The Quigley Corporation (www.quigleyco.com, hereinafter referred to as the "Company") is a Nevada corporation which was organized on August 24, 1989 and commenced business operations in October 1989.

The Company's business is the manufacture and distribution of cold remedy products to the consumer through the over-the-counter market place together with the sale of proprietary health and wellness products through its direct selling subsidiary. The Company's key product Cold-Eeze(R), a zinc gluconate glycine lozenge, is proven in two double-blind clinical studies to reduce the duration and severity of the common cold symptoms by nearly half. Cold-Eeze(R) is now an established product in the health care and cold remedy market.

In January 2000, Darius International Inc., a wholly owned subsidiary of the Company, was formed as a means of introducing new products to the marketplace. On January 2, 2001, the Company acquired certain assets and assumed certain liabilities of a privately held company involved in the direct marketing and distribution of health and wellness products, this entity is a wholly owned subsidiary of Darius International Inc. and is based in Provo, Utah.

In January 2001, the Company formed an Ethical Pharmaceutical Unit which is now Quigley Pharma Inc., a wholly-owned subsidiary of the Company, that is under the direction of its Executive Vice President and Chairman of its Medical Advisory Committee. The establishment of a dedicated pharmaceutical subsidiary may enable the Company to diversify into the prescription drug market and to ensure safe and effective distribution of these important potential new products currently under development.

Additionally, effective July 1, 2000, the Company acquired a 60% ownership position in Caribbean Pacific Natural Products, Inc. ("CPNP"), based in Orlando, Florida. In December 2002, the Board of Directors of the Company approved a plan to sell CPNP. On January 22, 2003, the Board of Directors of the Company completed the sale of the Company's 60% equity interest in CPNP. This business segment is presented as discontinued operations in the Consolidated Statements of Operations and as assets held for sale and as liabilities associated with assets for sale in the Consolidated Balance Sheets. See further discussion of this disposition in Item 8, Notes to Financial Statements, Note 3 - Discontinued Operations.

DESCRIPTION OF BUSINESS OPERATIONS

Since its inception, the Company has continued to conduct research and development into various types of health-related food supplements and homeopathic cold remedies. Initially, the Company's business was the marketing and distribution of a line of nutritious health supplements (hereinafter "Nutri-Bars"). During 1995, the Company reduced the emphasis in the marketing of the Nutri-Bars and commenced focusing its marketing and research and development resources towards the Company's patented Cold-Eeze(R) zinc gluconate glycine cold relief products.

Prior to the fourth quarter 1996, the Company had minimal revenues and as a result suffered continued losses due to ongoing research and development and operating expenses. However, 1997 resulted in significant revenue increases as a

result of the Company's nationwide marketing campaign and the increased public awareness through media public service announcements of the Cold-Eeze(R) lozenge product.

Since June 1996, the cold-remedy segment has concentrated its business operations on the manufacturing, marketing and development of its proprietary Cold-Eeze(R) and Cold-Eezer Plus cold-remedy lozenge products and on development of various product extensions. These products are based upon a proprietary zinc gluconate glycine formula, which in two double-blind clinical studies has shown to reduce the duration and severity of the common cold symptoms. The Quigley Corporation acquired worldwide manufacturing and distribution rights to this formulation in 1992 and commenced national marketing in 1996. The demand for the Company's cold remedy products is seasonal, where the third and fourth quarters generally represent the largest sales volume for cold remedy.

Darius International Inc., a wholly owned subsidiary, was formed in January 2000 for the purpose of introducing new products to the marketplace through a network of independent distributors. Darius is a direct selling organization specializing in proprietary health and wellness products. The Company commenced shipping product to customers in the third quarter of 2000. On January 2, 2001, the Company acquired certain assets and assumed certain liabilities of a privately held company involved in the direct marketing and distribution of health and wellness products. This entity is a wholly owned subsidiary of Darius International Inc.

During 2002, approximately 99% of the Company's revenues from Cold-Eeze(R) and Darius originated in the United States with the remainder being attributable to international trade.

The formation of Darius International Inc., provides diversification to the Company in both the method of product distribution and the broader range of products available to the marketplace.

In January 2001, the Company formed an Ethical Pharmaceutical Unit which is now Quigley Pharma Inc., a wholly-owned subsidiary of the Company, that is under the direction of its Executive Vice President and Chairman of its Medical Advisory Committee. The formation of the Company's Ethical Pharmaceutical Unit follows the Patent Office of The United States Commerce Department confirming the assignment to the Company of a Patent Application for the "Method and Composition for the Topical Treatment of Diabetic Neuropathy." In September 2001, the Patent Office confirmed the assignment to the Company of a Patent Application entitled the "Medicinal Composition and Method of Using it" (for Treatment of Sialorrhea and other Disorders) for a prescription product to relieve sialorrhea (drooling) in patients suffering from Amyotrophic Lateral Sclerosis (ALS), otherwise known as Lou Gehrig's Disease. In November 2001, the Company was assigned a Patent Application entitled "Composition and Method for Prevention, Reduction and Treatment of Radiation Dermatitis" with the Patent

Office of The United States Commerce Department. In September 2002, the Company filed a foreign patent application for "Method and Composition for the Topical Treatment of Diabetic Neuropathy" in Europe and other foreign markets. The establishment of a dedicated pharmaceutical subsidiary may enable the Company to diversify into the prescription drug market and to ensure safe and effective distribution of these important potential new products currently under development.

Financial information regarding the Company's operating segments is set forth in Item 8, Notes to Financial Statements, Note 4 - Segment Information.

PRODUCTS

COLD REMEDY PRODUCTS

Cold-Eeze(R), a zinc gluconate glycine formulation (ZIGG(TM)) is an over-the-counter consumer product used to reduce the duration and severity of the common cold and is sold in lozenge, bubble gum and sugar-free tablet forms. In addition, during 2003 the Company plans to launch a Cold-Eeze(R) nasal spray. This product, a moisturizing nasal spray containing the active ingredient Zinc Gluconate and also containing Aloe Vera gel, is expected to begin shipping to retail in July 2003.

In May 1992, the Company entered into an exclusive agreement for worldwide representation, manufacturing, marketing and distribution rights to a zinc gluconate glycine lozenge formulation which was patented in the United States, United Kingdom, Sweden, France, Italy, Canada, Germany, and is pending in Japan. This product is presently being marketed by the Company and also through independent brokers and marketers in the United States under the trade names Cold-Eeze(R), Cold-Eeze(R) Sugar Free, and Cold-Eeze(R) Bubble Gum. Under a Food and Drug Administration ("FDA")

approved Investigational New Drug Application, filed by Dartmouth College, a randomized double-blind placebo-controlled study, conducted at Dartmouth College of Health Science, Hanover, New Hampshire, concluded that the lozenge formulation treatment, initiated within 48 hours of symptom onset, resulted in a significant reduction in the total duration of the common cold.

On May 22, 1992, "ZINC AND THE COMMON COLD, A CONTROLLED CLINICAL STUDY," was published in England, in the "Journal of International Medical Research", Volume 20, Number 3, Pages 234-246. According to this publication, (a) flavorings used in other Zinc lozenge products (citrate, tartrate, separate, orotate, picolinate, mannitol or sorbitol) render the Zinc inactive and unavailable to the patient's nasal passages, mouth and throat, where cold symptoms have to be treated, (b) this patented formulation delivers approximately 93% of the active Zinc to the mucosal surfaces and (c) the patient has the same sequence of symptoms as in the absence of treatment, but goes through the phases at an accelerated rate and with reduced symptom severity.

On July 15, 1996, results of a new randomized double-blind placebo-controlled study on the common cold were published, which commenced at the Cleveland Clinic Foundation on October 3, 1994. The study called "ZINC GLUCONATE LOZENGES FOR TREATING THE COMMON COLD" was completed and published in THE ANNALS OF INTERNAL MEDICINE - VOL. 125 NO. 2. Using a 13.3mg lozenge (almost half the strength of the lozenge used in the Dartmouth Study), the result still showed a 42% reduction in the duration of the common cold symptoms.

In April 2002, the Company announced the statistical results of a retrospective clinical study that suggests that Cold-Eeze(R) is also an effective means of preventing the common cold. This adolescent study indicated that when taken daily, Cold-Eeze(R) statistically lessens the number of colds an individual suffers per year, reducing the median from 1.5 to zero. These findings are the result of analyzing three years of clinical data at the Heritage School facility in Provo, Utah. The study also found that the use of Cold-Eeze(R) to treat a cold statistically reduces the use of antibiotics for respiratory illnesses from 39.3% to 3.0% when Cold-Eeze(R) is administered as a first line treatment approach to the common cold. Additionally, the study reinforces the original clinical trials, concluding that Cold-Eeze(R) reduces the median duration of a cold by four days. In April 2002, the Company was assigned a Patent Application which was filed with the Patent Office of the United States Commerce Department for the use of Cold-Eeze(R) as a prophylactic for cold prevention. The new patent application follows the results of the adolescent study at the Heritage School facility.

In the second half of 1998, the Company launched Cold-Eeze(R) in a sugar free version of the product to benefit diabetics and other consumers concerned with their sugar intake. Late in the fourth quarter of 1998, the Company launched a bubble gum version of Cold-Eeze(R).

The business of the Company is subject to federal and state laws and regulations adopted for the health and safety of users of the Company's products. Cold-Eeze(R) is a homeopathic remedy that is subject to regulations by various

federal, state and local agencies, including the FDA and the Homeopathic Pharmacopoeia of the United States.

The Company competes with suppliers varying in range and size in the cold remedy products arena. Cold-Eeze(R), which has been clinically proven, offers a significant advantage over other suppliers in the over-the-counter cold remedy market. The management of the Company believes there should be no future impediment on the ability to compete in the marketplace now, or in the immediate future, since factors concerning the product, such as price, product quality, availability, reliability, credit terms, name recognition, delivery and support are all properly positioned. The Company has several Broker, Distributor and Representative Agreements, both nationally and internationally and the product is distributed through numerous independent and chain drug and discount stores throughout the United States.

The Company continues to use the resources of independent national and international brokers complementing its own personnel to represent the Company's over-the-counter products, thereby saving capital and other ongoing expenditures that would otherwise be incurred.

ETHICAL PHARMACEUTICAL PRODUCTS

The establishment of an ethical pharmaceutical subsidiary may enable the Company to diversify into the prescription drug market and to ensure safe and effective distribution of these important potential new products currently under development. Quigley Pharma is currently undergoing research and development activity in compliance with regulatory requirements. The Company is at the initial stages of what may be a lengthy process to develop these patent applications into commercial products.

The formation of the Company's Ethical Pharmaceutical Unit follows the Patent Office of The United States Commerce Department confirming the assignment to the Company of the following patent applications:

- A Patent Application entitled "Method and Composition for the Topical Treatment of Diabetic Neuropathy."

- A Patent Application entitled "Medicinal Composition and Method of Using It" (for Treatment of Sialorrhea and other Disorders) for a product to relieve sialorrhea (drooling) in patients suffering from Amyotrophic Lateral Sclerosis (ALS), otherwise known as Lou Gehrig's Disease.

- A Patent Application entitled "Composition and Method for Prevention, Reduction and Treatment of Radiation Dermatitis" with the Patent Office of The United States Commerce Department.

In September 2002, the Company filed a foreign patent application entitled "Method and Composition for the Topical Treatment of Diabetic Neuropathy" in Europe and other foreign markets.

The pre-clinical development, clinical trials, product manufacturing and marketing of Quigley Pharma's potential new products are subject to federal and state regulation in the United States and other countries. Obtaining FDA regulatory approval for these pharmaceutical products can require substantial resources and take several years. The length of this process depends on the type, complexity and novelty of the product and the nature of the disease or other indications to be treated. If the Company cannot obtain regulatory approval of these new products in a timely manner or if the patents are not granted or if the patents are subsequently challenged, these possible events could all have a material effect on the business and financial condition of the Company. The strength of the Company's patent position may be important to its long-term success. There can be no assurance that these patents and patent applications will effectively protect the Company's products from duplication by others.

In April 2002, the Company initiated a Phase II proof of concept study in France for treatment of diabetic neuropathy. Because the Company's formulation for relief of diabetes-related pain is a topical treatment and its ingredients are GRAS listed (Generally Regarded As Safe) as identified in the Code of Federal Regulations, FDA approval could potentially be obtained earlier than what is normally required in the FDA process.

In July 2002, the Company announced the commencement of a Phase II clinical trial on a new formulation being developed and tested by the Company to relieve Sialorrhea (excess secretions of the salivary glands, causing drooling) in patients suffering from diseases including Amyotrophic Lateral Sclerosis (ALS), otherwise known as Lou Gehrig's Disease, Cerebral Palsy, Parkinson's Disease, and Muscular Dystrophy.

HEALTH AND WELLNESS PRODUCTS

Darius International Inc., a wholly owned subsidiary, was formed in January 2000 for the purpose of introducing new products to the marketplace through a network of independent distributors. On January 2, 2001, the Company acquired certain assets and assumed certain liabilities of a privately held company involved in the direct marketing and distribution of health and wellness products. Darius is a direct selling organization specializing in proprietary health and wellness products. The products marketed and sold by Darius are herbal vitamins and dietary supplements for the human condition, in the areas of health, immunity, energy and pain.

PATENTS, TRADEMARKS, ROYALTY AND COMMISSION AGREEMENTS

The Company currently owns no patents. However, the Company has been assigned patent applications which are hereinafter discussed and has been granted an exclusive agreement for worldwide representation, manufacturing, marketing and distribution rights to a zinc gluconate glycine lozenge formulation, which are patented as follows:

United States:	No. 4 684 528 (August 4, 1987) No. 4 758 439 (July 19, 1988)	Sweden:	No. 0 183 840 (March 2, 1994)
		Canada:	No. 1 243 952 (November 1, 1988)
Germany:	No. 3,587,766 (March 2, 1994)	Great Britain:	No. 2 179 536 (December 21, 1988)
France & Italy:	No. EP 0 183 840 B1 (March 2, 1994)	Japan:	Pending

In 1996, the Company also acquired an exclusive license for a United States ZINC GLUCONATE USE PATENT NUMBER RI 33,465 from the patent holder. This use patent gives the Company exclusive rights to both the use and formulation patents on zinc gluconate for reducing the duration and severity of the common cold symptoms. This patent and exclusive license expired in March 2002. The Company does not anticipate any material impact on the financial statements from the expiration of the patent.

The Cold-Eeze(R) product is manufactured for the Company by a contract manufacturer and marketed by the Company in accordance with the terms of a licensing agreement (between the Company and the developer). The contract is assignable by the Company with the developer's consent. Throughout the duration of the agreement, the developer is to receive a three percent (3%) royalty on sales collected, less certain deductions. A separate consulting agreement between the parties referred to directly above was similarly entered into on May 4, 1992, whereby the developer is to receive a consulting fee of two percent (2%) on sales collected, less certain deductions, for consulting services to the Company with respect to such product.

Pursuant to the License Agreement entered into between the Company and the patent holder, which expired in March 2002, the Company has paid a royalty fee to the patent holder of three percent (3%) on sales collected, less certain deductions.

During 1997, the Company obtained a trademark for the major components of its lozenge, ZIGG(TM) (denoting zinc gluconate glycine), to set Cold-Eeze(R) apart from the imitations proliferating the marketplace.

An agreement between the Company and its founders was entered into on June 1, 1995. The founders, in consideration of the acquisition of the Cold-Eeze(R) cold therapy product, are to receive a total commission of five percent (5%), on sales collected, less certain deductions until the termination of this agreement on May 31, 2005.

In December 2000, the Patent Office of The United States Commerce Department confirmed the filing and assignment to the Company of a Patent Application for the "Method and Composition for the Topical Treatment of Diabetic Neuropathy." In September 2001, the Patent Office confirmed the assignment to the Company of a Patent Application entitled the "Medicinal Composition and Method of Using it" (for Treatment of Sialorrhea and other Disorders) for a product to relieve sialorrhea (drooling) in patients suffering from Amyotrophic Lateral Sclerosis (ALS), otherwise known as Lou Gehrig's Disease. In November 2001, the Company was assigned a Patent Application entitled "Composition and Method for Prevention, Reduction and Treatment of Radiation Dermatitis" with the Patent Office of The United States Commerce Department. In September 2002, the Company filed a foreign patent application entitled "Method and Composition for the Topical Treatment of Diabetic Neuropathy" in Europe and other foreign markets.

PRODUCT DISTRIBUTION AND CUSTOMERS

The Company has several Broker, Distributor and Representative Agreements, both nationally and internationally, which provide for commission compensation based on sales performance.

The Cold-Eeze(R) products are distributed through numerous food, chain drug and mass merchandisers throughout the United States, including Walgreens, Albertsons, CVS, RiteAid, Eckerd Drug Company, B.J's Wholesale Club, Inc., Winn-Dixie Stores, Inc., Wal-Mart, Target, The Kroger Company, Safeway Inc., CostCo Wholesale, KMart Corporation, and wholesale distributors including,

AmeriSource-Bergen Drug Company, Cardinal Health and the McKesson Drug Company.

The Company is not dependent on any single customer as the broad range of customers includes many large wholesalers, mass merchandisers, and multi-outlet pharmacy chains, five of which account for a significant percentage of sales volume. The top five customers of the Company represent 23%, 35%, and 40% of its continuing consolidated gross revenues for the years ended December 31, 2002, 2001 and 2000, respectively. During 2001 and 2000, one customer, Walgreens exceeded 10% of the Company's sales volume.

Darius is a direct selling organization specializing in proprietary health and wellness products and the introduction of new products to the marketplace through a network of independent distributors. This method of distribution is in contrast to traditional distribution channels using independent and chain drug and discount stores as utilized by the Company in the promotion of the cold remedy products.

Quigley Pharma currently has no sales since it is undergoing research and development activity in compliance with regulatory requirements and is at the initial stages of what may be a lengthy process to develop commercial products.

RESEARCH AND DEVELOPMENT

The Company's research and development costs for the years ended December 31, 2002, 2001 and 2000 were $2,663,291, $1,331,639, and $1,185,750, respectively. Future research and development expenditures are anticipated in order to develop extensions of the Cold-Eeze(R) product, including potential unrelated new products in the consumer health care industry, that are primarily supported by clinical studies, for efficacious long-term products that can be coupled with possible line extension derivatives for a family of products. Clinical studies and testing are anticipated in connection with Quigley Pharma Inc., a wholly-owned subsidiary of the Company established in 2001, such as the formulation of products for diabetic use, radiation dermatitis and sialorrhea and other disorders. Principally, the increase of research and development costs in 2002 was due to expenses incurred as part of the product research costs related to Quigley Pharma and study costs associated with Cold-Eeze(R). Quigley Pharma is currently involved in research activity following patent applications that the Company has acquired and such research and development costs relating to potential products are expected to increase significantly over time as product research and testing progresses.

REGULATORY MATTERS

The business of the Company is subject to federal and state laws and regulations adopted for the health and safety of users of the Company's products. The Company's Cold-Eeze(R) product is a homeopathic remedy, which is subject to regulation by various federal, state and local agencies, including the FDA and the Homeopathic Pharmacopoeia of the United States. These regulatory authorities have broad powers, and the Company is subject to regulatory and legislative changes that can affect the economics of the industry by requiring changes in operating practices or by influencing the demand for, and the costs of, providing its products. Management believes that the Company is in compliance with all such laws, regulations and standards currently in effect including the Food, Drug and Cosmetics Act of 1938 and the Homeopathic Pharmacopoeia Regulatory Service. Although it is possible that future results of operations could be materially affected by the future costs of compliance, management believes that the future costs will not have a material adverse effect on the Company's financial position or competitive position.

The pre-clinical development, clinical trials, product manufacturing and marketing of Quigley Pharma's potential new products are subject to federal and state regulation in the United States and other countries. Obtaining FDA regulatory approval for these pharmaceutical products can require substantial resources and take several years. The length of this process depends on the type, complexity and novelty of the product and the nature of the disease or other indications to be treated. If the Company cannot obtain regulatory approval of these new products in a timely manner or if the patents are not granted or if the patents are subsequently challenged, these possible events could all have a material effect on the business and financial condition of the Company. The strength of the Company's patent position may be important to its long-term success. There can be no assurance that these patents and patent applications will effectively protect the Company's products from duplication by others.

COMPETITION

The Company competes with other suppliers of cold remedy and health and wellness products. These suppliers range widely in size. Some of the Company's competitors have significantly greater financial, technical or marketing resources than the Company. Management believes that its Cold-Eeze(R) product, which has been clinically proven in two double-blind studies to reduce the severity and duration of the common cold symptoms, offers a significant

advantage over many of its competitors in the over-the-counter cold remedy market. Management further believes that Darius' direct marketing distribution methods offer a significant advantage over many of its competitors. The Company believes that its ability to compete depends on a number of factors, including price, product quality, availability and reliability, credit terms, name recognition, delivery time and post-sale service and support.

EMPLOYEES

At December 31, 2002 the Company employed 59 full-time persons, primarily all of whom were involved in an executive, marketing or administrative capacity. None of the Company's employees are covered by a collective bargaining agreement or is a member of a union.

SUPPLIERS

The Company currently uses three separate suppliers to produce Cold-Eeze(R) in lozenge, bubble gum, and sugar-free tablet form. The Cold-Eeze(R) lozenge product is manufactured by a third party manufacturer whose majority of revenues are from the Company. Should these relationships terminate or discontinue for any reason, the Company has formulated a contingency plan necessary in order to prevent such discontinuance from materially affecting the Company's operations with the exception of bubble gum, which cannot be duplicated. Any such termination may, however, result in a temporary delay in production until the replacement facility is able to meet the Company's production requirements.

Raw materials used in the production of the cold remedy products are available from numerous sources. Currently, they are being procured from a single vendor in order to secure purchasing economies. In a situation where this one vendor is not able to supply the contract manufacturer with the ingredients, other sources have been identified. Any situation where the vendor is not able to supply the contract manufacturer with the ingredients may result in a temporary delay in production until replacement supplies are obtained to meet the Company's production requirements.

Darius' products for resale are sourced from several suppliers. In the event that such sources were no longer in a position to supply Darius with product, other vendors have been identified as reliable alternatives with minimal adverse loss of business.

ITEM 2. DESCRIPTION OF PROPERTY

The corporate office of The Quigley Corporation is located at 621 Shady Retreat Road, Doylestown, Pennsylvania. This property, with an area of approximately 13,000 square feet, was purchased in November 1998 and refurbished during 1999. The Company occupies warehouse space in Las Vegas, Nevada at a monthly cost of $2,326. This Nevada location has a three-year lease that expires in July 2003. In addition to storage facilities at the manufacturers' locations, the Company also stores product in three additional warehouses in Pennsylvania with storage charges based upon the quantities of product being stored.

The Darius business in Utah is located at 867 East 2260 South, Provo, Utah, with an area of approximately 17,650 square feet. The current monthly lease cost of this office space is $7,955 with the lease expiring in July 2007. The Company expects that these leases will be renewed or that alternative spaces will be obtained.

The Company believes that its existing facilities are adequate.

ITEM 3. LEGAL PROCEEDINGS

TESAURO AND ELEY

In September, 2000, the Company was sued by two individuals (Jason Tesauro and Elizabeth Eley, both residents of Georgia), on behalf of a "nationwide class" of "similarly situated individuals," in the Court of Common Pleas of Philadelphia County, Pennsylvania. The Complaint alleges that the Plaintiffs purchased certain Cold-Eeze(R) products between August, 1996, and November, 1999, based upon cable television, radio and internet advertisements which allegedly misrepresented the qualities and benefits of the Company's products. The Complaint requests an unspecified amount of damages for violations of Pennsylvania's consumer protection law, breach of warranty and unjust enrichment, as well as a judicial determination that the action be maintained as a class action.

In October, 2000, the Company filed Preliminary Objections to the Complaint seeking dismissal of the action. The Court sustained certain objections thereby narrowing Plaintiffs' Complaint. In May, 2001, Plaintiffs filed a Motion to Certify the Alleged Class. The Company opposed the Motion. In November, 2001, the Court held a hearing on Plaintiffs' Motion for Class Certification. In January, 2002, the Court denied in part and granted in part the Plaintiffs' Motion. The Court denied Plaintiffs' Motion to Certify a Class based on

Plaintiffs' claim under the Pennsylvania Consumer Protection Law; however, the Court certified the class based on Plaintiffs' breach of warranty and unjust enrichment claims.

The Company believes Plaintiffs' claim is completely without merit, and is vigorously defending the lawsuit and has denied any liability to the Plaintiffs. No assessment as to the outcome of this action can be made at this time.

GOLDBLUM AND WAYNE

A Special Meeting of the Quigley stockholders was held on October 15, 1999, at which a majority of the shares entitled to vote adopted a Corrective Action Proposal (initially reported in the Company's Form 10-Q for the quarter ending June 30, 1999) to ratify actions previously taken by the Company relating to the 1990 1 for 2.74 reverse split, the 1995 1 for 10 reverse split (the "Reverse Splits") and the 1997 1 for 2 forward split (the "Forward Split"). Pursuant to the October 15, 1999 Special Meeting, the Company authorized the filing of a declaratory judgment action in Nevada to determine the effectiveness of the Corrective Action.

In August 2000, the District Court of Clark County, Nevada, held that it had jurisdiction to decide the Company's declaratory judgment action filed in April, 2000, against two putative shareholders (Thomas Goldblum and Alan Wayne), in which the Company seeks a judicial declaration that, based on stockholder approval of the Corrective Action Proposal, the Reverse Splits and Forward Split satisfy and/or comply with Nevada law and that the capitalization of Quigley evidenced by the issued and outstanding shares of common stock and common stock warrants is as reflected on Quigley's stock transfer ledger on September 10, 1999, the record date of the Special Meeting. The District Court of Clark County held a hearing on this matter on March 19, 2002 and ruled in favor of The Quigley Corporation. A final judgment has been entered of record by the Court on June 21, 2002. The period for appeal of this order to the Nevada Supreme Court has expired.

An underlying claim filed by Goldblum and Wayne in the Court of Common Pleas of Montgomery County, Pennsylvania on March 17, 1996 alleging that the plaintiffs became owners of 500,000 shares each of the Company's common stock in or about 1990 and requested damages in excess of $100,000 for breach of contract and conversion.

The Company is vigorously defending this lawsuit and has denied any liability to the plaintiffs. The Company also believes that the plaintiffs' claims are barred by the applicable statutes of limitations, and that the plaintiffs are, in any event, limited to claims for approximately 36,000 shares. The Company continues to believe that the plaintiffs' claims are without merit. No assessment as to the outcome of this action can be made at this time.

INTERVENTION, INC.

An action was filed by Intervention, Inc. on July 2, 2002 in Contra Costa County Superior Court under the California Unfair Competition Law, Business and Professions Code, Section 17200. The Complaint claims that COLD-EEZE(R) does not contain ionic zinc and therefore does not have the unique quality the Company asserts for it. The Complaint purports to attack The Cleveland Clinic Study titled Zinc Gluconate Lozenges for Treating the Common Cold and the Dartmouth Study, Zinc Gluconate and The Common Cold: A Controlled Clinical Study. The plaintiff claims that the Dartmouth Study is not double-blind and is not randomized. The plaintiff also claims that The Cleveland Clinic Study is untrue and deceptive because it did not conclude that patients "starting treatments" with zinc had a 42% reduction in duration of the common cold and, also, because the 42% reduction in common cold duration is not a reference to average of cold duration but rather is a reference to the reduction in median duration. There is also a claim by the plaintiff that there is an implied claim that the results in the studies have been confirmed by repetition which plaintiff contests.

The plaintiff is requesting attorney's fees and costs, corrective equitable relief including restitution and an injunction.

The Company believes plaintiff's claim is completely without merit, has no scientific basis and is vigorously defending the lawsuit and has denied any liability to the plaintiff. Certain pre-trial discovery and motions remain to be completed and no prediction can be made as to the outcome of this case.

LITIGATION - FORMER EMPLOYEE

On April 12, 2002, the Company commenced a complaint in Equity in the Court of Common Pleas of Bucks County, PA against the former President of Darius International Inc., its wholly owned subsidiary, following termination of such President. The allegations in the complaint include, but are not limited to, an alleged breach of fiduciary duty owed to the Company. The Company is seeking both injunctive and monetary relief. On or about May 1, 2002, the defendant

filed a counterclaim requesting that the Court declare him the lawful owner of 55,000 stock options, unspecified damages relating to an alleged breach of an oral contract and for commissions allegedly owed. In addition, the Defendant requests the return of certain intellectual property used to commence and continue Darius' operations.

The Corporation believes Defendant's claims are without merit, is vigorously defending the counterclaims and is prosecuting its action on its complaint. No assessment as to the outcome of this action can be made at this time.

TERMINATED PROCEEDINGS

FORRESTER FINANCIAL LLC

On December 7, 2002, Forrester Financial LLC commenced an action by a Writ of Summons filed in the Court of Common Pleas of Bucks County, PA against The Quigley Corporation. No Complaint was filed detailing the claim of Forrester Financial LLC against The Quigley Corporation. This action was terminated with prejudice by Forrester Financial LLC as part of its agreement with The Quigley Corporation on February 2, 2003 whereby certain warrants were scheduled to expire on March 7, 2003 were extended to March 7, 2004 (warrants to purchase 250,000 shares at $8.50; warrants to purchase 250,000 shares at $11.50). As an additional part of this agreement, Forrester Financial LLC was granted warrants to purchase 250,000 shares at any time until March 7, 2004 at the price of $9.50 a share.

HERBERT KRACKOW

On or about December 16, 2002, Herbert Krackow commenced an action in the First Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida against The Quigley Corporation, Caribbean Pacific International, and Caribbean Pacific Natural Products, Inc. asking that the Asset Sale Agreement between The Quigley Corporation and Caribbean Pacific International be set aside and that the plaintiff be made whole on an alleged Consulting Agreement for a four-year period ending on June 30, 2001. This action has been discontinued by the plaintiff with prejudice and the plaintiff has waived his right for any past or future claim against the Corporation in a Release executed by him in favor of The Quigley Corporation and Caribbean Pacific Natural Products. The Quigley Corporation entered into the Joint Mutual Release with the plaintiff without payment of any funds under the Uniform Consideration Act.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The Company's Common Stock, $.0005 par value, is currently traded on the NASDAQ National Market under the trading symbol "QGLY". The price set forth in the following table represents the high and low sale prices for the Company's common stock.

	Common Stock			
	2002		2001	
Quarter Ended	High	Low	High	Low
March 31	$7.280	$2.030	$1.531	$0.813
June 30	$8.849	$5.400	$1.960	$0.750
September 30	$8.050	$3.050	$1.600	$0.800
December 31	$7.090	$2.400	$2.390	$0.830

Such quotations reflect inter-dealer prices, without mark-up, mark-down or commission and may not represent actual transactions.

The Company's securities are traded on the NASDAQ National Market and consequently stock prices are available daily as generated by the National Market established quotation system.

HOLDERS

As of December 31, 2002, there were approximately 367 holders of record of the Company's Common Stock, including brokerage firms, clearing houses, and/or depository firms holding the Company's securities for their respective clients. The exact number of beneficial owners of the Company's securities is not known but exceeds 400.

DIVIDENDS

The Company has not declared, nor paid, any cash dividends on its Common Stock. At this time the Company intends to retain its earnings to finance future growth and maintain liquidity.

WARRANTS AND OPTIONS

In addition to the Company's outstanding Common Stock, there are, as of December 31, 2002, issued and outstanding Common Stock Purchase Warrants and Options that are exercisable at the price-per-share stated and expire on the date indicated, as follows:

Description	Number	Exercise Price	Expiration Date
Warrants	250,000	$ 8.5000	March 7, 2004
Warrants	250,000	$11.5000	March 7, 2004
CLASS "E"	850,000	$ 1.7500	June 30, 2006
CLASS "F"	225,000	$ 2.5000	November 4, 2006
CLASS "G"	585,000	$10.0000	May 5, 2007
Option Plan	496,500	$ 9.6800	December 1, 2007
Option Plan	381,000	$ 5.1250	April 6, 2009
Option Plan	368,000	$ 0.8125	December 20, 2010
Option Plan	380,000	$ 1.2600	December 10, 2011
Option Plan	375,000	$ 5.1900	July 30, 2012
Option Plan	102,000	$ 5.4900	December 17, 2012

At December 31, 2002, there were 4,262,500 unexercised and vested options and warrants of the Company's stock available for exercise.

SECURITIES AUTHORIZED UNDER EQUITY COMPENSATION

The following table sets forth certain information regarding stock option and warrant grants made to executive officers, directors and consultants:

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options & Warrants (A)	Weighted Average Exercise Price of Outstanding Options & Warrants (B)
Equity Plans Approved by Security Holders(1)	2,102,500	$4.78
Equity Plans Not Approved by Security Holders(2)	2,160,000	$5.97
Total	4,262,500	$5.38

Plan Category	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A) (C)
Equity Plans Approve by Security Holders(1)	839,000
Equity Plans Not Approved by Security Holders (1)	-
Total	839,000

(1) An incentive stock option plan was instituted in 1997, (the "1997 Stock Option Plan") and approved by the stockholders in 1998. Options pursuant to the 1997 Stock Option Plan have been granted to directors, executive officers, and employees.

(2) Other grants of warrants are specific and not part of a plan. These specific grants were to executive officers, employees and consultants for services.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth the selected financial data of the Company for, and at the end of the years ended December 31, 2002, 2001, 2000, 1999 and 1998.

The data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and

the Company's financial statements and notes thereto appearing elsewhere herein.

(Amounts in thousands, except per share data)	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31 2000	Year Ended December 31, 1999	Year Ended December 31, 1998
Statement of Income Data:					
Sales	$ 31,286	$ 23,048	$ 18,565	$ 24,820	$ 36,354
Co-operative advertising promotions	2,014	1,822	3,038	3,246	2,024
Total Revenue	29,421	22,772	15,527	21,574	34,330
Gross Profit	12,212	12,551	9,411	13,240	23,411
Income (Loss) - continuing operations	(5,132)	934	(5,059)	(4,204)	6,809
Loss - discontinued operations	(1,322)	(718)	(137)	--	--
Net Income (Loss)	(6,454)	216	(5,196)	(4,204)	6,809
Basic earnings (Loss) per share:					
Continuing operations	($ 0.47)	$ 0.09	($ 0.48)	($ 0.37)	$ 0.51
Discontinued operations	($ 0.12)	($ 0.07)	($ 0.01)	--	--
Net income (Loss)	($ 0.59)	$ 0.02	($ 0.49)	($ 0.37)	$ 0.51
Diluted earnings (Loss) per share:					
Continuing operations	($ 0.47)	$ 0.09	($ 0.48)	($ 0.37)	$ 0.46
Discontinued operations	($ 0.12)	($ 0.07)	($ 0.01)	--	--
Net income (Loss)	($ 0.59)	$ 0.02	($ 0.49)	($ 0.37)	$ 0.46
Weighted average shares outstanding:					
Basic	10,894	10,675	10,551	11,352	13,335
Diluted	10,894	10,751	10,551	11,352	14,944

	As of December 31, 2002	As of December 31, 2001	As of December 31, 2000	As of December 31, 1999	As of December 31, 1998
BALANCE SHEET DATA:					
Working capital	$15,964	$18,626	$18,622	$23,621	$43,024
Total assets	24,935	24,756	26,056	33,271	48,611
Stockholders' equity	$18,423	$21,200	$20,971	$26,216	$44,607

In December 2002, the Board of Directors of the Company approved a plan to sell Caribbean Pacific Natural Products, Inc. ("CPNP"). On January 22, 2003, the Board of Directors of the Company completed the sale of the Company's 60% equity interest in CPNP to Suncoast Naturals, Inc. The sale of this segment has been treated as discontinued operations and all periods presented have been reclassified.

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

OVERVIEW

The Quigley Corporation, (the "Company"), headquartered in Doylestown, Pennsylvania, is a leading marketer and distributor of a diversified range of health and homeopathic products.

The Company's primary product continues to be Cold-Eeze(R), which is marketed in lozenge, bubblegum and sugar-free tablet form. Cold-Eeze(R) is the only zinc gluconate glycine product clinically proven in two double blind studies to reduce the severity and duration of common cold symptoms. The efficacy of the product was established following the publication of the second double blind study in July 1996. A 2002 study also found that the use of Cold-Eeze(R) to treat a cold statistically reduced the use of antibiotics for respiratory illnesses by 92% when Cold-Eeze(R) is administered as a first line treatment approach to the common cold. This study also reinforces the original clinical trials, concluding that Cold-Eeze(R) reduces the median duration of a cold by four days along with suggesting that Cold-Eeze(R) is an effective means of preventing the common cold.

Cold-Eeze(R) is distributed through numerous independent, chain drug and discount stores throughout the United States. Cold-Eeze(R) sales were reduced in 2002 over the previous year reflecting the compressed nature of the cold remedy category as a whole during 2002. Additionally, the weak economy continues to be an influence on the level of buying activity within the industry.

During 2002 Darius International made a significant contribution to the Company with sales of $15,220,813 demonstrating the success of the Company's diversification strategy initiated in 2000. The range of health and wellness products sold by Darius International serves as a balance to the seasonal revenue cycles of Cold-Eeze(R).

The establishment of an ethical pharmaceutical subsidiary, Quigley Pharma Inc., may enable the Company to diversify into the prescription drug market and to

ensure safe and effective distribution of these important potential new products currently under development. During 2002 Quigley Pharma Inc. continued clinical trials and study activities in various areas of interest.

The Company continues to use the resources of independent national and international brokers to represent the Company's Cold-Eeze(R) products, which provides cost efficiencies that benefit the Company.

Manufacturing for all the Company's products is done by outside sources. The lozenge form is manufactured by a third party manufacturer whose majority of revenues are from the Company, with the bubblegum and the sugar-free products being produced by different manufacturers.

During 2002, the Company continued the process of the registration of the Cold-Eeze(R) products in the United Kingdom as a pharmacy drug and incurred approximately $500,000 in related expenses.

Future revenues, costs, margins, and profits will continue to be influenced by the Company's ability to maintain its manufacturing availability and capacity together with its marketing and distribution capabilities in order to continue to compete on a national and international level.

In December 2002, the Board of Directors of the Company approved a plan to sell Caribbean Pacific Natural Products, Inc. ("CPNP"). On January 22, 2003, the Board of Directors of the Company completed the sale of the Company's 60% equity interest in CPNP to Suncoast Naturals, Inc. ("Suncoast"). In exchange for its 60% equity interest in CPNP, the Company shall receive: (i) 750,000 shares of Suncoast's common stock, which Suncoast has agreed, at its cost and within 60 days from the closing, to register for public resale through an appropriate registration statement; and (ii) 100,000 shares of Suncoast's Series A Redeemable Preferred Stock, which bears interest at a rate of 4.25% per annum and which is redeemable from time to time after March 31, 2003 in such amounts as is equal to 50% of the free cash flow reported by Suncoast in the immediately preceding quarterly financial statements divided by the redemption price of $10.00 per share. The Company owns 19.5% of Suncoast's issued and outstanding capital stock.

EFFECT OF RECENT ACCOUNTING PRONOUNCEMENTS

In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS 148 "Accounting for Stock-Based Compensation - Transition and Disclosure an amendment of FASB Statement No. 123" (SFAS 148) which amends SFAS 123 to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. It also amends APB Opinion No. 28, "Interim Financial Reporting", to require disclosure about those effects in interim financial information. The Company has adopted the disclosure requirements of SFAS 148 in this Form 10-K for the fiscal year ended December 31, 2002.

In November 2002, the FASB issued FIN 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45), which elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements of FIN 45 are effective for financial statements for periods ending after December 15, 2002. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of this statement did not have a material impact on the Company's consolidated financial position or results of operations.

In June 2002, the FASB issued Statement of Financial Accounting Standards, or SFAS, No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and supercedes Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity including Certain Costs Incurred in a Restructuring." The Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost was recognized at the date of commitment to an exit or disposal plan. This Statement also establishes that fair value is the objective for initial measurement of the liability. The Company must adopt SFAS No. 146 for all exit or disposal activities that are initiated after December 31, 2002. Management does not believe that adopting this pronouncement will have a material impact on the Company's consolidated financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or

Disposal of Long-Lived Assets." This statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The statement retains the previously existing accounting requirements related to the recognition and measurement of the impairment of long-lived assets to be held and used while expanding the measurement requirements of long-lived assets to be disposed of by sale to include discontinued operations. It also expands the previously existing reporting requirements for discontinued operations to include a component of an entity that either has been disposed of or is classified as held for sale. The Company adopted SFAS No. 144 on January 1, 2002. The adoption of this statement did not have a material impact on the Company's consolidated financial position or results of operations.

In June 2001, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. This statement specifies that certain acquired intangible assets in a business combination be recognized as assets separately from goodwill and existing intangible assets and goodwill be evaluated for these new separation requirements. Goodwill and intangible assets determined to have indefinite useful lives will not be amortized. The adoption of this statement did not have a material impact on the Company's consolidated financial position or results of operations.

In June 2001, SFAS No. 142, "Goodwill and Other Intangible Assets" was issued by the FASB. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, ceased upon adoption of this statement. The Company adopted SFAS No. 142 on January 1, 2002. The adoption of this statement did not have a material impact on the Company's consolidated financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company is required to implement SFAS No. 143 on January 1, 2003. The adoption of this statement did not have a material impact on the Company's consolidated financial position or results of operations.

CRITICAL ACCOUNTING POLICIES

As previously described, the Company is engaged in the development, manufacturing, and marketing of health and homeopathic products that are being offered to the general public. Due to the nature of the business, it is unlikely that any accounting policies, that are subject to estimations, could have a material effect on the Company's results of operations. Certain key accounting policies that may affect the results of the Company are the timing of revenue recognition and sales incentives (including coupons, rebates and discounts); the classification of advertising expenses; and the fact that all research and development costs are expensed as incurred. Item 8. Notes to Financial Statements, Note 1 Organization and Business describes the Company's other significant accounting policies.

REVENUE RECOGNITION

Sales are recognized at the time ownership is transferred to the customer, which is primarily the time the shipment is received by the customer. Sales returns and allowances are provided for in the period that the related sales are recorded. Provisions for these reserves are based on historical experience.

ADVERTISING

Advertising costs are expensed within the period to which they relate. Advertising expense is made up of media advertising, presented as part of sales and marketing expense; co-operative advertising, which is accounted for as a deduction from sales; and free product, which is accounted for as part of cost of sales. The level of advertising expense to be incurred is determined each period to coincide with management's sales and marketing strategies. Advertising costs incurred for the years ended December 31, 2002, 2001 and 2000 were $4,794,955, $3,402,006 and $9,296,483, respectively. Included in prepaid expenses and other current assets was $236,875 and $419,000 at December 31, 2002 and 2001, respectively, relating to prepaid advertising and promotion expenses.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the year incurred. Expenditures for the years ended December 31, 2002, 2001 and 2000 were $2,663,291, $1,331,639 and $1,185,750, respectively. Principally, the progressive increase of research and development costs was due to expenses incurred as part of the product research costs related to Quigley Pharma and study costs associated with Cold-Eeze(R). Quigley Pharma is currently involved

in research activity following patent applications that the Company has acquired and such research and development costs relating to potential products are expected to increase significantly over time as product research and testing progresses. The Company is at the initial stages of what may be a lengthy process to develop these patent applications into commercial products.

RESULTS OF OPERATIONS

TWELVE MONTHS ENDED DECEMBER 31, 2002 COMPARED WITH SAME PERIOD 2001

Revenues from continuing operations for 2002 were $29,420,646 compared to $22,772,214 for 2001, reflecting an increase of 29%. 2002 revenues comprised $14,199,833 relating to the Cold-Eeze(R) product (cold remedy segment) and $15,220,813 from the Darius International (health and wellness segment), compared to 2001 revenues of $16,983,635 and $5,788,579, by respective segment. The 2001 Cold-Eeze(R) revenues included an amount of $1,546,592 as a result of the settlement of the infringement suit against Gel Tech, LLC, the developer of Zicam(TM), and Gum Tech International, Inc., its distributor as compared to $148,866 in 2002. 2002 revenues report a reduction in Cold-Eeze(R) sales of $2,783,802 due to the compression of the cold remedy category in general despite the increase in the incidences of the common cold. In addition, the weak economic conditions resulted in lower carrying amounts of inventory by our customers and reduced order size and frequency. The health and wellness segment reported significantly increased revenues in 2002 primarily due to strong marketing and promotion programs effected throughout 2002.

Cost of sales from continuing operations for 2002 as a percentage of sales was 55%, compared to 44% for 2001. The 2002 increase is primarily due to the effects of the significantly increased revenues from the health and wellness segment whose cost of sales as a percentage of sales were 71% and 67% for 2002 and 2001, respectively, reflecting this segment's lower profit margin compared to that of Cold-Eeze(R) cold remedy segment.

Selling, general and administrative expenses from continuing operations for 2002 were $14,832,935 compared to $10,650,555 in 2001. The increase in 2002 was primarily due to increased advertising of $1,392,952 necessary to support the Cold-Eeze(R) product and a non-cash charge of $2,100,000 in 2002 for warrants granted in connection with consulting services.

Research and Development costs from continuing operations in 2002 and 2001 were $2,663,291 and $1,331,639, respectively. Principally, the increase of Research and Development in 2002 was due to expenses associated with the ongoing research and clinical activity of Quigley Pharma in the amount of $1,096,492.

During 2002, the Company's major operating expenses of salaries, brokerage commissions, promotion, advertising, and legal costs accounted for approximately $11,143,588 (64%) of the total operating expenses of $17,496,226, an increase of 60% over the 2001 amount of $6,983,346. The selling, general and administrative expenses related to Darius for 2002 and 2001 were $3,235,793 and $2,457,236, respectively

Revenues of Caribbean Pacific Natural Products, Inc. (discontinued operations) for the twelve months ended December 31, 2002 and 2001 were $2,040,312, and $2,176,470, respectively, net losses for the same periods were $1,322,355 and $718,156. The loss relating to 2002 includes an amount of $633,233 relating to the asset impairment. The results of Caribbean Pacific Natural Products are represented as discontinued operations in the statements of operations with balance sheet items being represented as assets held for sale and liabilities associated with assets held for sale.

Total assets of the Company at December 31, 2002 and 2001 were $24,934,956 and $24,755,795, respectively. Working capital decreased by $2,661,872 to $15,963,949 at December 31, 2002. The primary influences on working capital during 2002 were: the increase in cash balances, which was assisted by exercises of warrants and options during 2002; reductions in inventory on hand; increased advertising accruals due to increased activity; and increased liabilities resulting from the fair value of warrants granted associated with consulting services.

TWELVE MONTHS ENDED DECEMBER 31, 2001 COMPARED WITH SAME PERIOD 2000

For the year ended December 31, 2001, the Company had revenues from continuing operations of $22,772,214, an increase of 46.7% over 2000 revenues of $15,526,953. In 2001, net income from continuing operations of $934,120 compared to a loss from continuing operations of $5,058,713 in 2000.

Revenues for 2001 included amounts of $5,788,579 relating to Darius International (health and wellness segment) compared to $51,300 for 2000. The Cold-Eeze(R) product (cold remedy segment) was adversely affected by continued industry consolidations in which the Company's products are distributed, and the effects of the economic downturn which was evident in the latter part of 2001. However, independent market data indicates that the rate of decrease in consumer

purchasing of Cold-Eeze(R) had slowed. Additionally, in 2001 revenues were assisted by the settlement in the infringement suit against Gel Tech, LLC, the developer of Zicam(TM), and Gum Tech International, Inc., its distributor. Under the agreement, Gum Tech paid the Company $1,137,500 for a limited license for the use of zinc gluconate for the treatment of the duration and symptoms of the common cold. Gum Tech was also required to pay the Company an ongoing royalty of 5.5 percent from April 1, 2001 through March 5, 2002 on all Zicam cold relief sales. In addition, Gum Tech guaranteed to pay a minimum of $500,000 in ongoing royalties regardless of sales through March 5, 2002. Legal and other expenses associated with this lawsuit in 2001 approximated $700,000.

The Company's cost of sales from continuing operations as a percentage of sales increased to 44.3% in 2001 from 32.9% in 2000. The primary reason for the increase in 2001 was the higher proportion of sales attributable to Darius in 2001 (25%) compared to 2000 (0.3%). Darius products carry a higher a cost of goods compared to Cold-Eeze(R) products.

Selling, general and administrative expenses from continuing operations for 2001 were $10,650,555 compared to $13,930,435 in 2000. Advertising costs in 2001 decreased by approximately $6,000,000, however this reduction in costs was partially offset by increased operating costs of Darius which was due to limited operations in 2000.

Research and Development costs from continuing operations in 2001 and 2000 were $1,331,639 and $1,185,750, respectively. Principally, the increase of Research and Development in 2001 and 2000 was due to expenses incurred as part of the costs related to the application for a pharmacy drug license in the United Kingdom, together with the research costs related to Quigley Pharma.

During 2001, the Company's major operating expenses from continuing operations of salaries, brokerage commissions, promotion, advertising, and legal costs accounted for approximately $6,983,346 (58%) of the total of $11,982,194, a decrease of 37% over the 2000 amount of $11,030,430. The selling, general and administrative expenses related to Darius for 2001 and 2000 were $2,457,236 and $609,984, respectively.

Revenues of Caribbean Pacific Natural Products, Inc. for the twelve months ended December 31, 2001 and 2000 were $2,176,470 and $798,866, respectively, net losses for the same periods were $718,156 and $137,760. The results of Caribbean Pacific Natural Products are represented as discontinued operations in the statement of operations with balance sheet items being represented as assets held for sale and liabilities associated with assets held for sale.

Total assets of the Company at December 31, 2001 and 2000 were $24,755,795 and $26,055,601, respectively. Working capital increased by $3,694 to $18,625,821 at December 31, 2001. The primary influences on working capital during 2001 were the reductions in accrued expenses relating to advertising and royalties and sales commissions with the related reduction in cash balances.

MATERIAL COMMITMENTS AND SIGNIFICANT AGREEMENTS

The Company's products are manufactured by outside sources. The Company has agreements in place with these manufacturers, which insure a reliable source of product for the future. The majority of revenues received by the facility producing the Cold-Eeze(R) lozenge is from the Company.

The Company has agreements in place with independent brokers whose function is to represent the Company's Cold-Eeze(R) products, in a product sales and promotion capacity, throughout the United States and internationally. The brokers are remunerated through a commission structure, based on a percentage of sales collected, less certain deductions.

There are significant royalty and commission agreements between the Company and patent holders of the Company's cold remedy products. The Company has entered into royalty and consulting agreements with the patent holders that require payments of 8% on sales collected, less certain deductions, and with the founders who share a commission of 5% on sales collected, less certain deductions. The agreement with one patent holder expired on March 5, 2002. The agreements with the other patent holder expire on May 4, 2007, and with the founders on May 31, 2005.

The Company has an agreement with the former owners of the Utah based direct marketing and selling company, whereby they receive payments, currently totaling 5% of net sales collected, for use of product formulations, consulting, confidentiality and non-compete agreements. Amounts paid or payable under such agreement during 2002 and 2001 were $448,647 and $678,454, respectively. Amounts payable under such agreement at December 31, 2002 and 2001 were $63,866 and $54,941, respectively.

Certain operating leases for office and warehouse space maintained by the Company resulted in rent expense for the years ended December 31, 2002, 2001 and 2000, of $236,304, $218,456 and $133,127, respectively. The future minimum lease

obligations under these operating leases are approximately $717,000.

The Company has committed to advertising costs approximating $130,000 relating to 2003. Additional advertising cost is expected to be incurred for the remainder of 2003.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $15,963,949 and $18,625,821 at December 31, 2002 and 2001, respectively. Changes in working capital overall have been primarily due to the following items: cash balances have increased by $3,212,775 due partly to remittances resulting from the exercise of options and warrants during the year; inventory has decreased by $1,564,459 due to the management of inventory levels; accrued advertising has increased by $890,783 as a result of increased outside advertising activity in 2002 compared to 2001; remaining current liabilities have increased in 2002 due to the increased business activity of the health and wellness segment and also due to an accrued liability in 2002 resulting from warrants granted associated with consulting services. Total cash balances at December 31, 2002 were $12,897,080 compared to $9,684,305 at December 31, 2001.

Management believes that its revised strategy to establish Cold-Eeze(R) as a recognized brand name, its broader range of products, its diversified distribution methods as it relates to the health and wellness business segment, adequate manufacturing capacity, growth in international sales together with its current working capital should provide an internal source of capital to fund the Company's business operations. In addition to anticipated funding from operations, the Company and its subsidiaries may in the short and long term raise capital through the issuance of equity securities to finance anticipated growth.

Management is not aware of any trends, events or uncertainties that have or are reasonably likely to have a material negative impact upon the Company's (a) short-term or long-term liquidity, or (b) net sales, revenues or income from continuing operations. Any challenge to the Company's patent rights could have a material adverse effect on future liquidity of the Company; however, the Company is not aware of any condition that would make such an event probable.

Management believes that cash generated from operations along with its current cash balances will be sufficient to finance working capital and capital expenditure requirements for at least the next twelve months.

IMPACT OF INFLATION

The Company is subject to normal inflationary trends and anticipates that any increased costs should be passed on to its customers.

ITEM 8 CONSOLIDATED FINANCIAL STATEMENTS

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THE QUIGLEY CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2002	December 31, 2001
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,897,080	$ 9,684,305
Accounts receivable (less doubtful accounts of $737,782 and $719,310)	4,188,123	4,175,394
Inventory	4,526,761	6,091,220
Prepaid expenses and other current assets	490,117	1,448,157
Assets held for sale	374,007	782,265
TOTAL CURRENT ASSETS	22,476,088	22,181,341
PROPERTY, PLANT AND EQUIPMENT - net	2,336,736	2,120,055
OTHER ASSETS:		
Patent rights - Less accumulated amortization	--	21,940
Goodwill, net	30,763	30,763
Other assets	1,000	1,000
Assets held for sale	90,369	400,696
TOTAL OTHER ASSETS	122,132	454,399
TOTAL ASSETS	$ 24,934,956	$ 24,755,795
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 394,675	$ 818,805
Accrued royalties and sales commissions	1,146,495	868,621
Accrued advertising	1,559,575	668,792
Accrued consulting	1,673,000	--
Other current liabilities	1,353,383	844,461
Liabilities associated with assets held for sale	385,011	354,841
TOTAL CURRENT LIABILITIES	6,512,139	3,555,520
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $.0005 par value; authorized 50,000,000; Issued: 16,102,670 and 15,321,206 shares	8,051	7,661
Additional paid-in-capital	32,592,222	28,915,612
Retained earnings	11,010,703	17,465,161
Less: Treasury stock, 4,646,053 and 4,646,053 shares, at cost	(25,188,159)	(25,188,159)
TOTAL STOCKHOLDERS' EQUITY	18,422,817	21,200,275
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 24,934,956	$ 24,755,795

See accompanying notes to financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
SALES:			
Sales	$ 31,285,394	$ 23,047,894	$ 18,565,319
Co-operative advertising promotions	2,013,614	1,822,272	3,038,366
NET SALES	29,271,780	21,225,622	15,526,953
LICENCING FEES	148,866	1,546,592	--
TOTAL REVENUE	29,420,646	22,772,214	15,526,953

COST OF SALES	17,208,836	10,220,849	6,116,204
GROSS PROFIT	12,211,810	12,551,365	9,410,749
OPERATING EXPENSES:			
Sales and marketing	4,941,174	3,220,789	8,225,242
Administration	9,891,761	7,429,766	5,705,193
Research and development	2,663,291	1,331,639	1,185,750
TOTAL OPERATING EXPENSES	17,496,226	11,982,194	15,116,185
INCOME (LOSS) FROM OPERATIONS	(5,284,416)	569,171	(5,705,436)
INTEREST AND OTHER INCOME	152,313	364,949	646,723
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	(5,132,103)	934,120	(5,058,713)
INCOME TAXES	--	--	--
INCOME (LOSS) FROM CONTINUING OPERATIONS	(5,132,103)	934,120	(5,058,713)
DISCONTINUED OPERATIONS:			
Loss from discontinued operations	(689,122)	(718,156)	(137,760)
Loss on impairment related to investment in sun-care and skincare operations	(633,233)	--	--
NET INCOME (LOSS)	($ 6,454,458)	$ 215,964	($ 5,196,473)
Basic earnings per common share:			
Income (loss) from continuing operations	($ 0.47)	$ 0.09	($ 0.48)
Loss from discontinued operations	(0.12)	(0.07)	(0.01)
Net Income (loss)	($ 0.59)	$ 0.02	($ 0.49)
Diluted earnings per common share:			
Income (loss) from continuing operations	($ 0.47)	$ 0.09	($ 0.48)
Loss from discontinued operations	(0.12)	(0.07)	(0.01)
Net Income (loss)	($ 0.59)	$ 0.02	($ 0.49)
Weighted average common shares outstanding:			
Basic	10,893,944	10,675,153	10,551,027
Diluted	10,893,944	10,750,687	10,551,027

See accompanying notes to financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Issued Amount	Additional Paid-in-Capital
Balance January 1, 2000	10,349,731	$7,415	$28,807,108
Treasury stock	(134,400)		
Tax benefits from options, warrants & common stock			230,998
Tax valuation allowance			(230,998)

Proceeds from options and warrants exercised	439,822	221	64,779
Net loss year ended December 31, 2000			
Balance December 31, 2000	10,655,153	7,636	28,871,887
Treasury stock	(30,000)		
Shares issued for net assets acquired	50,000	25	43,725
Net Income year ended December 31, 2001			
Balance December 31, 2001	10,675,153	7,661	28,915,612
Tax benefits from options, warrants & common stock			828,177
Tax valuation allowance			(828,177)
Warrants issued for service			427,000
Proceeds from options and warrants exercised	781,464	390	3,249,610
Net loss year ended December 31, 2002			
Balance December 31, 2002	11,456,617	$8,051	$32,592,222

	Treasury Stock	Retained Earnings	Total
Balance January 1, 2000	($25,044,584)	$22,445,670	$26,215,609
Treasury stock	(113,444)		(113,444)
Tax benefits from options, warrants & common stock			230,998
Tax valuation allowance			(230,998)
Proceeds from options and warrants exercised			65,000
Net loss year ended December 31, 2000		(5,196,473)	(5,196,473)
Balance December 31, 2000	(25,158,028)	17,249,197	20,970,692
Treasury stock	(30,131)		(30,131)
Shares issued for net assets acquired			43,750
Net Income year ended December 31, 2001		215,964	215,964
Balance December 31, 2001	(25,188,159)	17,465,161	21,200,275
Tax benefits from options, warrants & common stock			828,177
Tax valuation allowance			(828,177)
Warrants issued for service			427,000
Proceeds from options and warrants exercised			3,250,000
Net loss year ended December 31, 2002		(6,454,458)	(6,454,458)

Balance December 31, 2002	($25,188,159)	$11,010,703	$18,422,817

See accompanying notes to financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
OPERATING ACTIVITIES:			
	($6,454,458)	$215,964	($5,196,473)
Adjustments to reconcile net income (loss) to net cash provided by (used in) continuing operations:			
Loss from discontinued operations	689,122	718,156	137,760
Loss on impairment related to discontinued operations	633,233	--	--
Depreciation and amortization	409,068	458,741	355,172
Compensation satisfied with common stock warrants	2,100,000	--	--
Other assets	--	--	453,164
Bad debts provision	18,472	183,014	306,001
(Increase) decrease in assets:			
Accounts receivable	(31,201)	(448,426)	2,471,491
Inventory	1,564,459	862,832	(399,337)
Prepaid expenses and other current assets	958,040	(328,528)	313,973
Prepaid income taxes	--	--	2,485,247
Increase (decrease) in liabilities:			
Accounts payable	(424,130)	11,769	287,271
Accrued royalties and sales commissions	277,874	(541,126)	(312,968)
Accrued advertising	890,783	(1,069,081)	(2,786,028)
Other current liabilities	508,922	(412,175)	551,974
Total adjustments	7,594,642	(564,824)	3,863,720
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,140,184	(348,860)	(1,332,753)
INVESTING ACTIVITIES:			
Capital expenditures	(580,861)	(343,614)	(375,778)
Net cost of net assets acquired	--	(30,763)	--
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(580,861)	(374,377)	(375,778)
FINANCING ACTIVITIES:			
Proceeds from exercises of options and warrants	3,250,000	--	65,000
Repurchase of common stock	--	(30,131)	(113,444)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,250,000	(30,131)	(48,444)
NET CASH USED IN DISCONTINUED OPERATIONS	(596,548)	(844,911)	(950,916)
NET INCREASE (DECREASE) IN CASH	3,212,775	(1,598,279)	(2,707,891)
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	9,684,305	11,282,584	13,990,475
CASH & CASH EQUIVALENTS, END OF PERIOD	$ 12,897,080	$ 9,684,305	$ 11,282,584

See accompanying notes to financial statements

THE QUIGLEY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND BUSINESS

The Quigley Corporation (the "Company"), organized under the laws of the state of Nevada, is engaged in the development, manufacturing, and marketing of health and homeopathic products that are being offered to the general public. For the fiscal periods presented, the Company's revenues have come from the Company's proprietary "Cold-Eeze(R)" products and the Health and Wellness business segment.

Darius International Inc., a wholly owned subsidiary of the Company, was formed in January 2000 to introduce new products to the marketplace through a network of independent distributors. Darius is a direct selling organization specializing in proprietary health and wellness products, which commenced shipping product to customers in the third quarter of 2000.

The formation of Darius International Inc., has provided diversification to the Company in both the method of product distribution and the broader range of products available to the marketplace serving as a balance to the seasonal revenue cycles of the Cold-Eeze(R) branded products.

During 2000, the Company acquired a 60% ownership position in Caribbean Pacific Natural Products, Inc., ("CPNP") which is a leading developer and marketer of all-natural sun-care and skincare products for luxury resorts, theme parks and spas. In December 2002, the Board of Directors of the Company approved a plan to sell CPNP. On January 22, 2003, the Board of Directors of the Company completed the sale of the Company's 60% equity interest in CPNP to Suncoast Naturals, Inc. ("Suncoast"). See discussion in Notes to Financial Statements, Note 3 - Discontinued Operations.

In January 2001, the Company formed an Ethical Pharmaceutical Unit which is now Quigley Pharma Inc., a wholly-owned subsidiary of the Company, that is under the direction of its Executive Vice President and Chairman of its Medical Advisory Committee. The formation of the Company's Ethical Pharmaceutical Unit follows the Patent Office of The United States Commerce Department confirming the assignment to the Company of a Patent Application for the "Method and Composition for the Topical Treatment of Diabetic Neuropathy." In September 2001, the Patent Office confirmed the assignment to the Company of a Patent Application entitled the "Medicinal Composition and Method of Using it" (for Treatment of Sialorrhea and other Disorders) for a product to relieve sialorrhea (drooling) in patients suffering from Amyotrophic Lateral Sclerosis (ALS), otherwise known as Lou Gehrig's Disease. In November 2001, the Company was assigned a Patent Application entitled "Composition and Method for Prevention, Reduction and Treatment of Radiation Dermatitis" with the Patent Office of The United States Commerce Department. In September 2002, the Company filed a foreign patent application for "Method and Composition for the Topical Treatment of Diabetic Neuropathy" in Europe and other foreign markets. The establishment of a dedicated pharmaceutical subsidiary will enable the Company to diversify into the prescription drug market and to ensure safe and effective distribution of these important potential new products currently under development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All inter-company transactions and balances have been eliminated. In the opinion of management, all adjustments necessary to present fairly the consolidated financial position, consolidated results of operations and consolidated cash flows, for the periods indicated, have been made. Certain prior period amounts have been reclassified to conform with the 2002 presentation.

During 2000, the Company acquired a 60% ownership position in Caribbean Pacific Natural Products, Inc., ("CPNP"), which is a leading developer and marketer of all-natural sun-care and skincare products for luxury resorts, theme parks and spas. In December 2002, the Board of Directors of the Company approved a plan to sell CPNP. On January 22, 2003, the Board of Directors of the Company completed the sale of the Company's 60% equity interest in CPNP to Suncoast Naturals, Inc. ("Suncoast"). In exchange for its 60% equity interest in CPNP, the Company shall receive: (i) 750,000 shares of Suncoast's common stock, which Suncoast has agreed, at its cost and within 60 days from the closing, to register for public resale through an appropriate registration statement; and (ii) 100,000 shares of Suncoast's Series A Redeemable Preferred Stock, which bears interest at a rate of 4.25% per annum and which is redeemable from time to time after March 31, 2003 in such amounts as is equal to 50% of the free cash flow reported by Suncoast in the immediately preceding quarterly financial statements divided by

the redemption price of $10.00 per share. The Company owns 19.5% of Suncoast's issued and outstanding capital stock. Results of CPNP are presented as discontinued operations in the Consolidated Statements of Operations with the balance sheet items classified as "assets held for sale" and "liabilities associated with assets held for sale" in the Consolidated Balance Sheets.

On January 2, 2001, the Company acquired certain assets and assumed certain liabilities of a privately held company, located in Utah, involved in the direct marketing and distribution of health and wellness products. This acquisition required cash payments that approximated $110,000 and 50,000 shares of the Company's stock issued to the former owners of the assets acquired. The net assets acquired at acquisition principally consisted of intangibles with no recorded value, inventory, accounts receivable, bank balances and fixed assets totaling $536,000 and liabilities assumed approximating $416,000. Also required are continuous payments for the use of product formulations; consulting; confidentiality and non-compete fees that total up to 12% on net sales collected until $540,000 is paid, when such fees become 5% on net sales collected for the continuous applications of these arrangements. This acquisition is accounted for by the purchase method of accounting and accordingly, the operating results have been included in the Company's Consolidated Statements of Operations from the date of acquisition. Prior to January 1, 2002, the excess of cost over net assets acquired had been subject to amortization on a straight-line basis over a period of 15 years. Subsequent to 2001, the account will only be reduced if the value becomes impaired.

USE OF ESTIMATES

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

CASH EQUIVALENTS

The Company considers all highly liquid investments with an initial maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents include cash on hand and monies invested in money market funds. The carrying amount approximates the fair market value due to the short-term maturity of these investments.

INVENTORIES

Inventories are stated at the lower of cost or market. The Company uses the first-in, first-out ("FIFO") method of determining cost for all inventories. Inventories are primarily comprised of finished goods.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost. The Company uses a combination of straight-line and accelerated methods in computing depreciation for financial reporting purposes. The annual provision for depreciation has been computed in accordance with the following ranges of estimated asset lives: building and improvements - twenty years; machinery and equipment - five to seven years; computer software - three years; and furniture and fixtures - seven years.

INTANGIBLE ASSETS

Patent rights have been amortized on a straight-line basis over the period of the related licensing agreements, which approximated 67 months and were fully amortized as of March 2002. Amortization costs incurred for the years ended December 31, 2002, 2001 and 2000, were $21,940, $87,761 and $87,761, respectively. Accumulated amortization at December 31, 2002 and 2001 was $490,000 and $468,000, respectively.

As of December 31, 2002, intangible assets consist principally of goodwill. Goodwill is not amortized but reviewed for impairment when events and circumstances indicate the carrying amount may not be recoverable or on an annual basis if operations of a reporting unit have materially changed from the prior year. In 2002, the Company realized an impairment loss of $296,047 from its investment in CPNP, which is reflected in discontinued operations. The effects of adopting FASB 142 was immaterial to net income and did not change basic or diluted earnings per share for the years ended December 31, 2002, 2001 and 2000.

CONCENTRATION OF RISKS

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and trade accounts receivable.

The Company maintains cash and cash equivalents with four major financial institutions. Since the Company maintains amounts in excess of guarantees provided by the Federal Depository Insurance Corporation, the Company performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution.

Trade accounts receivable potentially subjects the Company to credit risk. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history and generally does not require collateral. The Company has historically incurred minimal credit losses. The Company's broad range of customers includes many large wholesalers, mass merchandisers and multi-outlet pharmacy chains, five of which account for a significant percentage of sales volume, representing 23% for the year ended December 31, 2002, 35% for the year ended December 31, 2001, and 40% for the year ended December 31, 2000. Customers comprising the five largest accounts receivable balances represented 44% and 45% of total trade receivable balances at December 31, 2002 and 2001, respectively. During 2002, approximately 99% of the Company's revenues originated in the United States with the remainder being attributable to international trade.

The Company currently uses three separate suppliers to produce Cold-Eeze(R) in lozenge, bubble gum, and sugar-free tablet form. A large proportion of the Company's revenues are currently generated from the sale of the Cold-Eeze(R) product with the remaining revenue coming from the health and wellness segment. The lozenge form is manufactured by a third party manufacturer whose majority of revenues are from the Company. The other forms are manufactured by third parties that produce a variety of other products for other customers. Should these relationships terminate or discontinue for any reason, the Company has formulated a contingency plan in order to prevent such discontinuance from materially affecting the Company's operations. Any such termination may, however, result in a temporary delay in production until the replacement facility is able to meet the Company's production requirements.

Raw material used in the production of the product is available from numerous sources. Currently, it is being procured from a single vendor in order to secure purchasing economies. In a situation where this one vendor is not able to supply the contract manufacturer with the ingredients, other sources have been identified.

Darius' product for resale is sourced from several suppliers. In the event that such sources were no longer in a position to supply Darius with product, other vendors have been identified as reliable alternatives with minimal adverse loss of business.

LONG-LIVED ASSETS

The Company reviews its long-lived assets for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through future cash flows. If it is determined that an impairment loss has occurred based on the expected cash flows, a loss is recognized in the Statement of Operations. In 2002, the Company realized an impairment loss of $337,186 from its investment in CPNP, which is reflected in discontinued operations.

REVENUE RECOGNITION

Sales are recognized at the time ownership is transferred to the customer, which is primarily the time the shipment is received by the customer. Sales returns and allowances are provided for in the period that the related sales are recorded. Provisions for these reserves are based on historical experience. Total revenues for December 31, 2002 and 2001 include amounts of $148,866 and $1,546,592, respectively, as a result of the settlement of the infringement suit, related to licensing fees, against Gel Tech, LLC, the developer of Zicam(TM), and Gum Tech International, Inc., its distributor.

SHIPPING AND HANDLING

Product sales relating to Health and Wellness products carry an additional identifiable shipping and handling charge to the purchaser, which is classified as revenue. For cold remedy products, such costs are included as part of the invoiced price. In all cases costs related to this revenue are recorded in costs of sales.

STOCK COMPENSATION

Stock options and warrants for purchase of the Company's common stock have been granted to both employees and non-employees since the date of the Company's public inception. Options and warrants are exercisable during a period determined by the Company, but in no event later than ten years from the date granted.

The Company applies Accounting Principles Board Opinion No. 25 ("APB 25") in accounting for its grants of options to employees. Under the intrinsic value method prescribed by APB 25, no compensation expense relating to grants to employees has been recorded by the Company in periods reported. If compensation expense for awards made during the years ended December 31, 2002, 2001 and 2000 had been determined under the fair value method of Statement of Financial

Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
Net income (loss)			
As reported	($6,454,458)	$215,964	($5,196,473)
Compensation expense	(2,072,220)	(244,000)	(237,750)
Pro forma	($8,526,678)	($28,036)	($5,434,223)
Basic earnings (loss) per share			
As reported	($0.59)	$0.02	($0.49)
Pro forma	($0.78)	-	($0.52)
Diluted earnings (loss) per share			
As reported	($0.59)	$0.02	($0.49)
Pro forma	($0.78)	-	($0.52)

Expense relating to warrants granted to non-employees has been appropriately recorded in the periods presented based on either fair values agreed upon with the grantees or fair values as determined by the Black Scholes pricing model dependent upon the circumstances relating to the specific grants.

ROYALTIES

The Company includes royalties and founders commissions incurred as cost of sales based on agreement terms.

ADVERTISING

Advertising costs are expensed within the period in which they are utilized. Advertising expense is comprised of media advertising, presented as part of sales and marketing expense; co-operative advertising, which is accounted for as a deduction from sales; and free product, which is accounted for as part of cost of sales. Advertising costs incurred for the years ended December 31, 2002, 2001 and 2000 were $4,794,955, $3,402,006 and $9,296,483, respectively. Included in prepaid expenses and other current assets was $236,875 and $419,000 at December 31, 2002 and 2001 relating to prepaid advertising and promotion expenses.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the period incurred. Expenditures for the years ended December 31, 2002, 2001 and 2000 were $2,663,291, $1,331,639 and $1,185,750, respectively. Principally, the increase in research and development costs in 2002 was due to expenses incurred as part of the product research costs related to Quigley Pharma and study costs associated with Cold-Eeze(R). Quigley Pharma is currently involved in research activity following patent applications that the Company has acquired and such research and development costs relating to potential products are expected to increase significantly over time as product research and testing progresses.

INCOME TAXES

The Company utilizes an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax law or rates. See Notes to Financial Statements, Note 7 - Income Taxes for further discussion.

NOTE 3 - DISCONTINUED OPERATIONS

Effective July 1, 2000, the Company acquired a 60% ownership position of Caribbean Pacific Natural Products, Inc., ("CPNP") which is accounted for by the purchase method of accounting and accordingly, the operating results have been included in the Company's consolidated financial Statements from the date of acquisition. This majority ownership position required a cash investment that approximated $812,000 and the provision for a $1 million line of credit, secured by inventory, accounts receivable and all other assets of Caribbean Pacific Natural Products. The net assets of CPNP at the acquisition date principally consisted of a product license and distribution rights with no recorded value, inventory and fixed assets of $312,915 and $510,000 of working capital with a contribution to minority interest of $329,166.

In December 2002, the Board of Directors of the Company approved a plan to sell CPNP. On January 22, 2003, the Board of Directors of the Company completed the sale of the Company's 60% equity interest in CPNP to Suncoast Naturals, Inc. ("Suncoast"). In exchange for its 60% equity interest in CPNP, the Company shall receive: (i) 750,000 shares of Suncoast's common stock, which Suncoast has

agreed, at its cost and within 60 days from the closing, to register for public resale through an appropriate registration statement; and (ii) 100,000 shares of Suncoast's Series A Redeemable Preferred Stock, which bears interest at a rate of 4.25% per annum and which is redeemable from time to time after March 31, 2003 in such amounts as is equal to 50% of the free cash flow reported by Suncoast in the immediately preceding quarterly financial statements divided by the redemption price of $10.00 per share. The Company owns 19.5% of Suncoast's issued and outstanding capital stock. The disposal of CPNP was completed in order to allow the Company to focus resources on other activities and clinical research and development.

Sales for the twelve months ended December 31, 2002, 2001 and 2000 were $2,040,312, $2,176,470 and $798,866, respectively, net losses for the same periods were $1,322,355, $718,155 and $137,760, respectively. The loss relating to 2002 includes an amount of $633,233 relating to the asset impairment. Results of CPNP are presented as discontinued operations in the Consolidated Statements of Operations with the balance sheet items classified as "assets held for sale" and "liabilities associated with assets held for sale" in the Consolidated Balance Sheets. The major classes of balance sheet items of assets held for sale at December 31, 2002 and 2001 are inventory ($281,089 and $416,526), accounts receivable ($358,670 and $248,897) and accounts payable ($172,867 and $93,008), respectively.

NOTE 4 - SEGMENT INFORMATION

The basis for presenting segment results generally is consistent with overall Company reporting. The Company reports information about its operating segments in accordance with Financial Accounting Standard Board Statement No. 131, "Disclosure About Segments of an Enterprise and Related Information," which establishes standards for reporting information about a company's operating segments. All consolidating items are included in Corporate & Other.

The Company has divided its operations into three reportable segments as follows: The Quigley Corporation (Cold Remedy), whose main product is Cold-Eeze(R), a proprietary zinc gluconate glycine lozenge for the common cold; Darius (Health and Wellness), whose business is the sale and direct marketing of a range of health and wellness products and Quigley Pharma (Ethical Pharmaceutical), currently involved in research and development activity to develop patent applications for potential pharmaceutical products.

As discussed in Notes to Financial Statements, Note 3 - Discontinued Operations, the Company disposed of its Sun-care and Skincare segment.

Financial information relating to 2002, 2001 and 2000 continuing operations by business segment follows:

As of and for the three months ended December 31, 2002	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Revenues					
Customers	$ 6,782,664	$4,616,637	-	-	$11,399,301
Inter-segment	-	-	-	-	-
Segment operating profit (loss)	(1,510,198)	172,362	($485,590)	$15,470	(1,807,956)
Total Assets	$26,223,476	$1,401,867	-	($2,690,387)	$24,934,956

As of and for the twelve months ended December 31, 2002	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Revenues					
Customers	$14,199,833	$15,220,813	-	-	$29,420,646
Inter-segment	-	-	-	-	-
Segment operating profit (loss)	(4,839,359)	1,103,610	($1,604,753)	$56,086	(5,284,416)
Total Assets	$26,223,476	$ 1,401,867	-	($2,690,387)	$24,934,956

As of and for the three months ended December 31, 2001	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Revenues					
Customers	$ 6,536,445	$1,763,209	-	-	$ 8,299,654
Inter-segment	-	-	-	-	-
Segment operating profit (loss)	1,893,169	(354,104)	($161,182)	-	1,377,883
Total Assets	$26,726,729	$ 826,946	-	($2,797,880)	$24,755,795

As of and for the twelve months ended December 31, 2001	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Revenues					
Customers	$16,983,635	$5,788,579	-	-	$22,772,214
Inter-segment	116,385	(176,412)	-	$60,027	-
Segment operating profit (loss)	1,638,264	(729,374)	($467,436)	127,717	569,171
Total Assets	$26,726,729	$ 826,946	-	($2,797,880)	$24,755,795

As of and for the three months ended December 31, 2000	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Revenues					
Customers	$6,501,262	$11,811	-	-	$6,513,073
Inter-segment	3,486	-	-	($3,486)	-
Segment operating profit (loss)	360,515	(173,335)	-	648	187,828
Total Assets	$27,005,069	$428,210	-	($2,146,880)	$25,286,399

As of and for the twelve months ended December 31, 2000	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Revenues					
Customers	$15,475,653	$51,300	-	-	$15,526,953
Inter-segment	320,623	-	-	($320,623)	-
Segment operating profit (loss)	(4,645,828)	(936,534)	-	(123,074)	(5,705,436)
Total Assets	$27,005,069	$428,210	-	($2,146,880)	$25,286,399

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Consisted of the following as of:	December 31, 2002	December 31, 2001
Land	$ 152,203	$ 152,203
Buildings and improvements	1,503,641	1,496,293
Machinery and equipment	1,061,852	845,555
Computer software	462,032	225,241
Furniture and fixtures	180,287	171,898
	3,360,015	2,891,190
Less: Accumulated depreciation	1,023,279	771,135
Property, Plant and Equipment, net	$2,336,736	$2,120,055

Depreciation expense for the years ended December 31, 2002, 2001 and 2000 was $387,128, $343,661, and $267,411, respectively.

NOTE 6 - PATENT RIGHTS AND RELATED ROYALTY COMMITMENTS

During 1996, the Company entered into a licensing agreement resulting in the utilization of the zinc gluconate patent. In return for the acquisition of this license, the Company issued a total of 240,000 shares of common stock to the patent holder and attorneys during 1996 and 1997. The related intangible asset, approximating $490,000, was valued at the fair value of these shares at the date of the grant. This asset value was amortized over the remaining life of the patent that expired in March 2002. The Company was required to pay a 3% royalty on sales collected, less certain deductions, to the patent holder throughout the term of this agreement, which also expired in 2002.

The Company also maintains a separate representation and distribution agreement relating to the development of the zinc gluconate glycine product formulation. In return for exclusive distribution rights, the Company must pay the developer a 3% royalty and a 2% consulting fee based on sales collected, less certain deductions, throughout the term of this agreement, expiring in 2007. Additionally, a founder's commission totaling 5%, on sales collected, less certain deductions, is paid to two of the officers, who are also stockholders of the Company, and whose agreements expire in 2005.

The expenses for the respective periods relating to such agreements amounted to $1,421,475, $1,399,847, and $1,952,603, for the years ended December 31, 2002, 2001, and 2000, respectively. Amounts accrued for these expenses at December 31, 2002 and 2001 were $603,387 and $553,698, respectively.

NOTE 7 - INCOME TAXES

The provision (benefit) for income taxes, consists of the following:

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
Current:			
Federal	--	--	--
State	--	--	--
Deferred:			
Federal	($980,638)	$340,861	($1,504,966)
State	82,664	(24,977)	(183,650)
	(897,974)	315,884	(1,688,616)
Valuation allowance	897,974	(315,884)	1,688,616
Total	--	--	--

A reconciliation of the statutory federal income tax expense (benefit) to the effective tax is as follows:

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
Statutory rate	($1,744,916)	$ 317,600	($1,719,963)
State taxes net of federal benefit	56,707	(17,134)	(122,311)
Permanent differences and other	790,235	15,418	153,658
	(897,974)	315,884	(1,688,616)
Less valuation allowance	897,974	(315,884)	1,688,616
Total	--	--	--

The tax effects of the primary "temporary differences" between values recorded for assets and liabilities for financial reporting purposes and values utilized for measurement in accordance with tax laws giving rise to the Company's deferred tax assets are as follows:

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
Net operating loss carry-forward	$ 4,459,068	$ 3,082,051	$ 3,387,629
Contract termination costs	710,970	305,019	378,555
Bad debt expense	187,992	263,654	196,879
Other	152,789	133,943	137,488
Valuation allowance	(5,510,819)	(3,784,667)	(4,100,551)
Total	--	--	--

Certain exercises of options and warrants, and restricted stock issued for services that became unrestricted resulted in reductions to taxes currently payable and a corresponding increase to additional-paid-in-capital for prior years. Certain tax benefits for option and warrant exercises totaling $1,756,383 are deferred because of a net operating loss carry-forward for tax purposes ("NOLs") that occurred during the fourth quarter of 1999, resulting from a cumulative effect of deducting $42,800,364 attributed to options, warrants and unrestricted stock deductions from taxable income. The net operating loss carry-forwards arising from the option, warrant and stock activities approximate $14.3 million for federal purposes, of which $3.5 million will expire in 2019, $4.0 million in 2020, $6.8 million in 2022 and $14.3 million for state purposes, of which $9.7 million will expire in 2009, $3.0 million in 2010, and $1.6 million in 2012. Until sufficient taxable income to offset the temporary timing differences attributable to operations and the tax deductions attributable to option, warrant and stock activities are assured, a valuation allowance equaling the total deferred tax asset is being provided.

NOTE 8 - EARNINGS PER SHARE

Basic earnings per share ("EPS") excludes dilution and is computed by dividing income available to common stockholders by the weighted - average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that shared in the earnings of the entity. Diluted EPS also utilizes the treasury stock method which prescribes a theoretical buy back of shares from the theoretical proceeds of all options and warrants outstanding during the period. Since there is a large number of options and warrants outstanding, fluctuations in the actual market price can have a variety of results for each period presented.

A reconciliation of the applicable numerators and denominators of the income statement periods presented is as follows (millions, except earnings per share amounts):

	Year Ended December 31, 2002			Year Ended December 31, 2001			Year Ended December 31, 2000		
	Loss	Shares	EPS	Income	Shares	EPS	Loss	Shares	EPS
Basic EPS	($ 5.1)	10.9	($ 0.47)	$ 0.9	10.7	$ 0.09	($ 5.1)	10.5	($ 0.48)
Dilutives: Options and Warrants	--	--	--	--	0.1	--	--	--	--
Diluted EPS	($ 5.1)	10.9	($ 0.47)	$ 0.9	10.8	$ 0.09	($ 5.1)	10.5	($ 0.48)

Options and warrants outstanding at December 31, 2002, 2001 and 2000 were 4,262,500, 4,014,000 and 4,042,400, respectively, but were not included in the computation of diluted earnings per share because the effect was antidilutive.

NOTE 9 - STOCK COMPENSATION

Stock options for purchase of the Company's common stock have been granted to both employees and non-employees. Options are exercisable during a period determined by the Company, but in no event later than ten years from the date granted.

On December 2, 1997, the Company's Board of Directors approved a new Stock Option Plan ("Plan") which was amended in 2001 and provides for the granting of up to three million shares to employees. Under this Plan, the Company may grant options to employees, officers or directors of the Company at variable percentages of the market value of stock at the date of grant. No incentive stock option shall be exercisable more than ten years after the date of grant or five years where the individual owns more than ten percent of the total combined voting power of all classes of stock of the Company. Stockholders approved the Plan in 1998. A total of 477,000, 400,000 and 480,000 options were granted under this Plan during the years ended December 31, 2002, 2001 and 2000, respectively.

The Company applies Accounting Principles Board Opinion No. 25 ("APB 25") in accounting for its grants of options to employees. Under the intrinsic value method prescribed by APB 25, no compensation expense relating to grants to employees has been recorded by the Company in periods reported. If compensation expense for awards made during the years ended December 31, 2002, 2001 and 2000 had been determined under the fair value method of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," the Company's net income and earnings per share would have been reduced to the pro forma amounts as displayed in Notes to Financial Statements, Note 2 - Summary of Significant Accounting Policies.

Expense relating to options granted to non-employees has been appropriately recorded in the periods presented based on either fair values agreed upon with the grantees or fair values as determined by the Black-Scholes pricing model dependent upon the circumstances relating to the specific grants.

The Company used the Black-Scholes pricing model to determine the fair value of stock options granted during the periods presented using the following assumptions: expected life of the option of 5 years and expected forfeiture rate of 0%; expected stock price volatility ranging between 108.0% and 119.2% for the year ended December 31, 2002, 58.9% for 2001, and ranging between 92.8% and 110% for the year ended December 31, 2000; expected dividend yield of 0% and risk-free interest rate ranging between 4.06% and 4.51% for the year ended December 31, 2002, expected dividend yield of 1.5% and risk-free interest rate of 4.36% for the year ended December 31, 2001, expected dividend yield of 1.5% and risk-free interest rate of between 4.94% and 6.59% for the year ended December 31, 2000, based on the expected life of the option. The impact of applying SFAS No. 123 in this pro forma disclosure is not indicative of the

impact on future years' reported net income as SFAS No. 123 does not apply to stock options granted prior to the beginning of fiscal year 1996 and additional stock options awards are anticipated in future years. All options were immediately vested upon grant.

A summary of the status of the Company's stock options and warrants granted to both employees and non-employees as of December 31, 2002, 2001, and 2000 and changes during the years then ended is presented below:

YEAR ENDED DECEMBER 31, 2002:

	Employees		Non-Employees		Total	
	Shares (,000)	Weighted Average Exercise Price	Shares (,000)	Weighted Average Exercise Price	Shares (,000)	Weighted Average Exercise Price
Options/warrants outstanding at beginning of period	3,009	$4.32	1,005	$6.73	4,014	$4.92
Additions/deductions:						
Granted	432	5.26	1,045	8.12	1,477	7.28
Exercised	58	1.68	800	4.72	858	4.51
Cancelled	20	9.84	350	10.00	370	10.00
Options/warrants outstanding at end of period	3,363	$4.45	900	$8.86	4,263	$5.38
Options/warrants exercisable at end of period	3,363		900		4,263	
Weighted average fair value of grants	$5.26		$8.12		$7.28	
Price range of options/warrants exercised	$0.81-$5.13		$1.75-$6.50		$0.81-$6.50	
Price range of options/warrants outstanding	$0.81-$10.00		$0.81-$11.50		$0.81-$11.50	
Price range of options/warrants exercisable	$0.81-$10.00		$0.81-$11.50		$0.81-$11.50	

YEAR ENDED DECEMBER 31, 2001:

	Employees		Non-Employees		Total	
	Shares (,000)	Weighted Average Exercise Price	Shares (,000)	Weighted Average Exercise Price	Shares (,000)	Weighted Average Exercise Price
Options/warrants outstanding at beginning of period	2,747	$4.68	1,370	$5.42	4,117	$4.93
Additions/deductions:						
Granted	355	1.26	45	1.26	400	1.26
Exercised	-	-	-	-	-	-
Cancelled	93	3.35	410	1.75	503	2.05
Options/warrants outstanding at end of period	3,009	$4.32	1,005	$6.73	4,014	$4.92
Options/warrants exercisable at end of period	3,009		1,005		4,014	
Weighted average fair value of grants	$1.26		$1.26		$1.26	
Price range of options/warrants exercised	-		-		-	
Price range of options/warrants outstanding	$0.81-$10.00		$0.81-$10.00		$0.81-$10.00	
Price range of options/warrants exercisable	$0.81-$10.00		$0.81-$10.00		$0.81-$10.00	

YEAR ENDED DECEMBER 31, 2000:

	Employees		Non-Employees		Total	
		Weighted		Weighted		Weighted

	Shares (,000)	Average Exercise Price	Shares (,000)	Average Exercise Price	Shares (,000)	Average Exercise Price
Options/warrants outstanding at beginning of period	2,799	$4.59	1,480	$5.14	4,279	$4.78
Additions/deductions:						
Granted	440	1.10	40	0.81	480	1.07
Exercised	460	0.50	130	0.50	590	0.50
Cancelled	32	7.83	20	7.40	52	7.67
Options/warrants outstanding at end of period	2,747	$4.68	1,370	$5.42	4,117	$4.93
Options/warrants exercisable at end of period	2,747		1,370		4,117	
Weighted average fair value of grants	$0.69		$0.55		$0.68	
Price range of options/warrants exercised	$0.50		$0.50		$0.50	
Price range of options/warrants outstanding	$0.81-$10.00		$0.81-$10.00		$0.81-$10.00	
Price range of options/warrants exercisable	$0.81-$10.00		$0.81-$10.00		$0.81-$10.00	

The following table summarizes information about stock options outstanding and stock options exercisable, as granted to both employees and non-employees, at December 31, 2002:

	Employees			Non-Employees		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$0.81-$2.50	1,738,000	5.4	$1.58	85,000	8.5	$1.05
$5.13-$9.68	1,289,500	6.9	$6.89	315,000	2.7	$7.96
$10.00-$11.50	335,000	4.3	$10.00	500,000	2.8	$10.75
	3,362,500			900,000		

Options and warrants outstanding as of December 31, 2002, 2001 and 2000 expire from March 7, 2004 through December 17, 2012, depending upon the date of grant. In February 2003, 250,000 warrants with an exercise price of $9.50 per share and an expiration date of March 2004 were issued, and the exercise date for 500,000 existing warrants were extended by one year. See discussion in Notes to Financial Statements, Note 10 - Stockholders' Equity.

During 1999, the Company implemented a defined contribution plan for its employees. The Company's contribution to the plan is based on the amount of the employee plan contributions. The Company's contribution cost to the plan in 2002 and 2001 was approximately $179,000 and $140,000, respectively.

NOTE 10 - STOCKHOLDERS' EQUITY

On September 8, 1998, the Company's Board of Directors declared a dividend distribution of Common Stock Purchase Rights (the "Rights"), thereby creating a Stockholder Rights Plan (the "Plan"). The dividend was payable to the stockholders of record on September 25, 1998. Each Right entitles the stockholder of record to purchase from the Company that number of Common Shares having a combined market value equal to two times the Rights exercise price of $45. The Rights are not exercisable until the distribution date, which will be the earlier of a public announcement that a person or group of affiliated or associated persons has acquired 15% or more of the outstanding common shares, or the announcement of an intention to make a tender or exchange offer resulting in the ownership of 15% or more of the outstanding common shares by a similarly constituted party. The dividend has the effect of giving the stockholder a 50% discount on the share's current market value for exercising such right. In the event of a cashless exercise of the Right, and the acquirer has acquired less than a 50% beneficial ownership of the Company, a stockholder may exchange one Right for one common share of the Company. The Final Expiration of the Plan is September 25, 2008.

Since the inception of the stock buy-back program in January 1998, the Board has

subsequently increased the authorization on five occasions, for a total authorized buy-back of 5,000,000 shares or approximately 38% of the previous shares outstanding. Such shares are reflected as treasury stock and will be available for general corporate purposes. From the initiation of the plan until December 31, 2002, 4,159,191 shares have been repurchased at a cost of $24,042,801 or an average cost of $5.78 per share. No shares were repurchased during 2002.

As a result of the litigation relating to the case against Nutritional Foods Corporation, in March of 1998, a subsequent order of the Court of Common Pleas of Bucks County modified the decree of January 23, 1997 to provide for a return to treasury of 604,928 shares to the Company. As payment for legal services, 118,066 of these shares were reissued with a market value of approximately $1,145,358. This value, the cost of reacquiring these shares, then became the value of the net treasury stock ($2.35 per share) represented by 486,862 shares returned to treasury.

On April 9, 2002, The Quigley Corporation entered into an agreement with Forrester Financial LLC, ("Forrester") providing for Forrester to act as a financial consultant to the Company. The consulting agreement commenced as of March 7, 2002 for a term of twelve months, but may be terminated by the Company in its sole discretion at any time. As compensation for services to be provided by Forrester to the Company, the Company granted to Forrester, or its designees, warrants to purchase up to a total of 1,000,000 shares of the Company's common stock. The warrants have three distinct exercise prices, they being, 500,000 warrants are exercisable at $6.50 per share, these were exercised in May 2002, 250,000 warrants are exercisable at $8.50 per share, and 250,000 warrants are exercisable at $11.50 per share. The warrants were exercisable until the earlier to occur of (i) March 6, 2003 or (ii) the termination of the Consulting Agreement.

Pursuant to an agreement dated February 2, 2003, the Company entered into an Amended and Restated Warrant Agreement (the "Amended Agreement") with Forrester Financial, LLC ("Forrester"). The amended Agreement extended by one year, until March 7, 2004, the exercise period with respect to (a) warrants to purchase 250,000 shares of common stock at $8.50 per share and (b) warrants to purchase 250,000 shares of common stock at $11.50 per share. The Amended Agreement also granted to Forrester additional warrants to purchase, at any time prior to March 7, 2004, an additional 250,000 shares of common stock at $9.50 per share. As a result of this Amended Agreement the Company recorded a further expense of $1,400,000 in the fourth quarter of 2002, amounting to a total expense of $2,100,000, classified as administrative expense in the Consolidated Statement of Operations, relating to this warrant agreement in 2002. Additionally, $1,673,000 is reflected in the Consolidated Balance Sheet at December 31, 2002, which represents the value of the unexercised warrants.

On December 7, 2002, Forrester Financial LLC commenced an action by a Writ of Summons filed in the Court of Common Pleas of Bucks County, PA against The Quigley Corporation. No Complaint was filed detailing the claim of Forrester Financial LLC against The Quigley Corporation. This action was terminated with prejudice by Forrester Financial LLC as part of its agreement with The Quigley Corporation on February 2, 2003 whereby certain warrants were scheduled to expire on March 7, 2003 were extended to March 7, 2004 (warrants to purchase 250,000 shares at $8.50; warrants to purchase 250,000 shares at $11.50). As an additional part of this agreement, Forrester Financial LLC was granted warrants to purchase 250,000 shares at any time until March 7, 2004 at the price of $9.50 a share.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Certain operating leases for office and warehouse space maintained by the Company resulted in rent expense for the years ended December 31, 2002, 2001 and 2000, of $236,304, $218,456 and $133,127, respectively. The future minimum lease obligations under these operating leases are approximately $717,000.

The Company has committed to advertising costs approximating $130,000 relating to 2003. Additional advertising cost is expected to be incurred for the remainder of 2003.

TESAURO AND ELEY

In September, 2000, the Company was sued by two individuals (Jason Tesauro and Elizabeth Eley, both residents of Georgia), on behalf of a "nationwide class" of "similarly situated individuals," in the Court of Common Pleas of Philadelphia County, Pennsylvania. The Complaint alleges that the Plaintiffs purchased certain Cold-Eeze(R) products between August, 1996, and November, 1999, based upon cable television, radio and internet advertisements which allegedly misrepresented the qualities and benefits of the Company's products. The Complaint requests an unspecified amount of damages for violations of Pennsylvania's consumer protection law, breach of warranty and unjust enrichment, as well as a judicial determination that the action be maintained as a class action.

In October, 2000, the Company filed Preliminary Objections to the Complaint seeking dismissal of the action. The Court sustained certain objections thereby narrowing Plaintiffs' Complaint. In May, 2001, Plaintiffs filed a Motion to Certify the Alleged Class. The Company opposed the Motion. In November, 2001, the Court held a hearing on Plaintiffs' Motion for Class Certification. In January, 2002, the Court denied in part and granted in part the Plaintiffs' Motion. The Court denied Plaintiffs' Motion to Certify a Class based on Plaintiffs' claim under the Pennsylvania Consumer Protection Law; however, the Court certified the class based on Plaintiffs' breach of warranty and unjust enrichment claims.

The Company believes Plaintiffs' claim is completely without merit, and is vigorously defending the lawsuit and has denied any liability to the Plaintiffs. No assessment as to the outcome of this action can be made at this time.

GOLDBLUM AND WAYNE

A Special Meeting of the Quigley stockholders was held on October 15, 1999, at which a majority of the shares entitled to vote adopted a Corrective Action Proposal (initially reported in the Company's Form 10-Q for the quarter ending June 30, 1999) to ratify actions previously taken by the Company relating to the 1990 1 for 2.74 reverse split, the 1995 1 for 10 reverse split (the "Reverse Splits") and the 1997 1 for 2 forward split (the "Forward Split"). Pursuant to the October 15, 1999 Special Meeting, the Company authorized the filing of a declaratory judgment action in Nevada to determine the effectiveness of the Corrective Action.

In August 2000, the District Court of Clark County, Nevada, held that it had jurisdiction to decide the Company's declaratory judgment action filed in April, 2000, against two putative shareholders (Thomas Goldblum and Alan Wayne), in which the Company seeks a judicial declaration that, based on stockholder approval of the Corrective Action Proposal, the Reverse Splits and Forward Split satisfy and/or comply with Nevada law and that the capitalization of Quigley evidenced by the issued and outstanding shares of common stock and common stock warrants is as reflected on Quigley's stock transfer ledger on September 10, 1999, the record date of the Special Meeting. The District Court of Clark County held a hearing on this matter on March 19, 2002 and ruled in favor of The Quigley Corporation. A final judgment has been entered of record by the Court on June 21, 2002. The period for appeal of this order to the Nevada Supreme Court has expired.

An underlying claim filed by Goldblum and Wayne in the Court of Common Pleas of Montgomery County, Pennsylvania on March 17, 1996 alleging that the plaintiffs became owners of 500,000 shares each of the Company's common stock in or about 1990 and requested damages in excess of $100,000 for breach of contract and conversion.

The Company is vigorously defending this lawsuit and has denied any liability to the plaintiffs. The Company also believes that the plaintiffs' claims are barred by the applicable statutes of limitations, and that the plaintiffs are, in any event, limited to claims for approximately 36,000 shares. The Company continues to believe that the plaintiffs' claims are without merit. No assessment as to the outcome of this action can be made at this time.

INTERVENTION, INC.

An action was filed by Intervention, Inc. on July 2, 2002 in Contra Costa County Superior Court under the California Unfair Competition Law, Business and Professions Code, Section 17200. The Complaint claims that COLD-EEZE(R) does not contain ionic zinc and therefore does not have the unique quality the Company asserts for it. The Complaint purports to attack The Cleveland Clinic Study titled Zinc Gluconate Lozenges for Treating the Common Cold and the Dartmouth Study, Zinc Gluconate and The Common Cold: A Controlled Clinical Study. The plaintiff claims that the Dartmouth Study is not double-blind and is not randomized. The plaintiff also claims that The Cleveland Clinic Study is untrue and deceptive because it did not conclude that patients "starting treatments" with zinc had a 42% reduction in duration of the common cold and, also, because the 42% reduction in common cold duration is not a reference to average of cold duration but rather is a reference to the reduction in median duration. There is also a claim by the plaintiff that there is an implied claim that the results in the studies have been confirmed by repetition which plaintiff contests.

The plaintiff is requesting attorney's fees and costs, corrective equitable relief including restitution and an injunction.

The Company believes plaintiff's claim is completely without merit, has no scientific basis and is vigorously defending the lawsuit and has denied any liability to the plaintiff. Certain pre-trial discovery and motions remain to be completed and no prediction can be made as to the outcome of this case.

LITIGATION - FORMER EMPLOYEE

On April 12, 2002, the Company commenced a complaint in Equity in the Court of Common Pleas of Bucks County, PA against the former President of Darius

International Inc., its wholly owned subsidiary, following termination of such President. The allegations in the complaint include, but are not limited to, an alleged breach of fiduciary duty owed to the Company. The Company is seeking both injunctive and monetary relief. On or about May 1, 2002, the defendant filed a counterclaim requesting that the Court declare him the lawful owner of 55,000 stock options, unspecified damages relating to an alleged breach of an oral contract and for commissions allegedly owed. In addition, the Defendant requests the return of certain intellectual property used to commence and continue Darius' operations.

The Corporation believes Defendant's claims are without merit, is vigorously defending the counterclaims and is prosecuting its action on its complaint. No assessment as to the outcome of this action can be made at this time.

NOTE 12 - TERMINATED LEGAL PROCEEDINGS

On December 7, 2002, Forrester Financial LLC commenced an action by a Writ of Summons filed in the Court of Common Pleas of Bucks County, PA against The Quigley Corporation. No Complaint was filed detailing the claim of Forrester Financial LLC against The Quigley Corporation. This action was terminated with prejudice by Forrester Financial LLC as part of its agreement with The Quigley Corporation on February 2, 2003 whereby certain warrants were scheduled to expire on March 7, 2003 were extended to March 7, 2004 (warrants to purchase 250,000 shares at $8.50; warrants to purchase 250,000 shares at $11.50). As an additional part of this agreement, Forrester Financial LLC was granted warrants to purchase 250,000 shares at any time until March 7, 2004 at the price of $9.50 a share.

On or about December 16, 2002, Herbert Krackow commenced an action in the First Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida against The Quigley Corporation, Caribbean Pacific International, and Caribbean Pacific Natural Products, Inc. asking that the Asset Sale Agreement between The Quigley Corporation and Caribbean Pacific International be set aside and that the plaintiff be made whole on an alleged Consulting Agreement for a four-year period ending on June 30, 2001. This action has been discontinued by the plaintiff with prejudice and the plaintiff has waived his right for any past or future claim against the Corporation in a Release executed by him in favor of The Quigley Corporation and Caribbean Pacific Natural Products. The Quigley Corporation entered into the Joint Mutual Release with the plaintiff without payment of any funds under the Uniform Consideration Act.

NOTE 13 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has sales brokerage and other arrangements with entities whose major stockholders are also stockholders of The Quigley Corporation, or are related to major stockholders of the Company. Commissions and other items paid or payable under such arrangements for the years ended December 31, 2002, 2001 and 2000, amounted to $36,979, $160,034, and $466,033, respectively. Amounts payable under such agreements at December 31, 2002 and 2001 were approximately zero and $36,525, respectively.

An agreement between the Company and the founders Mr. Guy J. Quigley and Mr. Charles A. Phillips, both officers and stockholders of the Company, was entered into on June 1, 1995. The founders, in consideration of the acquisition of the Cold-Eeze(R) cold therapy product, are to share a total commission of five percent (5%), on sales collected, less certain deductions until the termination of this agreement on May 31, 2005. For the years ended December 31, 2002, 2001 and 2000, amounts of $692,766, $651,614 and $715,800, respectively, were paid or payable under such founder's commission agreements. Amounts payable under such agreements at December 31, 2002 and 2001 were $301,695 and $212,961, respectively.

The Company is in the process of acquiring licenses in certain countries through related party entities whose stockholders include Mr. Gary Quigley, a relative of the Company's Chief Executive Officer. Fees amounting to $309,493, $281,250 and $251,607 have been paid to a related entity during 2002, 2001 and 2000, respectively to assist with the regulatory aspects of obtaining such licenses.

NOTE 14 - QUARTERLY INFORMATION (UNAUDITED)

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
2002				
Sales	$ 5,249,171	$ 5,196,576	$ 8,548,654	$ 12,290,993
Co-operative advertising promotions	264,640	142,954	714,329	891,691
Net Sales	4,984,531	5,053,622	7,834,325	11,399,302

Gross Profit	2,438,035	1,627,890	3,111,062	5,034,823
Loss - continuing operations	(1,735,761)	(1,333,980)	(288,854)	(1,773,508)
Net Loss	(1,700,768)	(1,450,220)	(500,395)	(2,803,075)
Basic earnings (loss) per share				
Continuing operations	($0.16)	($0.12)	($0.03)	($0.16)
Net loss	(0.16)	(0.13)	(0.05)	(0.26)
Diluted earnings (loss) per share				
Continuing operations	(0.16)	(0.12)	(0.03)	(0.16)
Net loss	(0.16)	(0.13)	(0.05)	(0.26)

2001

Sales	$ 4,554,758	$ 2,634,111	$ 6,664,935	$ 9,194,090
Co-operative advertising promotions	493,069	66,232	232,171	1,030,800
Net Sales	4,061,689	2,567,878	6,432,763	8,163,292
Gross Profit	2,337,768	2,278,352	3,262,064	4,673,181
Income (loss) - continuing operations	(402,725)	(573,000)	483,884	1,425,961
Net Income (Loss)	(402,909)	(680,443)	313,615	985,701
Basic earnings (loss) per share				
Continuing operations	($0.04)	($0.05)	$0.05	$0.13
Net income (loss)	(0.04)	(0.06)	0.03	0.09
Diluted earnings (loss) per share				
Continuing operations	(0.04)	(0.05)	0.05	0.13
Net income (loss)	(0.04)	(0.06)	0.03	0.09

In December 2002, the Board of Directors of the Company approved a plan to sell Caribbean Pacific Natural Products, Inc. On January 22, 2003, the Company completed the sale of its 60% equity interest in Caribbean Pacific Natural Products, Inc. to Suncoast Naturals, Inc. by exchanging its 60% controlling interest in Caribbean Pacific Natural Products, Inc. for 750,000 Shares of Common Stock and 100,000 Shares of Redeemable Preferred Stock of Suncoast Naturals, Inc. This transaction reflects the operation results and impairment losses of Caribbean Pacific Natural Products, Inc. as discontinued operations of the Company for all periods presented.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of The Quigley Corporation is responsible for the information and representations contained in this report. Management believes that the financial statements have been prepared in conformity with generally accepted accounting principles and that the other information in this annual report is consistent with those statements. In preparing the financial statements, management is required to include amounts based on estimates and judgments, which it believes are reasonable under the circumstances.

In fulfilling its responsibilities for the integrity of the data presented and to safeguard the Company's assets, management employs a system of internal accounting controls designed to provide reasonable assurance, at appropriate cost, that the Company's assets are protected and that transactions are appropriately authorized, recorded, and summarized. This system of control is supported by the selection of qualified personnel, by organizational assignments that provide appropriate delegation of authority and division of responsibilities, and by the dissemination of policies and procedures.

PricewaterhouseCoopers LLP, the Company's independent accountants, performed an audit for the years ended December 31, 2002, 2001, and 2000, in accordance with generally accepted auditing standards. The independent accountants conducted a review of certain internal accounting controls to the extent required by generally accepted auditing standards and performed such substantive tests and procedures, as they deem necessary to arrive at an opinion on the fairness of the financial statements presented herein.

/s/ Guy J. Quigley — March 17, 2003

Guy J. Quigley, Chairman of the Board, President, Chief Executive Officer — Date

/s/ George J. Longo — March 17, 2003

George J. Longo, Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) — Date

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Stockholders of The Quigley Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity, and cash flows present fairly, in all material respects, the financial position of The Quigley Corporation and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 17, 2003

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The information required under this item is incorporated by reference to the Company's Proxy Statement for the 2003 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required under this item is incorporated by reference to the Company's Proxy Statement for the 2003 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required under this item is incorporated by reference to the Company's Proxy Statement for the 2003 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required under this item is incorporated by reference to the Company's Proxy Statement for the 2003 Annual Meeting of Stockholders.

ITEM 14. DISCLOSURE CONTROLS AND PROCEDURES

Based on their evaluation, as of a date within 90 days of the filing of this Form 10-K, the Company's Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934) are effective. There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Exhibits:

3.1 Articles of Incorporation of the Company (as amended), (incorporated by reference to Exhibit 3.1 of Form 10-KSB/A

dated April 4, 1997)

3.2 By-laws of the Company as currently in effect (incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form 10-KSB/A filed with the Commission on April 4, 1997 and Exhibit 99.3 of the Company's Current Report on Form 8-K filed with the Commission on September 21, 1998)

4.1 Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Form 10-KSB/A dated April 4, 1997)

10.1 1997 Stock Option Plan (incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-8 (File No. 333-61313) filed with the Commission on August 13, 1998)

10.2 Exclusive Representation and Distribution Agreement dated May 4, 1992 between the Company and Godfrey Science and Design, Inc. et al (incorporated by reference to Exhibit 10.2 Form 10-KSB/A dated April 4, 1997)

10.3 Employment Agreement dated June 1, 1995 between the Company and Guy J. Quigley (incorporated by reference to Exhibit 10.3 of Form 10-KSB/A dated April 4, 1997)

10.4 Employment Agreement dated June 1, 1995 between the Company and Charles A. Phillips (incorporated by reference to Exhibit 10.4 of Form 10-KSB/A dated April 4, 1997)

10.5 Exclusive Master Broker Wholesale Distributor and Non-Exclusive National Chain Broker Agreement dated July 22, 1994 between the Company and Russell Mitchell (incorporated by reference to Exhibit 10.7 of Form 10-KSB/A dated April 4, 1997)

10.6 Licensing Agreement dated August 24, 1996 between the Company, George A. Eby III and George Eby Research (incorporated by reference to Exhibit 10.6 of Form 10-KSB/A dated April 4, 1997)

10.8 United States Exclusive Supply Agreement dated March 17, 1997 (Portions of this exhibit are omitted and were filed separately with the Securities Exchange Commission pursuant to the Company's application requesting confidential treatment in accordance with Rule 406 of Regulation C as promulgated under the Securities Act of 1933, incorporated by reference to Exhibit 10.5 of Form SB-2 dated September 29, 1997)

10.9 Consulting Agreement dated May 4, 1992 between the Company and Godfrey Science and Design, Inc. et al. (incorporated by reference to Exhibit 10.5 of Form 10-KSB/A dated April 4, 1997)

10.10 Employment Agreement dated November 5, 1996, as amended, between the Company and George J. Longo (the Employment Agreement is incorporated by reference to Exhibit 10.10 of Form 10-KSB dated March 30, 1998 and the amendments are attached hereto)

10.11 Employment Agreement dated January 1, 1997, as amended, between the Company and Eric H. Kaytes (the Employment Agreement is incorporated by reference to Exhibit 10.11 of Form 10-KSB dated March 30, 1998 and amendments are attached hereto)

10.12 Rights Agreement dated September 15, 1998 between the Company and American Stock Transfer and Trust Company (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A filed with the Commission on September 18, 1998)

10.13 Consulting agreement dated March 7, 2002 between the Company and Forrester Financial LLC (incorporated by reference from Exhibit 99.1 to Form 8-K filed on April 11, 2002.)

10.14 Warrant agreement dated March 7, 2002 between the Company and Forrester Financial LLC (incorporated by reference from Exhibit 99.2 to Form 8-K filed on April 11, 2002.)

10.15 Agreement dated February 2, 2003 between the Company and Forrester Financial LLC (incorporated by reference from Exhibit 99.3 to Form 8-K filed on February 18, 2003.)

10.16 Amended and Restated Warrant Agreement dated February 2, 2003 between the Company and Forrester Financial LLC (incorporated by reference from Exhibit 99.4 to Form 8-K filed on February

18, 2003.)

10.17 Share agreement effective as of December 31, 2002 between the Company and Suncoast Naturals, Inc. is incorporated by reference to Exhibit 2.1 of Form 8-K filed on February 6, 2003.

23.1 Consent of PricewaterhouseCoopers LLP, Independent Accountants, dated March 25, 2003.

99.1 Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company filed a report on 8-K, Item 5. The report involved the resignation of two directors from the Board of Directors of the Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE QUIGLEY CORPORATION

/s/ Guy J. Quigley — March 26, 2003

Guy J. Quigley, Chairman of the Board, President, Chief Executive Officer and Director — Date

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Company in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Guy J. Quigley Guy J. Quigley	Chairman of the Board, President, Chief Executive Officer and Director	March 26, 2003
/s/ Charles A. Phillips Charles A. Phillips	Executive Vice President, Chief Operating Officer and Director	March 26, 2003
/s/ George J. Longo George J. Longo	Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 26, 2003
/s/ Jacqueline F. Lewis Jacqueline F. Lewis	Director	March 26, 2003
/s/ Rounsevelle W. Schaum Rounsevelle W. Schaum	Director	March 26, 2003
/s/ Stephen W. Wouch, Stephen W. Wouch,	Director	March 26, 2003

THE QUIGLEY CORPORATION
a Nevada corporation
CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Section 302 Certification

I, Guy J. Quigley, certify that:

1. I have reviewed this annual report on Form 10-K of The Quigley Corporation, a Nevada corporation (the "registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003

By: /s/ Guy J. Quigley

Guy J. Quigley
Chief Executive Officer

THE QUIGLEY CORPORATION
a Nevada corporation
CERTIFICATION OF CHIEF FINANCIAL OFFICER

Section 302 Certification

I, George J. Longo, certify that:

1. I have reviewed this annual report on Form 10-K of The Quigley Corporation, a Nevada corporation (the "registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003

By: /s/ George J. Longo

George J. Longo
Chief Financial Officer

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-73456, 333-61313, 333-10059, 333-14687 and 333-26589) and Form S-3 (File No. 333-31241 and 333-86976) of The Quigley Corporation of our report dated March 17, 2003, relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
- ------------------------------
PricewaterhouseCoopers LLP
Philadelphia, PA
March 25, 2003

Exhibit 99.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.ss.1350)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. ss.1350), the undersigned, Guy J. Quigley, the Chief Executive Officer of The Quigley Corporation, a Nevada corporation (the "Company"), does hereby certify, to his knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2002 of the Company (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Guy J. Quigley

Guy J. Quigley
Chief Executive Officer
March 17, 2003

Exhibit 99.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.ss.1350)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. ss.1350), the undersigned, George J. Longo, the Chief Financial Officer of The Quigley Corporation, a Nevada corporation (the "Company"), does hereby certify, to his knowledge, that:

The Annual Report on Form 10-K for the quarter ended December 31, 2002 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George J. Longo

George J. Longo
Chief Financial Officer
March 17, 2003