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, 2003

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 disclosure of delinquent filers pursuant to Item 405 of Regulation S-X is not contained herein, and will not 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 Rule 12b-2 of the Securities Exchange Act of 1934). |_| Yes |X| No

The aggregate market value of the registrant's common stock held by non-affiliates was $59,305,107 as of June 30, 2003, based on the closing price of the common stock on the Nasdaq National Stock Market.

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 12, 2004: 11,512,755.

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 from the Registrant's Proxy Statement for the 2004 Annual Meeting of Stockholders.

THE EXHIBIT INDEX IS LOCATED ON PAGES 23-24.

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FORWARD-LOOKING STATEMENTS

In addition to historical information, this 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.

CERTAIN RISK FACTORS

The Quigley Corporation makes no representation that the US Food and Drug Administration or any other regulatory agency will grant an Investigational New Drug ("IND") or take any other action to allow its formulations to be studied or marketed. Furthermore, no claim is made that potential medicine discussed herein is safe, effective, or approved by the Food and Drug Administration. Additionally, data that demonstrates activity or effectiveness in animals or in vitro tests do not necessarily mean the formula test compound, referenced herein will be effective in humans. Safety and effectiveness in humans will have to be demonstrated by means of adequate and well controlled clinical studies before the clinical significance of the formula test compound is known. Readers should carefully review the risk factors described in other sections of the filing as well as in other documents the Company files from time to time with the Securities and Exchange Commission.

PART I

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.

Darius International Inc., ("Darius"), the Health and Wellness segment, 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. 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.

The formation of Darius 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.

In January 2001, the Company formed an Ethical Pharmaceutical Unit, Pharma, the Ethical Pharmaceutical segment, that is under the direction of its Executive Vice President and Chairman of its Medical Advisory Committee. The formation of Pharma 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" which was issued and extends through December 21, 2020. 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. At this time, three patents have been issued and assigned to the Company resulting from research activity of Pharma.

During 2000, the Company acquired a 60% ownership position in Caribbean Pacific Natural Products, Inc. ("CPNP"), 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 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.

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) 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 is a direct selling organization specializing in proprietary health and wellness products, which commenced shipping product to customers in the third quarter of 2000.

Pharma was formed for the purpose of developing naturally derived prescription drugs, cosmeceuticals, and dietary supplements. 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.

During 2003, approximately 97% of the Company's revenues from Cold-Eeze(R) and Darius originated in the United States with the remainder being attributable to international trade.

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, sugar-free tablet and nasal spray forms. During 2003 the Company launched a Cold-Eeze(R) nasal spray and Kidz-Eeze(TM) Sore Throat Pops. The nasal spray product, a nasal spray containing the active ingredient Zinc Gluconate and also containing Aloe Vera, began shipping to retail during the second half of 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 and extensions, are presently being marketed by the Company and also through independent brokers and marketers in the United States under the trade name Cold-Eeze(R). 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 zinc gluconate glycine 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 May 2003, the Company announced the study findings of a prospective study, conducted at the Heritage School facility in Provo, Utah, in which 178 children ages 12 to 18 years were given Cold-Eeze(R) lozenges both symptomatically and prophylactically from October 5, 2001 to May 30, 2002. The study found a 54% reduction in the most frequently observed cold duration. Those subjects not receiving treatment most frequently experienced symptom duration at 11 days compared with 5 days when lozenges were administered, a reduction of 6 days.

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.

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, chain drug, food and discount stores throughout the United States.

The Company continues to use the resources of independent national and international brokers complementing its own in-house 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

Pharma's current activity is the development of naturally-derived prescription drugs with the goal to improve the quality of life and health of those in need

through scientific research and development. Research and development will focus on the identification, isolation and direct use of active medicinal substances. One aspect of Pharma's research will focus on the combination of isolated active constituents and whole plant components. The search for new natural sources of medicinal substances will focus not only on world plants, fungi, and other natural substances, but an intense investigation into traditional medicinals and historic therapeutics.

Pharma is currently undergoing research and development activity in compliance with regulatory requirements. During the course of its research and development, certain formulas have led to three patents and several patent applications, which the Patent Office of the United States Commerce Department has confirmed the assignment to the Company. The Company, through Pharma, is at the initial stages of what may be a lengthy process to develop these patents and patent applications into commercial products.

The pre-clinical development, clinical trials, product manufacturing and marketing of 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 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, which was concluded in 2003. It indicated that subjects using this formulation had 67% of their symptoms improve, suggesting efficacy. 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 testing on a new formulation being developed 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.

In September 2003, the Company announced its intention to file for permission to study its patent pending potential treatment for psoriasis and other skin disorders. Continued testing will therefore have to be conducted under an Investigational New Drug (IND) application following positive preliminary results.

In December 2003, the Company announced positive test results of a preliminary independent in vitro study indicating that a Quigley test compound previously tested on the Influenza virus showed "significant virucidal activity against a strain of the Severe Acute Respiratory Syndrome (SARS) virus."

HEALTH AND WELLNESS PRODUCTS

Darius, through Innerlight Inc., its wholly owned subsidiary, is a direct selling company specializing in the development and distribution of proprietary health and wellness products primarily within the United States with the commencement of international business activity during the second quarter of 2003. The Company develops and markets products that are suitable for distribution within a direct selling business environment. The products marketed and sold by Darius are herbal vitamins and dietary supplements for the human condition.

Within the framework of a direct selling business environment, Darius sells its products through a network of independent representatives, who are not employees of Darius. These purchases by the independent representatives may be used for personal consumption or used for resale to consumers. The independent representatives receive compensation for sales achieved by means of a commission structure or compensation plan based on their product sales and those of personnel within their down-line independent representative network. As the independent representatives pay for product by credit card for shipments made, the accounts receivable balances at any time are negligible.

The continued success of this segment is dependent upon, amongst other things, the Company's ability:

- To maintain existing independent representatives and recruit additional successful independent representatives. Additionally, the loss of key high-level distributors could negatively impact future growth and revenues;

- To continue to develop and make available new and desirable products at an acceptable cost;

- To maintain safe and reliable multiple-location sources for product and materials;

- To maintain a reliable information technology system and internet capability. The Company has expended significant resource on systems enhancements in the past and will continue to do so to ensure prompt customer response times, business continuity and reliable reporting capabilities. Any interruption to computer systems for an extended period of time could be harmful to the business;

- To execute conformity with various federal, state and local regulatory agencies both within the United States and abroad. With the commencement of international business, difficulties with foreign regulatory requirements could have a significant negative impact on future growth. Any inquiries from government authorities relating to our business and compliance with laws and regulations could be harmful to the Company;

- To compete with larger more mature organizations operating within the same market and to remain competitive in terms of product relevance and business opportunity;

- To successfully implement methods for progressing the direct selling philosophy internationally; and

- To plan strategically for general economic conditions.

Any or all of the above risks could result in significant reductions in revenues and profitability of the Health and Wellness segment.

PATENTS, TRADEMARKS, ROYALTY AND COMMISSION AGREEMENTS

The Company currently owns no patents for cold-remedy products. 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)	Sweden: No. 0 183 840 (March 2, 1994)
	No. 4 758 439 (July 19, 1988)	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)
	Japan: Pending	France & Italy: No. EP 0 183 840 B1 (March 2, 1994)

The following patents have been assigned to the Company in relation to Pharma:

United States:	No. 6 555 573 B2 (April 29, 2003)
	No. 6 592 896 B2 (July 15, 2003)
	No. 6 596 313 B2 (July 22, 2003)

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, both officers and stockholders of the Company, 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 August 2003, the Company entered into a licensing agreement with a patent holder relating to utilizing a nasal spray product in the treatment of symptoms of the common cold. The Company has agreed to pay the patent holder a two percent royalty on net sales of nasal spray products, less certain deductions, throughout the term of this agreement, expiring no later than April 2014.

During 2003 the following patents were granted to the Company relating to the areas of focus of the Ethical Pharmacutical segment:

- A Patent (No. 6,555,573 B2) entitled "Method and Composition for the Topical Treatment of Diabetic Neuropathy." The patent extends through December 21, 2020.

- A Patent (No. 6,592,896 B2) 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. The patent extends through August 6, 2021.

- A Patent (No. 6,596,313 B2) entitled "Nutritional Supplement and Method of Using It" for a product to relieve sialorrhea (drooling) in patients suffering from Amyotrophic Lateral Sclerosis (ALS), otherwise known as Lou Gehrig's Disease. The patent extends through April 15, 2022.

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, Ahold, Albertsons, CVS, RiteAid, Publix, Eckerd Drug Company, B.J's Wholesale Club, Inc., Sam's Club, Winn-Dixie Stores, Inc., Wal-Mart, Target, The Kroger Company, Safeway Inc., Costco Wholesale, Kmart Corporation, and wholesale distributors including, AmerisourceBergen, Cardinal Distribution and McKesson Supply Solutions.

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%, 23%, and 35% of its continuing consolidated gross revenues for the years ended December 31, 2003, 2002 and 2001, respectively.

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.

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, 2003, 2002 and 2001 were $3,365,698, $2,663,291, and $1,331,639, 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 Pharma, 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 2003 was due to expenses incurred as part of the product research costs related to Pharma and study costs associated with Cold-Eeze(R). Pharma is currently involved in research activity following patent applications that the Company has acquired and research and development costs, relating to potential products, are expected to increase significantly over time as product research and testing continues.

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 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, 2003 the Company employed 63 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 separate suppliers to produce Cold-Eeze(R) in lozenge, sugar-free tablet and nasal spray form. The Cold-Eeze(R) lozenge product is manufactured by a contract manufacturer, a significant amount of whose 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. 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 current monthly cost of $2,396. This Nevada location has a three-year lease that expires in July 2006. In addition to storage facilities at the contract manufacturers' locations, the Company also stores product in a number of 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 24,700 square feet. The current monthly lease cost of

this office and warehouse space is $10,713 with the leases that are set to expire in September 2005 and July 2007, respectively. 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 at this time.

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.

Discovery has been completed and trial has been scheduled to commence in May 2004. The Company is vigorously defending this lawsuit and believes that the action lacks merit. Based upon the information the Company has at this time, it believes the action will not have a material impact to the Company. However, at this time no prediction as to the outcome can be made.

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 believed that the plaintiffs' claims were without merit, barred by the applicable statutes of limitations, and that the plaintiffs were, in any event, limited to claims for approximately 36,000 shares.

The Company vigorously defended this lawsuit through trial during January 2004, when a jury returned a unanimous verdict in favor of the Company. Thereafter, the plaintiffs filed a motion for post-trial relief as a first step toward an appeal, which the Company regards as without merit and will oppose. Although the Company regards any effort by plaintiffs to pursue an appeal as lacking merit and based upon the information the Company has at this time, it believes the action will not have a material impact to the Company. However, at this time no prediction as to the outcome of this appeal can be made.

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. Based upon the information the Company has at this time, it believes the action will not have a material impact to the Company. However, at this time no prediction as to the outcome can be made.

TERMINATED PROCEEDINGS

MIKE FORAN VS. INNERLIGHT, INC.,
DARIUS INTERNATIONAL, INC., AND
THE QUIGLEY CORPORATION

On August 1, 2003, an action was filed with the American Arbitration Association by Mike Foran against Innerlight Inc., a wholly owned subsidiary of Darius International Inc., which is a wholly owned subsidiary of the Company. After a hearing before the United States District Court for the District of Utah, Central Division, Foran withdrew his complaint against The Quigley Corporation and the matter was remanded to arbitration. Discovery began on December 1, 2003 and was completed on December 22, 2003. Based on the discovery of all of defendants' documents and defendants' depositions and after interviewing Innerlight Inc.'s witnesses, the Company upon advice of counsel settled the action for $290,000 and reinstated Foran as an independent representative.

Negotiations leading to settlement were completed by December 31, 2003 and a Settlement Agreement was entered effective January 18, 2004. As part of the Settlement Agreement, Mr. Foran completely released Innerlight, Inc. and The Quigley Corporation from any claim arising out of the action instituted by him on August 1, 2003 and also any claim he may have asserted against Innerlight Inc. or The Quigley Corporation.

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 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.

On the 3rd day of July, 2003, the Contra Costa County Superior Court upon Motion of The Quigley Corporation issued a Summary Judgment in favor of The Quigley Corporation. On October 24, 2003, Intervention Inc. filed an appeal to the California Court of Appeals from the Summary Judgment issued in favor of The Quigley Corporation. In March 2004, the appeal was withdrawn, with prejudice.

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 bid prices for the Company's common stock.

	Common Stock			
	2003		2002	
Quarter Ended	High	Low	High	Low
	----	---	----	---

March 31	$7.76	$4.71	$7.20	$2.03
June 30	$8.22	$5.39	$8.82	$5.40
September 30	$10.51	$6.75	$8.00	$3.05
December 31	$11.12	$7.32	$7.05	$2.40

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, 2003, there were approximately 360 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, 2003, 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	$9.5000	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	396,500	$9.6800	December 1, 2007
Option Plan	331,000	$5.1250	April 6, 2009
Option Plan	263,000	$0.8125	December 20, 2010
Option Plan	324,500	$1.2600	December 10, 2011
Option Plan	350,000	$5.1900	July 30, 2012
Option Plan	102,000	$5.4900	December 17, 2012
Option Plan	424,000	$8.1100	October 29, 2013

At December 31, 2003, there were 4,601,000 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 employees, 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)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A) (C)
Equity Plans Approved by Security Holders (1)	2,191,000	$5.46	700,000
Equity Plans Not Approved by Security Holders (2)	2,410,000	$6.34	--
Total	4,601,000	$5.92	700,000

(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, 2003, 2002, 2001, 2000 and 1999.

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, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
STATEMENT OF INCOME DATA:					
Net Sales	$41,499	$29,272	$21,226	$15,527	$21,574
Total Revenue	41,499	29,421	22,772	15,527	21,574
Gross Profit	20,011	12,212	12,551	9,411	13,240
Income (Loss) - continuing operations	729	(5,132)	934	(5,059)	(4,204)
Loss - discontinued operations (1)	(54)	(1,322)	(718)	(137)	--
Net Income (Loss)	675	(6,454)	216	(5,196)	(4,204)
Basic earnings (Loss) per share:					
Continuing operations	$0.06	($0.47)	$0.09	($0.48)	($0.37)
Discontinued operations	--	($0.12)	($0.07)	($0.01)	--
Net income (Loss)	$0.06	($0.59)	$0.02	($0.49)	($0.37)
Diluted earnings (Loss) per share:					
Continuing operations	$0.05	($0.47)	$0.09	($0.48)	($0.37)
Discontinued operations	--	($0.12)	($0.07)	($0.01)	--
Net income (Loss)	$0.05	($0.59)	$0.02	($0.49)	($0.37)
Weighted average shares outstanding:					
Basic	11,467	10,894	10,675	10,551	11,352
Diluted	14,910	10,894	10,751	10,551	11,352
	As of December 31, 2003	As of December 31, 2002 (Restated - Note 15) (2)	As of December 31, 2001	As of December 31, 2000	As of December 31, 1999
BALANCE SHEET DATA:					
Working capital	$18,257	$16,662	$18,626	$18,622	$23,621
Total assets	26,270	24,935	24,756	26,056	33,271
Stockholders' equity	$20,787	$19,121	$21,200	$20,971	$26,216

(1) 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.

(2) As further discussed in Note 15, the Company has restated its 2002 consolidated financial statements in order to properly reflect the accounting for certain warrants issued in 2002.

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 business interests comprise three segments, being cold-remedy, health and wellness and ethical pharmaceutical.

The Cold-Eeze(R) product continues to be the primary product of the cold-remedy segment and is available in lozenge, sugar-free tablet and nasal spray form. The Cold-Eeze(R) Nasal Spray and the Kidz-Eeze(TM) Sore Throat products were both launched in the third quarter of 2003 in preparation for the cold season. The efficacy of the Cold-Eeze(R) 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. In May 2003, the Company announced the findings of a prospective study, conducted at the Heritage School facility in Provo, Utah, in which 178 children ages 12 to 18 years were given Cold-Eeze(R) lozenges both symptomatically and prophylactically from October 5, 2001 to May 30, 2002. The study found a 54% reduction in the most frequently observed cold duration. Those subjects not receiving treatment most frequently experienced symptom duration at 11 days compared with 5 days when lozenges were administered, a reduction of 6 days.

Cold-Eeze(R) is distributed through numerous independent, chain drug, food and discount stores throughout the United States. Net sales of the cold-remedy

segment increased 46% in 2003 over the prior year, resulting in net sales in 2003 of $20,474,969 compared to $14,050,967 in 2002. This increase reflects the strategic decision by management to provide improved support to the segment through increased media advertising and co-operative advertising promotions with our customer base. Additionally, revenues were assisted by media attention afforded to potential cold and influenza outbreaks that were expected during the 2003/2004 cold season.

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.

During 2003, 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 $400,000 in related expenses.

Darius, through Innerlight Inc., is a direct selling company specializing in the development and distribution of proprietary health and wellness products primarily within the United States with the commencement of international business activity during the second quarter of 2003. Net sales of the health and wellness segment in 2003 were $21,024,194 an increase of 38% over the 2002 net sales of $15,220,813. The growth of this segment in 2003 was attributable to the recruitment of increasing numbers of active independent representatives along with the Company commencing international business during the second quarter of 2003.

The establishment of an ethical pharmaceutical subsidiary, Pharma, 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 the course of 2003, the Company was assigned three patents and filed three patent applications, two with the Patent Office of the United States Commerce Department and one within the European Community. Research and development costs relating to projects being undertaken by Pharma increased in 2003 over the prior year as a result of increased study activity in various areas of interest.

Manufacturing for all the Company's products is done by outside sources. The lozenge form of Cold-Eeze(R) is manufactured by a contract manufacturer, a significant amount of whose revenues are from the Company, with other forms and products produced by different manufacturers.

Operating expenses during 2003 increased over those of 2002 due to increased advertising and increased research and development costs related to the study activities of Pharma.

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 (this registration statement has not been declared effective by the Securities and Exchange Commission) 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, which investment is accounted for on the cost basis method.

EFFECT OF RECENT ACCOUNTING PRONOUNCEMENTS

FIN 46R, CONSOLIDATION OF VARIABLE INTEREST ENTITIES -- AN INTERPRETATION OF ARB 51 (REVISED DECEMBER 2003)

In December, 2003 the Financial Accounting Standards Board (FASB or the "Board") issued FASB Interpretation No. 46 (revised December 2003), CONSOLIDATION OF VARIABLE INTEREST ENTITIES (FIN 46R), to address certain implementation issues. FIN 46R varies significantly from FASB Interpretation No. 46, CONSOLIDATION OF VARIABLE INTEREST ENTITIES (FIN 46), which it supersedes. FIN 46R requires the application of either FIN 46 or FIN 46R by "Public Entities" to all Special Purpose Entities ("SPEs") at the end of the first interim or annual reporting period ending after December 15, 2003. FIN 46R is applicable to all non-SPEs created prior to February 1, 2003 by Public Entities that are not small business issuers at the end of the first interim or annual reporting period ending after March 15, 2004. The Company has determined that Scandasystems, a related party (See note 14), may qualify as a variable interest entity and we may initially consolidate Scandasystems beginning with our quarter ending March 31, 2004. Due

to the fact that the company has no long-term contractual commitments or guarantees, our maximum exposure to loss is insignificant.

SFAS NO. 150, "ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF BOTH LIABILITIES AND EQUITY." (SFAS NO. 150)

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 did not have an impact on its 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 and is also involved in the research and development of potential prescription products. Certain key accounting policies that may affect the results of the Company are the timing of revenue recognition and sales incentives (including coupons, rebates, co-operative advertising and discounts); the classification of advertising expenses; and the fact that all research and development costs are expensed as incurred. Notes to Financial Statements, Note 1, Organization and Business, describes the Company's other significant accounting policies.

REVENUE RECOGNITION

Cold-remedy sales are recognized at the time ownership and risk of loss is transferred to the customer, which is primarily the time the shipment is received by the customer. In the case of the health and wellness segment sales are recognized at the time goods are shipped to 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 bonus 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, 2003, 2002 and 2001 were $5,483,465, $4,794,955 and $3,402,006, respectively. This expense item increased in 2003 due to active media and in-market advertising necessary to promote and support the Cold-Eeze(R) product. Included in prepaid expenses and other current assets was $68,000 and $236,875 at December 31, 2003 and December 31, 2002, respectively, relating to prepaid advertising expenses.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the year incurred. Expenditures for the years ended December 31, 2003, 2002 and 2001 were $3,365,698, $2,663,291, and $1,331,639, respectively. Principally, research and development is part of the product research costs related to Pharma and study costs associated with Cold-Eeze(R). Expenditure for 2003 also includes study costs relating to Cold-EEZE(R) Cold Remedy Nasal Spray. Pharma is currently involved in research activity that is 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 potential commercial prescription products.

RESULTS OF OPERATIONS

TWELVE MONTHS ENDED DECEMBER 31, 2003 COMPARED WITH SAME PERIOD 2002

The Company has restated its 2002 consolidated financial statements herein, in order to properly reflect the accounting for certain warrants issued in 2002. See Note 15 to the Consolidated Financial Statements.

Revenues from continuing operations for 2003 were $41,499,163 compared to $29,420,646 for 2002, reflecting an increase of 41% in 2003. Revenues for 2003 comprised $20,474,969 relating to the cold-remedy segment, primarily the Cold-Eeze(R) product and $21,024,194 from the health and wellness segment, compared to 2002 revenues of $14,199,833 and $15,220,813, by respective segment. The 2002 cold-remedy revenues included an amount of $148,866 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. The 2003 increase in the revenues of the cold-remedy segment may be attributable to management's strategy in supporting the Cold-Eeze(R) product in the marketplace by way of

media advertising and ongoing co-operative advertising initiatives with the Company's customer base. The segment may also have been influenced by media attention to the possibility of increased cold and influenza incidences during the 2003/2004 cold season. The health and wellness segment reported significantly increased revenues in 2003 of $5,803,380 over the prior year, primarily due to the continued recruitment by the Company of active independent representatives along with the Company entering the international market during the second quarter of 2003.

Cost of sales from continuing operations for 2003 as a percentage of net sales was 51.8%, compared to 58.8% for 2002. The cost of sales percentage for the cold-remedy segment was reduced in 2003 by 8.2% due to decreased costs of product bonus promotions and considerably reduced royalty charges attributable to the nasal and throat pop products, and also the 2002 amount included charges for inventory obsolescence. The cost of sales percentage for the health and wellness segment decreased in 2003 by 5.2% largely attributable to fluctuations in the commission expense payable to the independent representatives along with charges in 2002 as a result of obsolete inventory on hand.

Selling, marketing and administrative expenses from continuing operations for 2003 were $16,010,164 compared to $14,832,935 in 2002. The increase in 2003 was primarily due to increased media advertising of $845,055 necessary to support the Cold-Eeze(R) product along with increased costs associated with the health and wellness segment of approximately $2,161,000 primarily related to the generation of increased revenues. The 2002 expenses included a non-cash charge of $2,100,000 for warrants granted in connection with consulting services with no comparable charge in 2003.

Research and development costs from continuing operations in 2003 and 2002 were $3,365,698 and $2,663,291, respectively. Principally, the increase of research and development in 2003 was due to increased expenses associated with the ongoing research and clinical activity of Pharma in the amount of $642,983.

During 2003, the Company's major operating expenses of salaries, brokerage commissions, promotion, advertising, and legal costs accounted for approximately $11,328,608 (58%) of the total operating expenses of $19,375,862, an increase of 2% over the 2002 amount of $11,143,588. The selling, general and administrative expenses related to Darius for 2003 and 2002 were $5,396,696 and $3,235,793, respectively.

Revenues of CPNP (discontinued operations) for the twelve months periods ended December 31, 2003 and 2002 were $59,824, and $2,040,312, respectively, net losses for the same periods were $54,349 and $1,322,355. The results of CPNP are represented as discontinued operations in the Statements of Operations and Balance Sheets.

Total assets of the Company at December 31, 2003 and 2002 were $26,269,759 and $24,934,956, respectively. Working capital increased by $1,595,405 to $18,257,354 at December 31, 2003. The primary influences on working capital during 2003 were: the decrease in cash balances, increased account receivable balances due to increased revenues, reductions in inventory on hand as a result of increased revenues and management control; other current liabilities and accrued royalty and sales commissions both increased due to improved sales activity in 2003.

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 Darius (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 net sales was 58.8%, compared to 48.2% 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, marketing 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 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 $1,963,872 to $16,661,949 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.

MATERIAL COMMITMENTS AND SIGNIFICANT AGREEMENTS

The Company's products are manufactured by outside sources. The Company has agreements in place with these manufacturers, which ensure a reliable source of product for the future. A significant amount of the 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 the developer of the Company's Cold-Eeze(R) zinc gluconate glycine lozenge products. The Company has entered into royalty and consulting agreements with the developer that requires payment of 5% on sales collected, less certain deductions, and with the founders, who are officers, directors and stockholders of the Company, who share a commission of 5% on sales collected, less certain deductions. The agreements with the developers expire in 2007, and with the founders in 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 2003 and 2002 were $880,091 and $678,454, respectively. Amounts payable under such agreement at December 31, 2003 and 2002 were $68,388 and $63,866, respectively.

In August 2003, the Company entered into a licensing agreement with a patent holder relating to utilizing a nasal spray product in the treatment of symptoms of the common cold. The Company agreed to pay the patent holder a two percent royalty on net sales of nasal spray products, less certain deductions, throughout the term of this agreement, expiring no later than April 2014. Amounts paid or payable under such agreement during the twelve month period ended December 31, 2003 were $26,613, with zero in the 2002 comparable period. An amount of $1,613 relating to this agreement was accrued or payable at December 31, 2003.

Certain operating leases for office and warehouse space maintained by the Company resulted in rent expense for the years ended December 31, 2003, 2002 and 2001, of $255,078, $236,304 and $218,456, respectively. The future minimum lease obligations under these operating leases are approximately $565,000.

The Company has approximate future obligations relating to research and development and property leases, over the next five years, as follows:

Year	Research and Development	Property Leases	Total
2004	$1,500,000	$212,000	$1,712,000
2005	--	198,000	198,000
2006	--	98,000	98,000
2007	--	57,000	57,000
2008	--	--	--
Total	$1,500,000	$565,000	$2,065,000

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $18,257,354 and $16,661,949 at December 31, 2003 and 2002, respectively. Changes in working capital overall have been primarily due to the following items: cash balances have decreased by $1,504,991, account receivable balances increased by $3,673,760 due to increased revenues in 2003, particularly the fourth quarter, inventory decreased by $773,858 due to increased sales activity and the management of inventory levels. Total cash balances at December 31, 2003 were $11,392,089 compared to $12,897,080 at December 31, 2002.

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. The cold-remedy and health and wellness segments contribute current expenditure support in relation to the ethical pharmaceutical segment. 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's operations are not subject to risks of material foreign currency fluctuations, nor does it use derivative financial instruments in its investment practices. The Company places its marketable investments in instruments that meet high credit quality standards. The Company does not expect material losses with respect to its investment portfolio or exposure to market risks associated with interest rates. The impact on the Company's results of one percentage point change in short-term interest rates would not have a material impact on the Company's future earnings, fair value, or cash flows related to investments in cash equivalents or interest earning marketable securities.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

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THE QUIGLEY CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2003	December 31, 2002 (Restated-Note 15)

CURRENT ASSETS:		
Cash and cash equivalents	$ 11,392,089	$ 12,897,080
Accounts receivable (net of doubtful accounts of $808,812 and $737,782)	7,861,883	4,188,123
Inventory	3,752,903	4,526,761
Prepaid expenses and other current assets	733,597	490,117
Assets of discontinued operations	--	374,007
TOTAL CURRENT ASSETS	23,740,472	22,476,088
PROPERTY, PLANT AND EQUIPMENT - NET	2,418,159	2,336,736
OTHER ASSETS:		
Goodwill	30,763	30,763
Other assets	80,365	1,000
Assets of discontinued operations	--	90,369
TOTAL OTHER ASSETS	111,128	122,132
TOTAL ASSETS	$ 26,269,759	$ 24,934,956
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 524,136	$ 394,675
Accrued royalties and sales commissions	1,594,457	1,146,495
Accrued advertising	1,354,536	1,559,575
Accrued consulting	--	975,000
Other current liabilities	2,009,989	1,353,383
Liabilities of discontinued operations	--	385,011
TOTAL CURRENT LIABILITIES	5,483,118	5,814,139
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
STOCKHOLDERS' EQUITY:		
Common stock, $.0005 par value; authorized 50,000,000; Issued: 16,149,079 and 16,102,670 shares	8,074	8,051
Additional paid-in-capital	34,281,449	33,290,222
Retained earnings	11,685,277	11,010,703
Less: Treasury stock, 4,646,053 and 4,646,053 shares, at cost	(25,188,159)	(25,188,159)
TOTAL STOCKHOLDERS' EQUITY	20,786,641	19,120,817
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 26,269,759	$ 24,934,956

See accompanying notes to consolidated financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
NET SALES	$ 41,499,163	$ 29,271,780	$ 21,225,622
LICENSING FEES	--	148,866	1,546,592
TOTAL REVENUE	41,499,163	29,420,646	22,772,214
COST OF SALES	21,487,763	17,208,836	10,220,849
GROSS PROFIT	20,011,400	12,211,810	12,551,365
OPERATING EXPENSES:			
Sales and marketing	6,166,318	4,941,174	3,220,789
Administration	9,843,846	9,891,761	7,429,766
Research and development	3,365,698	2,663,291	1,331,639
TOTAL OPERATING EXPENSES	19,375,862	17,496,226	11,982,194

INCOME (LOSS) FROM OPERATIONS	635,538	(5,284,416)	569,171
INTEREST AND OTHER INCOME	93,385	152,313	364,949
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	728,923	(5,132,103)	934,120
INCOME TAXES	--	--	--
INCOME (LOSS) FROM CONTINUING OPERATIONS	728,923	(5,132,103)	934,120
DISCONTINUED OPERATIONS:			
Loss from discontinued operations	(54,349)	(689,122)	(718,156)
Loss on impairment related to investment in sun-care and skincare Operations	--	(633,233)	--
NET INCOME (LOSS)	$ 674,574	($ 6,454,458)	$ 215,964
BASIC EARNINGS PER COMMON SHARE:			
Income (loss) from continuing operations	$ 0.06	($ 0.47)	$ 0.09
Loss from discontinued operations	--	(0.12)	(0.07)
Net Income (loss)	$ 0.06	($ 0.59)	$ 0.02
DILUTED EARNINGS PER COMMON SHARE:			
Income (loss) from continuing operations	$ 0.05	($ 0.47)	$ 0.09
Loss from discontinued operations	--	(0.12)	(0.07)
Net Income (loss)	$ 0.05	($ 0.59)	$ 0.02
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	11,467,087	10,893,944	10,675,153
Diluted	14,910,246	10,893,944	10,750,687

See accompanying notes to consolidated financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(RESTATED-NOTE 15)

	Common Stock Shares	Issued Amount	Additional Paid-in- Capital	Treasury Stock	Retained Earnings	Total
BALANCE JANUARY 1, 2001	10,655,153	$7,636	$28,871,887	($25,158,028)	$17,249,197	$20,970,692
Treasury stock	(30,000)			(30,131)		(30,131)
Shares issued for net assets acquired	50,000	25	43,725			43,750
Net income					215,964	215,964
BALANCE DECEMBER 31, 2001	10,675,153	7,661	28,915,612	(25,188,159)	17,465,161	21,200,275
Tax benefits from options, warrants & common stock			828,177			828,177
Tax benefit allowance			(828,177)			(828,177)
Warrants issued for service - (Restated-Note 15)			1,125,000			1,125,000
Proceeds from options and warrants exercised	781,464	390	3,249,610			3,250,000
Net loss					(6,454,458)	(6,454,458)
BALANCE DECEMBER 31, 2002 - (Restated-Note 15)	11,456,617	8,051	33,290,222	(25,188,159)	11,010,703	19,120,817

Tax benefits from options, warrants & common stock			133,014			133,014
Tax benefit allowance			(133,014)			(133,014)
Warrants issued for service			975,000			975,000
Proceeds from options and warrants exercised	46,409	23	16,227			16,250
Net income					674,574	674,574
BALANCE DECEMBER 31, 2003	11,503,026	$8,074	$34,281,449	($25,188,159)	$11,685,277	$20,786,641

See accompanying notes to consolidated financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
OPERATING ACTIVITIES:			
Net income (loss)	$ 674,574	($ 6,454,458)	$ 215,964
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) CONTINUING OPERATIONS:			
Loss from discontinued operations	54,349	689,122	718,156
Loss on impairment related to discontinued operations	--	633,233	--
Depreciation and amortization	473,593	409,068	458,741
Compensation satisfied with common stock warrants	--	2,100,000	--
Bad debts provision	71,030	18,472	183,014
(INCREASE) DECREASE IN ASSETS:			
Accounts receivable	(3,744,790)	(31,201)	(448,426)
Inventory	773,858	1,564,459	862,832
Prepaid expenses and other current assets	(243,480)	958,040	(328,528)
INCREASE (DECREASE) IN LIABILITIES:			
Accounts payable	129,461	(424,130)	11,769
Accrued royalties and sales commissions	447,962	277,874	(541,126)
Accrued advertising	(205,041)	890,783	(1,069,081)
Other current liabilities	656,608	508,922	(412,175)
TOTAL ADJUSTMENTS	(1,586,450)	7,594,642	(564,824)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(911,876)	1,140,184	(348,860)
INVESTING ACTIVITIES:			
Capital expenditures	(555,016)	(580,861)	(343,614)
Cost of net assets acquired	--	--	(30,763)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(555,016)	(580,861)	(374,377)
FINANCING ACTIVITIES:			
Proceeds from exercises of options and warrants	16,250	3,250,000	--
Repurchase of common stock	--	--	(30,131)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	16,250	3,250,000	(30,131)
NET CASH USED IN DISCONTINUED OPERATIONS	(54,349)	(596,548)	(844,911)
NET (DECREASE) INCREASE IN CASH	(1,504,991)	3,212,775	(1,598,279)
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	12,897,080	9,684,305	11,282,584
CASH & CASH EQUIVALENTS, END OF PERIOD	$ 11,392,089	$ 12,897,080	$ 9,684,305

See accompanying notes to consolidated 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, and the research and development of potential prescription products. The Company is organized into three business segments, which are, Cold-Remedy, Health and Wellness, and Ethical Pharmaceutical. For the fiscal periods presented, the Company's revenues have come from the Company's Cold-Remedy business segment and the Health and Wellness business segment.

The Company's principal cold-remedy product, 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, sugar-free tablet and nasal spray forms and is proven in two double-blind clinical studies to reduce the duration and severity of common cold symptoms by nearly half.

Darius 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 continued success of this segment is dependent, among other things, on the Company's ability to recruit and maintain active independent representatives; to continue to make available new and innovative products and services; continue to conform with domestic and international regulatory agencies; and to maintain and improve adequate system capabilities. The foregoing risks could result in significant reductions in revenues and profitability of the health and wellness segment.

The formation of Darius 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.

In January 2001, the Company formed an Ethical Pharmaceutical Unit, Pharma, a wholly-owned subsidiary of the Company, the Ethical Pharmaceutical segment, 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. At this time, three patents have been issued and assigned to the Company resulting from research activity of Pharma.

During 2000, the Company acquired a 60% ownership position in Caribbean Pacific Natural Products, Inc. ("CPNP"), 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 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.

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. Because Cold-Eeze(R) has been clinically proven, it offers a significant advantage over other suppliers in the over-the-counter cold-remedy market. 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 in-house personnel to represent the Company's over-the-counter cold-remedy products, thereby saving capital and other ongoing expenditures that would otherwise be incurred.

Pharma, a wholly owned subsidiary of the Company, the Ethical Pharmaceutical segment, 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 a line of naturally-derived patented prescription drugs.

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 for a fair presentation of the consolidated financial position, consolidated results

of operations and consolidated cash flows, for the periods indicated, have been made. Prior period amounts have been reclassified to conform with this presentation.

During 2000, the Company acquired a 60% ownership position in Caribbean Pacific Natural Products, Inc., ("CPNP"), 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 (this registration statement has not been declared effective by the Securities and Exchange Commission) 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, which investment is accounted for on the cost basis method. Results of CPNP are presented as discontinued operations in the Consolidated Statements of Operations and 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 net assets acquired. The net assets acquired included assets totaling $536,000 and liabilities assumed approximating $416,000. Also required were payments totaling $540,000 for the use of product formulations; consulting; confidentiality and a non-compete agreement. To maintain the continuous application of these arrangements, fees of 5% on net sales collected must be paid to the former owners which are expensed as incurred. 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 included raw material amounts of approximately $729,000 and $337,000 at December 31, 2003 and 2002, respectively.

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.

GOODWILL AND 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 twelve months periods ended December 31, 2003, 2002 and 2001, were zero and $21,940 and $87,761, respectively.

As of December 31, 2003 and December 31, 2002, intangible assets consist of goodwill of $30,763. 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. In 2002, the Company realized an impairment loss of $296,047 relating to goodwill in CPNP, which was reflected in discontinued operations.

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 years ended December 31, 2003 and 2002, and 35% for the year ended December 31, 2001. Customers comprising the five largest accounts receivable balances represented 34% and 44% of total trade receivable balances at December 31, 2003 and 2002, respectively. During 2003, approximately 97% of the Company's revenues originated in the United States with the remainder being attributable to international trade.

The Company currently uses separate suppliers to produce Cold-Eeze(R) in lozenge, sugar-free tablet and nasal spray form. 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 contract manufacturer, a significant amount of whose 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, in addition to its goodwill impairment loss in CPNP, the Company realized an additional impairment loss of $337,186 from its investment in CPNP, which was reflected in discontinued operations. The total impairment loss of $633,233 was reflected in discontinued operations.

REVENUE RECOGNITION

Sales are recognized at the time ownership is transferred to the customer, which for the cold-remedy segment is the time the shipment is received by the customer and for the health and wellness segment, when the product is shipped to 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 the twelve months periods ended December 31, 2003, 2002 and 2001 include amounts of zero, $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 cost 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, 2003, 2002 and 2001 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, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
Net income (loss)			
As reported	$674,574	($6,454,458)	$215,964
Compensation expense	(2,026,720)	(2,072,220)	(244,000)
Pro forma	($1,352,146)	($8,526,678)	($28,036)
Basic earnings (loss) per share			
As reported	$0.06	($0.59)	$0.02
Pro forma	($0.12)	($0.78)	--
Diluted earnings (loss) per share			
As reported	$0.05	($0.59)	$0.02
Pro forma	($0.12)	($0.78)	--

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.

A total of 424,000, 477,000 and 400,000 stock options were granted to employees and non-employees in 2003, 2002 and 2001, respectively.

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 part of net sales; and free product, which is accounted for as part of cost of sales. Advertising costs incurred for the years ended December 31, 2003, 2002 and 2001 were $5,483,465, $4,794,955 and $3,402,006, respectively. Included in prepaid expenses and other current assets was $68,000 and $236,875 at December 31, 2003 and 2002 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, 2003, 2002 and 2001 were $3,365,698, $2,663,291 and $1,331,639, respectively. Principally, the increase in research and development costs in 2003 was due to expenses incurred as part of the product research costs related to Pharma and study costs associated with Cold-Eeze(R). Pharma is currently involved in research activity following patent applications that the Company has acquired and research and development costs, relating to potential products, are expected to increase significantly over time as product research and testing continues.

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. 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. See Notes to Financial Statements, Note 8 - Income Taxes for further discussion.

NOTE 3 - DISCONTINUED OPERATIONS

Effective July 1, 2000, the Company acquired a 60% ownership position of CPNP and was accounted for by the purchase method of accounting and accordingly, the

operating results were 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, collateralized by inventory, accounts receivable and all other assets of CPNP. 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. In exchange for its 60% equity interest in CPNP, the Company received: (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 (this registration statement has not been declared effective by the Securities and Exchange Commission) 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 valued at $79,365, which investment is accounted for on the cost basis method, representing the Company's share of the fair value of Suncoast at the time the transaction was recorded, this amount is included in Other Assets in the Consolidated Balance Sheets. During August 2003, a registration statement was filed but an effective date has not been determined. The disposal of CPNP was completed in order to allow the Company to focus resources on other activities and clinical research and development.

Sales of CPNP for all periods commencing on the date of acquisition on July 1, 2000 up to date of disposal on January 22, 2003, were $5,075,472, cumulative net losses during that period were $2,232,620. The loss includes an amount of $633,233 relating to the asset impairment, reported in 2002. Revenues of CPNP for the twelve months periods ended December 31, 2003, 2002 and 2001 were $59,824 and $2,040,312 and $2,176,470, respectively, net losses for the same periods $54,349, $1,322,355 and $718,155, respectively. Results of CPNP are presented as discontinued operations in the Consolidated Statements of Operations and in the Consolidated Balance Sheets.

The major classes of balance sheet items of discontinued operations at December 31, 2002 were inventory, accounts receivable, property, plant and machinery and accounts payable.

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 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 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 2003, 2002 and 2001 continuing operations by business segment follows:

As of and for the twelve months ended December 31, 2003	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Other	Total
Revenues					
Customers	$20,474,969	$21,024,194	--	--	$41,499,163
Inter-segment	--	--	--	--	--
Segment operating profit (loss)	1,699,378	1,791,454	($2,855,294)	--	635,538
Depreciation	318,419	155,174	--	--	473,593
Capital expenditures	414,129	140,887	--	--	555,016
Total assets	$24,892,338	$ 3,881,970	--	($2,504,549)	$26,269,759

As of and for the twelve months ended December 31, 2002	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	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)
Depreciation	262,724	124,404	--	--	387,128
Capital expenditures	290,983	289,878	--	--	580,861
Total assets	$26,223,476	1,401,867	--	($2,690,387)	$24,934,956

As of and for the twelve months ended December 31, 2001	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	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
Depreciation	269,392	74,269	--	--	343,661
Capital expenditures	176,282	167,332	--	--	343.614
Total assets	$26,726,729	$ 826,946	--	($2,797,880)	$24,755,795

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Consisted of the following as of:	December 31, 2003	December 31, 2002
Land	$ 152,203	$ 152,203
Buildings and improvements	1,513,958	1,503,641
Machinery and equipment	1,432,818	1,061,852
Computer software	570,001	462,032
Furniture and fixtures	195,000	180,287
	3,863,980	3,360,015
Less: Accumulated depreciation	1,445,821	1,023,279
Property, Plant and Equipment, net	$2,418,159	$2,336,736

Depreciation expense for the years ended December 31, 2003, 2002 and 2001 was $473,593, $387,128, and $343,661, respectively.

NOTE 6 - OTHER CURRENT LIABILITIES

Included in other current liabilities are $458,359 and $177,366 related to accrued compensation at December 31, 2003 and 2002, respectively.

NOTE 7 - 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 directors and stockholders of the Company, and whose agreements expire in 2005.

In August 2003, the Company entered into a licensing agreement with a patent holder relating to utilizing a nasal spray product in the treatment of symptoms of the common cold. The Company agreed to pay the patent holder a two percent royalty on net sales of nasal spray products, less certain deductions, throughout the term of this agreement, expiring no later than April 2014.

The expenses for the respective periods relating to such agreements amounted to $1,805,294, $1,421,475, and $1,399,847, for the years ended December 31, 2003, 2002, and 2001, respectively. Amounts accrued for these expenses at December 31, 2003 and 2002 were $915,109 and $603,387, respectively.

Amounts included in accrued royalties and sales commissions in the balance sheets at December 31, 2003 and 2002, apportioned between related party and other balances, are as follows:

	2003	2002
Related party balances	$ 456,748	$ 301,695

Other non-related party balances	1,137,709	844,800
Total accrued royalties and sales commissions	$1,594,457	$1,146,495

NOTE 8 - INCOME TAXES

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

	Year Ended December 31, 2003	Year Ended December 31, 2002 (Restated-Note 15)	Year Ended December 31, 2001
Current:			
Federal	--	--	--
State	--	--	--
	--	--	--
Deferred:			
Federal	($ 660,321)	($ 700,798)	$ 340,861
State	(71,457)	133,544	(24,977)
	(731,778)	(567,254)	315,884
Valuation allowance	731,778	567,254	(315,884)
Total	--	--	--

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

	Year Ended December 31, 2003	Year Ended December 31, 2002 (Restated-Note 15)	Year Ended December 31, 2001
Statutory rate	$ 247,834	($1,744,916)	$ 317,600
State taxes net of federal benefit	(47,162)	88,139	(17,134)
Permanent differences and other	(932,450)	1,089,523	15,418
	(731,778)	(567,254)	315,884
Less valuation allowance	731,778	567,254	(315,884)
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, 2003	Year Ended December 31, 2002 (Restated-Note 15)	Year Ended December 31, 2001
Net operating loss carry-forward	$ 5,313,829	$ 4,459,068	$ 3,082,051
Consulting costs	--	380,250	305,019
Bad debt expense	331,849	187,992	263,654
Other	381,802	152,788	133,943
Valuation allowance	(6,027,480)	(5,180,098)	(3,784,667)
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 $1,871,986 are deferred and will be credited to additional-paid-in-capital when existing net operating losses are used. The cumulative tax deduction attributable to options, warrants and restricted stock is $47,520,526, which resulted in the net operating loss carry-forwards that approximate $13.6 million for federal purposes, of which $3.5 million will expire in 2019, $4.0 million in 2020, $6.1 million in 2022 and $13.8 million for state purposes, of which $9.7 million will expire in 2009, $3.0 million in 2010, and $1.1 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 9 - 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, 2003			Year Ended December 31, 2002			Year Ended December 31, 2001		
	Income	Shares	EPS	Loss	Shares	EPS	Income	Shares	EPS
Basic EPS	$0.7	11.5	$0.06	($5.1)	10.9	($0.47)	$0.9	10.7	$0.09
Dilutives: Options and Warrants	--	3.4		--	--		--	0.1	
Diluted EPS	$0.7	14.9	$0.05	($5.1)	10.9	($0.47)	$0.9	10.8	$0.09

Options and warrants outstanding at December 31, 2003, 2002 and 2001 were 4,601,000, 4,262,500 and 4,014,000, respectively, but were not included in the 2002 computation of diluted earnings per share because the effect was anti-dilutive.

NOTE 10 - 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 424,000, 477,000 and 400,000 options were granted under this Plan during the years ended December 31, 2003, 2002 and 2001, 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, 2003, 2002 and 2001 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 67.9% and 120% for the year ended December 31, 2003, ranging between 108.0% and 119.2% for the year ended December 31, 2002 and 58.9% for the year ended December 31, 2001; expected dividend yield of 0% and risk-free interest rate of between 3.37% and 4.5% for the year ended December 31, 2003, 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, 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, 2003, 2002, and 2001 and changes during the years then ended is presented below:

YEAR ENDED DECEMBER 31, 2003:

	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	3,363	$4.45	900	$8.86	4,263	$5.38
Additions/deductions:						
Granted	394	8.11	280	9.35	674	8.63
Exercised	16	0.83	35	1.00	51	0.95
Cancelled	255	5.35	30	3.25	285	5.13
Options/warrants outstanding at end of period	3,486	$4.82	1,115	$9.38	4,601	$5.92
Options/warrants exercisable at end of period	3,486		1,115		4,601	
Weighted average fair value of Grants	$4.78		$1.63		$3.47	
Price range of options/warrants Exercised	$0.81 - $1.26		$0.81 - $1.26		$0.81 - $1.26	
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, 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	$4.34		$0.84		$1.87	
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	Weighted Average Exercise	Shares	Weighted Average Exercise	Shares	Weighted Average Exercise

	(,000)	Price	(,000)	Price	(,000)	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	$0.69		$0.69		$0.69	
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	

The following table summarizes information about stock options outstanding and stock options exercisable, as granted to both employees and non-employees, at December 31, 2003:

	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	1,627,500	4.3	$1.62	35,000	7.4	$1.00
$5.13 - $9.68	1,523,500	7.0	$7.09	580,000	1.3	$8.70
$10.00 - $11.50	335,000	3.3	$10.00	500,000	1.8	$10.75
	3,486,000			1,115,000		

Options and warrants outstanding as of December 31, 2003, 2002 and 2001 expire from March 7, 2004 through October 29, 2013, depending upon the date of grant.

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 2003 and 2002 was approximately $201,000 and $179,000, respectively.

NOTE 11 - TRANSACTIONS AFFECTING 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, 2003, 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 either 2003 or 2002, an amount of 30,000 shares were repurchased during 2001 at a cost to the Company of $30,131.

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 Company's financial statements reflect a $1,125,000 (restated) non-cash charge in 2002 resulting from the granting and exercising of these warrants. The warrants have three exercise prices, 500,000 warrants exercisable at $6.50 per share, which were exercised in May 2002 resulting in cash to the Company in the amount of $3,250,000, 250,000 warrants exercisable at $8.50 per share, and 250,000 warrants exercisable at $11.50 per share. The warrants were initially exercisable until the earlier to occur of (i) March 6, 2003 or (ii) the termination of the Consulting Agreement.

On December 7, 2002, Forrester 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 against The Quigley Corporation. This action was terminated with prejudice by Forrester as part of its Amended and Restated Warrant Agreement (the "Amended Agreement) with The Quigley Corporation on February 2, 2003 whereby certain warrants that 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) are no longer cancelable by the Company. As an additional part of this agreement, Forrester was granted warrants to purchase 250,000 shares at any time until March 7, 2004 at the price of $9.50 a share. As a result of this Amended Agreement the Company recorded a further non-cash charge of $975,000 (restated) 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, $975,000 is reflected in the Consolidated Balance Sheet at December 31, 2002, which represented the value of the unexercised warrants and is included in accrued liabilities. On March 7, 2003 this liability was converted to equity.

NOTE 12 - 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, 2003, 2002 and 2001, of $255,078, $236,304 and $218,456, respectively. The Company has approximate future obligations over the next five years as follows:

Year	Research and Development	Property Leases	Total
2004	$1,500,000	$212,000	$1,712,000
2005	--	198,000	198,000
2006	--	98,000	98,000
2007	--	57,000	57,000
2008	--	--	--
Total	$1,500,000	$565,000	$2,065,000

Additional advertising and research and development costs are expected to be incurred during the remainder of 2004.

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 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 directors and stockholders of the Company, and whose agreements expire in 2005.

The expenses for the respective periods relating to such agreements amounted to $1,805,294, $1,421,475 and $1,399,847, for the twelve months periods ended December 31, 2003, 2002 and 2001, respectively. Amounts accrued for these expenses at December 31, 2003 and December 31, 2002 were $915,109 and $603,387, respectively.

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 the twelve months periods ended December 31, 2003, 2002 and 2001 were $880,091, $678,454 and $448,647 respectively. Amounts payable under such agreement at December 31, 2003 and December 31, 2002 were $68,388 and $63,866, respectively.

In August 2003, the Company entered into a licensing agreement with a patent holder relating to utilizing a nasal spray product in the treatment of symptoms of the common cold. The Company agreed to pay the patent holder a two percent royalty on net sales of nasal spray products, less certain deductions, throughout the term of this agreement, expiring no later than April 2014. Amounts paid or payable under such agreement during the twelve month period ended December 31, 2003 were $26,613, and zero in the 2002 and 2001 comparable periods. An amount of $1,613 relating to this agreement was accrued or payable at December 31, 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.

Discovery has been completed and trial has been scheduled to commence in May 2004. The Company is vigorously defending this lawsuit and believes that the action lacks merit. Based upon the information the Company has at this time, it believes the action will not have a material impact to the Company. However, at this time no prediction as to the outcome can be made.

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 believed that the plaintiffs' claims were without merit, barred by the applicable statutes of limitations, and that the plaintiffs were, in any event, limited to claims for approximately 36,000 shares.

The Company vigorously defended this lawsuit through trial during January 2004, when a jury returned a unanimous verdict in favor of the Company. Thereafter, the plaintiffs filed a motion for post-trial relief as a first step toward an

appeal, which the Company regards as without merit and will oppose. Although the Company regards any effort by plaintiffs to pursue an appeal as lacking merit and based upon the information the Company has at this time, it believes the action will not have a material impact to the Company. However, at this time no prediction as to the outcome of this appeal can be made.

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. Based upon the information the Company has at this time, it believes the action will not have a material impact to the Company. However, at this time no prediction as to the outcome can be made.

NOTE 13 - TERMINATED LEGAL PROCEEDINGS

MIKE FORAN VS. INNERLIGHT, INC.,
DARIUS INTERNATIONAL, INC., AND
THE QUIGLEY CORPORATION

On August 1, 2003, an action was filed with the American Arbitration Association by Mike Foran against Innerlight Inc., a wholly owned subsidiary of Darius International Inc., which is a wholly owned subsidiary of the Company. After a hearing before the United States District Court for the District of Utah, Central Division, Foran withdrew his complaint against The Quigley Corporation and the matter was remanded to arbitration. Discovery began on December 1, 2003 and was completed on December 22, 2003. Based on the discovery of all of defendants' documents and defendants' depositions and after interviewing Innerlight Inc.'s witnesses, the Company upon advice of counsel settled the action for $290,000 and reinstated Foran as an independent representative.

Negotiations leading to settlement were completed by December 31, 2003 and a Settlement Agreement was entered effective January 18, 2004. As part of the Settlement Agreement, Mr. Foran completely released Innerlight, Inc. and The Quigley Corporation from any claim arising out of the action instituted by him on August 1, 2003 and also any claim he may have asserted against Innerlight Inc. or The Quigley Corporation.

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.

On the 3rd day of July, 2003, the Contra Costa County Superior Court upon Motion of The Quigley Corporation issued a Summary Judgment in favor of The Quigley Corporation. On October 24, 2003, Intervention Inc. filed an appeal to the California Court of Appeals from the Summary Judgment issued in favor of The Quigley Corporation. In March 2004, the appeal was withdrawn, with prejudice.

NOTE 14 - 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 a major stockholder, officer and director of the Company. Commissions and other items expensed under such arrangements for the twelve months periods ended December 31, 2003, 2002 and 2001 were zero and $36,979 and $160,034, and are included in sales and marketing, and administration expense classifications in the Consolidated Statements of Operations. Amounts payable under such agreements at December 31, 2003 and December 31, 2002 were zero.

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, 2003, 2002 and 2001, amounts of $889,340, $692,766 and $651,614, respectively, were paid or payable under such founder's commission agreements. Amounts payable under such agreements at December 31, 2003 and 2002 were $456,748 and $301,695, 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 $369,000, $309,493 and $281,250 have been paid to a related entity during 2003, 2002 and 2001, respectively to assist with the regulatory aspects of obtaining such licenses.

NOTE 15 - RESTATEMENT

During 2003, the Company changed its accounting for certain warrants issued in 2002 in exchange for services. Due to a cancellation clause in the warrant agreement, the warrants should have been treated as contingently issuable and subject to variable accounting, rather than the fixed accounting initially applied. The 2002 consolidated financial statements have been restated to reflect the accounting for these warrants. The restatement had no effect on the net loss for the year ended December 31, 2002. The effects of this restatement are summarized below.

	As Previously Reported	As Restated
BALANCE SHEET		
Accrued consulting	$ 1,673,000	$ 975,000
Total current liabilities	6,512,139	5,814,139
Additional paid-in-capital	32,592,222	33,290,222
Total stockholders' equity	18,422,817	19,120,817

NOTE 16 - QUARTERLY INFORMATION (UNAUDITED)

The Company has restated its 2002 consolidated financial statements in order to properly reflect the accounting for certain warrants issued in 2002.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
2003				
Net Sales	$8,191,092	$7,004,580	$9,912,227	$16,391,264
Gross Profit	3,694,110	2,765,589	4,487,847	9,063,854
Administration	2,441,720	2,311,887	2,046,915	3,043,324
Operating expenses	4,616,219	3,849,747	4,372,646	6,537,250
Income (loss) from operations	(922,109)	(1,084,158)	115,201	2,526,604
Income (loss) from continuing operations	(892,212)	(1,055,141)	134,129	2,542,147
Net Income (loss)	($946,561)	($1,055,141)	$134,129	$2,542,147
Basic EPS				
Income (loss) from continuing operations	($0.08)	($0.09)	$0.01	$0.22
Net Income (loss)	($0.08)	($0.09)	$0.01	$0.22
Diluted EPS				
Income (loss) from continuing operations	($0.08)	($0.09)	$0.01	$0.17
Net Income (loss)	($0.08)	($0.09)	$0.01	$0.17

	Quarter Ended March 31		Quarter Ended June 30	
2002	As Previously Reported	As Restated	As Previously Reported	As Restated
Net Sales	$4,984,532	$4,984,532	$5,053,622	$5,053,622
Gross Profit	2,438,036	2,438,036	1,627,890	1,627,890
Administration	2,514,847	3,969,847	1,735,878	1,390,878
Operating expenses	4,212,159	5,667,159	2,999,511	2,654,511
Income (loss) from operations	(1,774,123)	(3,229,123)	(1,371,622)	(1,026,622)
Income (loss) from continuing operations	(1,735,759)	(3,190,759)	(1,333,979)	(988,979)
Net Income (loss)	($1,700,768)	($3,155,768)	($1,450,220)	(1,105,220)
Basic EPS				
Income (loss) from continuing operations	($0.16)	($0.30)	($0.12)	($0.10)
Net Income (loss)	($0.16)	($0.30)	($0.13)	($0.10)
Diluted EPS				
Income (loss) from continuing operations	($0.16)	($0.30)	($0.12)	($0.10)
Net Income (loss)	($0.16)	($0.30)	($0.13)	($0.10)

2002	Quarter Ended September 30		Quarter Ended December 31	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Net Sales	$7,834,325	$7,834,325	$11,399,301	$11,399,301
Gross Profit	3,111,062	3,111,062	5,034,822	5,034,822
Administration	1,987,058	1,367,058	3,653,978	3,163,978
Operating expenses	3,441,779	2,821,779	6,842,777	6,352,777
Income (loss) from operations	(330,717)	289,283	(1,807,954)	(1,317,954)
Income (loss) from continuing operations	(288,853)	331,147	(1,773,512)	(1,283,512)
Net Income (loss)	($500,395)	$119,605	($2,803,075)	($2,313,075)
Basic EPS				
Income (loss) from continuing operations	($0.03)	$0.03	($0.16)	($0.12)
Net Income (loss)	($0.05)	$0.01	($0.26)	($0.21)
Diluted EPS				
Income (loss) from continuing operations	($0.03)	0.02	($0.16)	($0.12)
Net Income (loss)	($0.05)	0.01	($0.26)	($0.21)

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.

FOURTH QUARTER SEGMENT DATA (UNAUDITED)

As of and for the three months ended December 31, 2003	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Other	Total
Revenues					
Customers	$11,040,653	$5,350,611	--	--	$16,391,264
Inter-segment	--	--	--	--	--
Segment operating profit (loss)	3,239,962	54,325	($767,681)	--	2,526,606
Depreciation	83,349	41,504	--	--	124,853
Capital expenditures	98,476	46,432	--	--	144,908
Total assets	$24,892,338	$3,881,970	--	($2,504,549)	$26,269,759

As of and for the three months ended December 31, 2002 (Restated Note-15)	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Other	Total
Revenues					
Customers	$6,782,664	$4,616,637	--	--	$11,399,301
Inter-segment	--	--	--	--	--
Segment operating profit (loss)	(1,020,196)	172,362	($485,590)	$15,470	(1,317,954)
Depreciation	72,091	40,811	--	--	112,902
Capital expenditures	119,432	28,921	--	--	148,353
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	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
Depreciation	67,485	20,477	--	--	87,962
Capital expenditures	21,512	34,432	--	--	55,944
Total assets	$26,726,729	$826,946	--	($2,797,880)	$24,755,795

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.

/s/ Guy J. Quigley	March 26, 2004
Guy J. Quigley, Chairman of the Board, (President, Chief Executive Officer)	Date
/s/ George J. Longo	March 26, 2004
George J. Longo, Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	Date

REPORT OF INDEPENDENT AUDITORS

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, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 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.

As further discussed in Note 15, the Company's 2002 consolidated financial statements have been restated to revise the accounting for certain warrants.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 26, 2004

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

None

ITEM 9A. CONTROLS AND PROCEDURES

Based on their evaluation, as of the end of the period covered by this report, 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 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 2004 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 2004 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 2004 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 2004 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under this item is incorporated by reference to the Company's Proxy Statement for the 2004 Annual Meeting of Stockholders.

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). See exhibit 10.18.

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.

10.18* Third Amendment to Untied States Exclusive Supply Agreement.

23.1* Consent of PricewaterhouseCoopers LLP, Independent Accountants, dated March 26, 2004.

31.1* Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2* Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1* 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.

32.2* 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.

* Filed herewith

(b) Reports on Form 8-K

The Company filed a report on 8-K, Item 5. On January 22, 2003, the Board appointed Stephen W. Wouch to fill a vacancy on the Board. Mr. Wouch is a certified public accountant with 19 years of public accounting experience as a partner and is the Managing Partner of Wouch, Maloney & Co., LLP, Certified Public Accountants.

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 30, 2004
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 30, 2004

/s/ Charles A. Phillips Charles A. Phillips	Executive Vice President, Chief Operating Officer and Director	March 30, 2004
/s/ George J. Longo George J. Longo	Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 30, 2004
/s/ Jacqueline F. Lewis Jacqueline F. Lewis	Director	March 30, 2004
/s/ Rounsevelle W. Schaum Rounsevelle W. Schaum	Director	March 30, 2004
/s/ Stephen W. Wouch, Stephen W. Wouch,	Director	March 30, 2004

EXHIBIT 10.18

THIRD AMENDMENT TO UNITED STATES EXCLUSIVE SUPPLY AGREEMENT

WHEREAS, THE QUIGLEY CORPORATION, a Nevada corporation with its offices at 621 Shady Retreat Road, Doylestown, PA. 18901 (hereinafter referred to as "Quigley"), and JOEL, INC., a Pennsylvania corporation with offices at 31 North Spruce Street, Elizabethtown, PA. 17022 (hereinafter referred to as "JOEL") entered into a United States Exclusive Supply Agreement on March 17, 1997, extended by an Amendment to United States Exclusive Supply Agreement dated March 2000, and extended by an Amendment to United States Exclusive Supply Agreement dated June 29, 2001; and

WHEREAS, Paragraph 32 of the Agreement states that the Agreement may be amended by a written instrument executed by duly authorized representatives of Quigley and JOEL; and

WHEREAS, the parties wish to continue the Agreement of March 17, 1997 in full force and effect as amended by the March 2000 Amendment to United States Exclusive Supply Agreement, and by the June 29, 2001 Amendment to United States Exclusive Supply Agreement.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

20. TERM. This Agreement shall be effective for an additional period of two (2) years from March 17, 2004, with yearly renewal thereafter.

All other terms and conditions of the Agreement between the parties dated March 17, 1997 and amends the Amendments to United States Exclusive Supply Agreement dated March 2000 and June 29, 2001, which are incorporated into this Amendment, and shall continue in full force and effect as fully set forth herein.

IN WITNESS WHEREOF, intending to be legally bound hereby, the parties hereto have caused this Amendment to be executed by their duly authorized representatives on the 8th day of January, 2004.

THE QUIGLEY CORPORATION

Attest:

By: /s/ Guy J. Quigley

Name: Guy J. Quigley

/s/ George J. Longo
- ---

Title: President

JOEL, INC.

Attest:

By: /s/ David B. Deck

Name: David B. Deck

/s/ Judy Johnson
- ---

Title: President

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, 333-86976 and 333-104148) of The Quigley Corporation of our report dated March 26, 2004, relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
- ------------------------------
PricewaterhouseCoopers LLP
Philadelphia, PA
March 26, 2004

EXHIBIT 31.1

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, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2004

By: /s/ Guy J. Quigley

Guy J. Quigley
Chief Executive Officer

EXHIBIT 31.2

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, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 30, 2004

By: /s/ George J. Longo

George J. Longo
Chief Financial Officer

EXHIBIT 32.1

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, 2003 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 30, 2004

EXHIBIT 32.2

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 year ended December 31, 2003 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 30, 2004