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

FORM 10-Q

(X)

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

For the quarterly period ended MARCH 31, 2004

OR

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

For the transition period from _____ to _____

Commission File Number 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 No.)

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

KELLS BUILDING, 621 SHADY RETREAT ROAD, DOYLESTOWN, PA 18901
(Address of Principal Executive Offices) (Zip Code)

(215) 345-0919
(Registrant's Telephone Number, Including Area Code)

N/A
Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

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 check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date (all of one class of $.0005 par value Common Stock). As of April 28, 2004 there were 11,515,255 shares of common stock outstanding.

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THE QUIGLEY CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 2004 (Unaudited)	December 31, 2003
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,586,602	$ 11,392,089
Accounts receivable (net of doubtful accounts of $515,753 and $808,812)	2,077,575	7,861,883
Inventory	3,954,475	3,752,903
Prepaid expenses and other current assets	464,772	733,597
TOTAL CURRENT ASSETS	22,083,424	23,740,472
PROPERTY, PLANT AND EQUIPMENT - net	2,337,791	2,418,159
OTHER ASSETS:		
Goodwill	30,763	30,763
Other assets	133,326	80,365
TOTAL OTHER ASSETS	164,089	111,128
TOTAL ASSETS	$ 24,585,304	$ 26,269,759
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 670,978	$ 524,136
Accrued royalties and sales commissions	845,347	1,594,457
Accrued advertising	846,608	1,354,536
Other current liabilities	2,145,787	2,009,989
TOTAL CURRENT LIABILITIES	4,508,720	5,483,118
MINORITY INTEREST	57,563	--
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
STOCKHOLDERS' EQUITY:		
Common stock, $.0005 par value; authorized 50,000,000; Issued: 16,161,308 and 16,149,079 shares	8,080	8,074
Additional paid-in-capital	34,295,454	34,281,449
Retained earnings	10,903,646	11,685,277
Less: Treasury stock, 4,646,053 and 4,646,053 shares, at cost	(25,188,159)	(25,188,159)
TOTAL STOCKHOLDERS' EQUITY	20,019,021	20,786,641
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 24,585,304	$ 26,269,759

See accompanying notes to consolidated financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31, 2004	March 31, 2003

NET SALES	$ 9,605,617	$ 8,191,092
COST OF SALES	5,085,374	4,496,982
GROSS PROFIT	4,520,243	3,694,110
OPERATING EXPENSES:		
Sales and marketing	1,623,066	1,527,530
Administration	2,750,499	2,441,720
Research and development	947,002	646,969
TOTAL OPERATING EXPENSES	5,320,567	4,616,219
LOSS FROM OPERATIONS	(800,324)	(922,109)
INTEREST AND OTHER INCOME	18,693	29,897
LOSS FROM CONTINUING OPERATIONS BEFORE TAXES	(781,631)	(892,212)
INCOME TAXES	--	--
LOSS FROM CONTINUING OPERATIONS	(781,631)	(892,212)
DISCONTINUED OPERATIONS:		
Loss from discontinued operations	--	(54,349)
NET LOSS	($ 781,631)	($ 946,561)
BASIC EARNINGS PER COMMON SHARE:		
Loss from continuing operations	($ 0.07)	($ 0.08)
Loss from discontinued operations	--	--
Net loss	($ 0.07)	($ 0.08)
DILUTED EARNINGS PER COMMON SHARE:		
Loss from continuing operations	($ 0.07)	($ 0.08)
Loss from discontinued operations	--	--
Net loss	($ 0.07)	($ 0.08)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	11,510,687	11,456,617
Diluted	11,510,687	11,456,617

See accompanying notes to consolidated financial statements

THE QUIGLEY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)
(UNAUDITED)

	Three Months Ended March 31, 2004	March 31, 2003
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,218,445	$ 342,843
INVESTING ACTIVITIES:		
Capital expenditures	(37,943)	(58,603)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(37,943)	(58,603)

FINANCING ACTIVITIES:		
Proceeds from exercise of options and warrants	14,011	
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	14,011	
NET CASH PROVIDED BY DISCONTINUED OPERATIONS	--	133,714
NET INCREASE IN CASH	4,194,513	417,954
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	11,392,089	12,897,080
CASH & CASH EQUIVALENTS, END OF PERIOD	$ 15,586,602	$ 13,315,034

See accompanying notes to consolidated financial statements

THE QUIGLEY CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND BUSINESS

The Quigley Corporation (the "Company"), organized under the laws of the state of Nevada, is engaged in the development, manufacturing, and marketing of health and homeopathic products that are being offered to the general public, 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.

Darius International Inc., ("Darius") a wholly owned subsidiary of the Company, the Health and Wellness segment, 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 which is now Quigley Pharma Inc. ("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 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 March 27, 2021. 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.

COLD REMEDY

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 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 United States Food and Drug Administration ("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. Management of the Company believes there should be no impediment on the ability to compete in the marketplace now, or in the immediate future, since factors concerning the product, such as price, product quality, availability, reliability, credit terms, name recognition, delivery and support are all properly positioned. The Company has several Broker, Distributor and Representative Agreements, both nationally and internationally and the product is distributed through numerous independent and chain drug and discount stores throughout the United States.

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

HEALTH AND WELLNESS

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 independent representatives within their down-line network. Independent representatives pay for product prior to shipment therefore accounts receivable balances at any time are negligible.

The continued success of this segment is dependent, among other things, on 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 resources 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.

ETHICAL PHARMACEUTICAL

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 formulae 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.

Since the majority of the Company's formulations' components are derived from natural sources or 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.

The areas of focus are:

- A Patent (No. 6,555,573 B2) entitled "Method and Composition for the Topical Treatment of Diabetic Neuropathy." The patent extends through March 27, 2021.

- 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.

- A Patent Application entitled "Composition and Method for Prevention, Reduction and Treatment of Radiation Dermatitis" was filed with the Patent Office of the United States Commerce Department. In January 2004, the Company announced that it received a "Notice of Allowance" from the United States Patent and Trademark Office following the patent application. A "Notice of Allowance" is sent by the Patent and Trademark Office "if, on examination, it appears that an application is entitled to a patent under the law"

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

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. In April 2003 the Company announced that an independently monitored analysis of the Phase II Proof of Concept Study concluded that subjects using this formulation had 67% of their symptoms improve, suggesting efficacy. In March 2004, the Company announced that it had completed its first meeting at the United States Food and Drug Administration ("FDA") prior to submitting the Company's Investigational New Drug ("IND") application for the relief of symptoms of diabetic symmetrical peripheral neuropathy. The FDA's pre-IND meeting programs are designed to provide sponsors with advance guidance and input on drug development programs.

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 January 2004, a broad anti-viral compound was determined to be effective in in-vitro and in-vivo studies for applications such as Influenza A&B, SARS, and Herpes Simplex 1 and since this Sialorrhea formulation is a derivative compound of the anti-viral formulation, ongoing testing for this Sialorrhea compound is being reconsidered and probably will be discontinued.

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 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 test compound of the Company previously tested on the Influenza virus showed "significant virucidal activity against a strain of the Severe Acute Respiratory Syndrome (SARS) virus." In January 2004 the Company announced that it intends to conduct two further studies. The first study is intended to repeat the previously announced results, which demonstrated the compound to be 100 percent effective in preventing non-infected ferrets in close proximity to an infected ferret from becoming infected with the influenza A virus. The second study is a dose ranging study on the test compound. Upon dosage determination and confirmation results from this forthcoming animal model study, a human proof of concept study using a virus challenge with Influenza A virus in a quarantine unit can be the next step. In January 2004 the Company also reported that its compound has shown virucidal and virustatic activity against the strain 3B of the Human Immunodeficiency Virus Type 1 (HIV-1) in an in-vitro study. Based on these results, the Company intends to proceed with a confirmatory in-vitro study with additional dilution levels to fully explore the capabilities of the compound. Should the new study confirm the

previous results, animal model studies will be considered as a next step in the developmental process.

In April 2004, the Company announced the results of a preliminary, pre-clinical animal study, which measured the effect of its proprietary, patent applied for formulation against the effects of ionizing (nuclear) radiation. This study determined that parenteral (injection) administration of the study compound was protective against the effects of a lethal, whole body ionizing radiation dose, in a mouse model. This compound is being investigated to potentially reduce the effects of radiation on humans.

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. Effective March 31, 2004, the financial statements include consolidated variable interest entities ("VIEs") of which the Company is the primary beneficiary (See Note 7).

These financial statements have been prepared by management without audit and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. 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.

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 and 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 carrying amount becomes impaired.

During 2000, the Company acquired a 60% ownership position in CPNP. 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. Results of CPNP prior to January 22, 2003 are presented as discontinued operations in the Consolidated Statements of Operations. See discussion in Notes to Financial Statements, Note 3 - Discontinued Operations.

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 $485,000 and $729,000 at March 31, 2004 and December 31, 2003, 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

Goodwill is not amortized but reviewed for impairment on an annual basis or when events and circumstances indicate the carrying amount may not be recoverable.

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 18% and 23% of sales volume for the three months periods ended March 31, 2004 and 2003, respectively.

Customers comprising the five largest accounts receivable balances represented 46% and 34% of total trade receivable balances at March 31, 2004 and December 31, 2003, respectively. During the three month period ended March 31, 2004, 92% of the Company's net sales originated in the United States.

The Company uses separate suppliers to produce Cold-Eeze(R) in lozenge, nasal spray and sugar-free tablet form. The Company's revenues are currently generated from the sale of Cold Remedy products and the Health and Wellness segment. The lozenge form of Cold-Eeze(R) is manufactured by a third party 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 materials used in the production of the products are available from numerous sources. For the Cold-Eeze(R) lozenge product they are currently 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 compared to the related asset value, an impairment loss is recognized in the Statement of 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.

SHIPPING AND HANDLING

Product sales relating to the 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. Stock options granted to employees vest immediately.

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. Compensation expense for awards made during any periods presented would be determined under the fair value method of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation."

Expense relating to warrants granted to non-employees have been appropriately recorded, which have been 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.

No stock options were granted to employees in the three months periods ended March 31, 2004 or March 31, 2003. During the first quarter of 2003 a total of 250,000 warrants were granted to Forrester Financial as part of an Amended and Restated Warrant Agreement, relating to consulting services. These warrants expired in March 2004 without being exercised, see Note 6, Transactions Affecting Stockholders' Equity for further information.

ROYALTIES AND COMMISSIONS

The Company includes royalties and founders commissions incurred as cost of sales for the Cold Remedy segment and in administration expenses for the Health and Wellness segment based on agreement terms. Independent representative commissions incurred by the Health and Wellness segment are included in cost of sales. Commission expense related to independent brokers associated with the Cold Remedy segment is included in administration expenses.

ADVERTISING

Advertising costs are expensed within the period in which they are utilized. Advertising expense is comprised of media advertising, presented as part of sales and marketing expense; co-operative advertising, which is accounted for as a deduction from sales; and bonus product, which is accounted for as part of cost of sales. Advertising costs incurred for the three months periods ended March 31, 2004 and 2003 were $1,209,572 and $1,116,019, respectively. Included in prepaid expenses and other current assets was $28,125 and $68,000 at March 31, 2004 and December 31, 2003, respectively, relating to prepaid advertising expenses.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the period incurred. Expenditures for the three months periods ended March 31, 2004 and 2003 were $947,002 and $646,969, respectively. Principally, research and development costs are related to Pharma's study activities and costs associated with Cold-Eeze(R).

INCOME TAXES

The Company utilizes an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax law or rates. See discussion in Notes to Financial Statements, Note 8 - - Income Taxes.

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. 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.

Net Sales for CPNP for the three months ended March 31, 2003 were $59,824 with a net loss of $54,349.

NOTE 4 - SEGMENT INFORMATION

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

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

As discussed in Notes to Financial Statements, Note 3 - Discontinued Operations, the Company disposed of its Sun-care and Skincare segment in January 2003.

Financial information relating to 2004 and 2003 operations, by business segment, follows:

AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2004	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Net Sales Customers	$4,113,592	$5,492,025	-	-	$9,605,617
Segment operating profit (loss)	(301,756)	436,780	($935,348)	-	(800,324)
Total Assets	$23,035,977	$3,480,270	-	($1,930,943)	$24,585,304

FOR THRE THREE MONTHS ENDED MARCH 31, 2003	Cold Remedy	Health and Wellness	Ethical Pharmaceutical	Corporate and Other	Total
Net Sales Customers	$3,258,267	$4,932,825	-	-	$8,191,092
Segment operating profit (loss)	(1,019,085)	663,253	($566,277)	-	(922,109)
TOTAL ASSETS AT DECEMBER 31, 2003	$24,892,338	$3,881,970	-	($2,504,549)	$26,269,759

NOTE 5 - OTHER CURRENT LIABILITIES

Included in other current liabilities are $750,310 and $458,359 related to accrued compensation at March 31, 2004 and December 31, 2003, respectively.

NOTE 6 - 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 March 31, 2004, 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 2004 to date or 2003.

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 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) and 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 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 was 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. All warrants subject to the Amended Agreement expired unexercised on March 7, 2004.

NOTE 7 - VARIABLE INTEREST ENTITY

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 ("VIE") (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.

Effective March 31, 2004, the Company adopted FIN 46R for VIE's formed prior to February 1, 2003. As a result of consolidating the VIE of which the Company is the primary beneficiary, in the first quarter of 2004 the Company recognized a minority interest of approximately $58,000 in the Consolidated Balance Sheet at March 31, 2004 which represents the difference between the fair value of the assets and the liabilities recorded upon the consolidation of the VIE.

The liabilities recognized as a result of consolidating the VIE do not represent additional claims on the Company's general assets, rather, they represent claims against the specific assets of the consolidated VIE. Conversely, assets recognized as a result of consolidating this VIE do not represent additional assets that could be used to satisfy claims against the Company's general

assets. Reflected in the Company's March 31, 2004 balance sheet are $81,000 of VIE assets, representing all of the assets of the VIE. The VIE assists the Company in acquiring licenses and research and development activities in certain countries.

NOTE 8 - INCOME TAXES

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 $1,880,390 are deferred because of a net operating loss carry-forward for tax purposes ("NOLs") that occurred during the fourth quarter of 1999, resulting from a cumulative effect of deducting $47,520,526 attributed to options, warrants and unrestricted stock deductions from taxable income. The net operating loss carry-forwards arising from the option, warrant and stock activities approximate $14.3 million for federal purposes, of which $3.5 million will expire in 2019, $4.0 million in 2020, $6.8 million in 2022 and $14.5 million for state purposes, of which $9.7 million will expire in 2009, $3.0 million in 2010, and $1.8 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, as reflects the results of continuing operations, is as follows (millions, except earnings per share amounts):

	Three Months Ended March 31, 2004			Three Months Ended March 31, 2003		
	Loss	Shares	EPS	Loss	Shares	EPS
Basic EPS	($0.8)	11.5	($0.07)	($0.9)	11.5	($0.08)
Dilutives:						
Options/Warrants	-	-		-	-	
Diluted EPS	($0.8)	11.5	($0.07)	($0.9)	11.5	($0.08)

Options and warrants outstanding at March 31, 2004 and 2003 were 3,837,500 and 4,512,500, respectively. They were not included in the computation of diluted earnings for periods reporting losses because the effect would be anti-dilutive.

NOTE 10 - RELATED PARTY TRANSACTIONS

An agreement between the Company and the founders Mr. Guy J. Quigley and Mr. Charles A. Phillips, both officers, directors 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. The amounts paid or payable for the three months periods ended March 31, 2004 and 2003 under such founder's commission agreements were $165,104 and $152,724, respectively, such expense is included in the cost of sales classification in the Consolidated Statements of Operations. Amounts payable under such agreements at March 31, 2004 and December 31, 2003 were $147,583 and $456,748, respectively, and are represented in the accrued royalties and sales commission classification in the Consolidated Balance Sheets.

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 $109,520 and $92,250, respectively, have been paid to a related entity during the three months periods ended March 31, 2004 and 2003, respectively, to assist with the regulatory aspects of obtaining such licenses and are included in the research and development expense classification in the Consolidated Statements of Operations.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Certain operating leases for office and warehouse space maintained by the Company resulted in rent expense for the three months periods ended March 31, 2004 and 2003 of $79,819 and $59,419, respectively. The Company has approximate future obligations over the next five fiscal years as follows:

Year	Research and Development	Property Leases	Total
2004	$1,400,000	$179,000	$1,579,000
2005	-	203,000	203,000
2006	-	98,000	98,000
2007	-	57,000	57,000
2008	-	-	-
2009	-	-	-
Total	$1,400,000	$537,000	$1,937,000

Additional advertising and research and development costs are expected to be incurred for the remainder of 2004 and during 2005.

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 $330,209 and $305,531 for the three months periods ended March 31, 2004 and 2003, respectively. Amounts accrued for these expenses at March 31, 2004 and December 31, 2003 were $295,875 and $915,109, 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 three months periods ended March 31, 2004 and 2003 were $217,638 and $212,086, respectively. Amounts payable under such agreement at March 31, 2004 and December 31, 2003 were $78,104 and $68,388, respectively.

In August 2003, the Company entered into a licensing agreement with a patent holder relating to the utilization of 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 three month period ended March 31, 2004 were $3,137, with zero in the 2003 comparable period. Amounts accrued or payable relating to this agreement at March 31, 2004 and December 31, 2003 were $4,750 and $1,613, respectively.

PAIGE D. DAVISON VS. THE QUIGLEY CORPORATION

On February 26, 2004, the plaintiff filed an action against The Quigley Corporation (the "Company"), which was not served until April 5, 2004. The action alleges that the plaintiff suffered certain losses and injuries as a result of using the Company's nasal spray product. Among the allegations of the plaintiff are that the nasal spray was defective and unreasonably dangerous, lacked proper and adequate warnings and/or instructions, and was not fit for the purposes and uses intended.

The Company has investigated the claims and believes they are without merit. At the present time the matter is being defended by the Company's liability insurance carrier.

The Company believes plaintiff's claims are without merit and is vigorously defending those claims. 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 12 - 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 7), qualifies as a variable interest entity and the Company has consolidated Scandasystems beginning with the quarter ended 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 Company makes no representation that the FDA 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 FDA. 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.

OVERVIEW

The Company, headquartered in Doylestown, Pennsylvania, is a leading marketer and distributor of a diversified range of health and homeopathic products and is also involved in the research and development of potential prescription 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 and discount stores throughout the United States. The Company reports increased cold remedy net sales in the first quarter of 2004 compared to the same period 2003 by 26.3%. This increase in net sales may be attributable to continued sales momentum initiated by strong sales during the fourth quarter 2003. The strong sales performance follows increased advertising during the 2003/2004 cold season involving strategic media advertising, continued product support at retail by way of co-operative advertising programs and bonus product promotions that benefit the consumer. The Company continues to use the services of an outsourced nationwide brokerage network under the direction of the Company's internal sales and marketing team. In addition the Company launched the Cold-EEZE(R) Cold Remedy Nasal Spray and Kidz-EEZE(TM) Sore Throat Pops during the third quarter 2003 providing a benefit to the 2004 period as compared to the corresponding 2003 period.

Net sales relating to Darius, the Health and Wellness segment, increased in the first quarter of 2004 compared to 2003 by 11.3%. This improvement was primarily due to increases in the number of independent representatives and the

development of international markets with this market providing increased net sales approximating $740,000 in 2004 over the 2003 comparable period. The Health and Wellness segment has been effective in balancing the seasonality of the Cold Remedy segment and producing a more consistent revenue source throughout the fiscal year.

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 the first quarter 2004 by $298,559 over the prior year comparable period as a result of increased study activity in various areas of interest.

The Company continues to use the resources of independent national and international brokers complementing its own personnel to represent the Company's over-the-counter products, thereby saving capital and other ongoing expenditures that would otherwise be incurred. The distribution of product relating to the direct selling segment is by means of independent representatives who are not employees of the Company.

Manufacturing for all the Company's products is accomplished by outside sources. The lozenge form is manufactured by a third party manufacturer, a significant part of this manufacturer's revenues are from the Company, with the sugar-free, nasal spray, sore throat and health and wellness products being produced by different manufacturers.

During the first three months of 2004, 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 $109,520 in related expenses and is included in the research and development expense classification.

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 and requirements associated with the development of Pharma's potential prescription drugs in order to continue to compete on a national and international level. The continued expansion of Darius is dependent on the Company retaining existing independent representatives and recruiting additional representatives both internationally and within the United States; continued conformity with government regulations; a reliable information technology system capable of supporting continued growth and continued reliable sources for product and materials to satisfy consumer demand.

During 2000, the Company acquired a 60% ownership position in CPNP. 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. Results of CPNP prior to January 22, 2003 are presented as discontinued operations in the Consolidated Statements of Operations.

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 7), qualifies as a variable interest entity and the Company has consolidated Scandasystems beginning with the quarter ended 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.

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 three months periods ended March 31, 2004 and 2003 were $1,209,572 and $1,116,019, respectively. This expense item increased in the 2004 three-month reporting period due to strategic media advertising in addition to other trade related methods of advertising, necessary to promote and support the Cold-Eeze(R) product. Included in prepaid expenses and other current assets was $28,125 and $68,000 at March 31, 2004 and December 31, 2003, respectively, relating to prepaid advertising expenses.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the year incurred. Expenditures for the three months periods ended March 31, 2004 and 2003 were $947,002 and $646,969, 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 included 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

THREE MONTHS ENDED MARCH 31, 2004 COMPARED WITH SAME PERIOD 2003

Net sales for the three months period ended March 31, 2004 were $9,605,617, reflecting an increase of 17.3% over the comparable three months period ended March 31, 2003 net sales of $8,191,092. The Cold Remedy segment reported net sales in 2004 of $4,113,592, an increase of $855,325 or 26.3% over the comparable 2003 period of $3,258,267; the Health and Wellness segment reported net sales in 2004 of $5,492,025, an increase of $559,200 or 11.3% over the comparable 2003 period net sales of $4,932,825.

The increased Cold Remedy segment sales in 2004 may be attributable to the sales momentum generated during the strong sales performance of the fourth quarter of 2003. Management has continued the strategy of strong support for the Cold-Eeze(R) product through strategic media advertising, co-operative advertising with customers and bonus programs that benefit the consumer. Additionally, the net sales results of the Cold Remedy segment in 2004 have been supported by sales activity of the Cold-EEZE(R) Nasal Spray and the Kidz-EEZE Sore Throat products both of which were launched during the third quarter of 2003.

The increased net sales reported by the Health and Wellness segment in 2004 may be attributable to increasing international net sales contributing approximately $762,000 during the first quarter of 2004 compared to approximately $24,000 for the 2003 comparable period.

Cost of sales as a percentage of net sales for the three months ended March 31, 2004 was 52.9% compared to 54.9% for the comparable 2003 period. The decrease in the percentage of 2% in the 2004 period is due to: the absence of a royalty cost associated with the sore throat product and a reduced royalty cost relating to the nasal spray product, as both of these products were launched in the third quarter of 2003 resulting in a benefit to the 2004 margin; the 2004 period included reduced costs relating to product bonus programs. The 2004 cost of sales percentage of the Health and Wellness segment was reduced as a result of variations in the payout percentage to independent representatives due to ongoing marketing and promotional initiatives, along with increased product cost due to product mix and the impact of international sales activity.

Sales and marketing expense for the three months period ended March 31, 2004 was $1,623,066, an increase of $95,536 over the comparable 2003 period amount of $1,527,530. The increase between the periods was primarily due to increased

media advertising related to the Cold Remedy segment of $53,228 along with increased meeting and conventions costs of the Health and Wellness segment of $26,851 during the 2004 three-month period.

General and administration costs for the three months period ended March 31, 2004 was $2,750,499 compared to $2,441,720 during the 2003 period, an increase of $308,779 between the periods. The increase in 2004 was primarily due to increased wages and salaries of $172,463, increased legal costs of $70,173, and increased insurance costs of $36,000.

Research and development costs during the three months ended March 31, 2004 were $947,002 compared to $646,969 during the 2003 comparable period reflecting an increase in 2004 of $300,033. The increase in Pharma study costs between the periods was $298,559 thereby being the primary reason for the increase.

During 2004, the Company's major operating expenses of salaries, consultancy, Pharma study costs, brokerage commissions, promotion, advertising, and legal costs accounted for approximately $4,172,205 (78.4%) of the total operating expenses of $5,320,567, an increase of 18.3% over the 2003 amount of $3,526,686 (76.4%) of total operating expenses of $4,616,219. The selling, general and administrative expenses related to Health and Wellness for 2004 and 2003 were $1,350,613 and $985,498, respectively, reflecting increased expenditure in 2004 necessary to support the growth of this segment.

Total assets of the Company at March 31, 2004 and December 31, 2003 were $24,585,304 and $26,269,759, respectively. Working capital decreased by $682,650 to $17,574,704 at March 31, 2004. The primary influences on working capital during the first quarter of 2004 were: the increase in cash balances of $4,194,513, which was assisted by effective account collections as reflected in account receivable balances decreasing by $5,784,308; accrued advertising and royalties and commissions balances decreased by a combined amount of $1,257,038 due to the slow down in sales activity as a result of the conclusion of the cold season.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $17,574,704 and $18,257,354 at March 31, 2004 and December 31, 2003, respectively. Changes in working capital overall have been primarily due to the following items: cash balances increased by $4,194,513; accounts receivable decreased by $5,784,308 due to seasonal fluctuations; accrued advertising decreased by $507,928 as a result of the seasonality of the cold remedy products and related co-operative advertising activity; royalties and sales commissions liabilities decreased by $749,110 related to the cold-season cycle and the effect of such seasonality on account receivables; and other current liabilities increased by $135,798. Total cash balances at March 31, 2004 were $15,586,602 compared to $11,392,089 at December 31, 2003, the increase in cash was due to the movements in working capital.

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

Management is not aware of any trends, events or uncertainties that have or are reasonably likely to have a material negative impact upon the Company's (a) short-term or long-term liquidity, or (b) net sales, revenues or income from 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.

OFF-BALANCE SHEET ARRANGEMENTS

It is not the Company's usual business practice to enter into off-balance sheet arrangements such as guarantees on loans and financial commitments, indemnification arrangements, and retained interests in asset transferred to an unconsolidated entity for securitization purposes. Consequently, the Company has no off-balance sheet arrangements that have, or is reasonably likely to have, a material current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CAPITAL EXPENDITURES

Since the Company's products are manufactured by outside sources, capital expenditures during the remainder of 2004 are not anticipated to be material.

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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES 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 4. 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 II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

PAIGE D. DAVISON VS. THE QUIGLEY CORPORATION

On February 26, 2004, the plaintiff filed an action against The Quigley Corporation (the "Company"), which was not served until April 5, 2004. The action alleges that the plaintiff suffered certain losses and injuries as a result of using the Company's nasal spray product. Among the allegations of the plaintiff are that the nasal spray was defective and unreasonably dangerous, lacked proper and adequate warnings and/or instructions, and was not fit for the purposes and uses intended.

The Company has investigated the claims and believes they are without merit. At the present time the matter is being defended by the Company's liability insurance carrier.

The Company believes plaintiff's claims are without merit and is vigorously defending those claims. 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.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

(1)	31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(2)	31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(3)	32.1	Certification by the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(4)	32.2	Certification by the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

The Company filed a Form 8-K dated February 26, 2004 announcing its results for the quarter ended December 31, 2003. The information on Form 8-K was

furnished pursuant to Item 12 of Form 8-K as directed by the U.S. Securities and Exchange Commission in Release No. 34-47583.

There were no other Current Reports on Form 8-K filed during the quarter ended March 31, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE QUIGLEY CORPORATION

By: /s/ George J. Longo

George J. Longo
Vice President, Chief Financial Officer

Date: May 12, 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 quarterly report on Form 10-Q of The Quigley Corporation, a Nevada corporation (the "registrant");

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly 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 first 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: May 12, 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 quarterly report on Form 10-Q of The Quigley Corporation, a Nevada corporation (the "registrant");

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly 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 first 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: May 12, 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 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
May 12, 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 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
May 12, 2004