UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

OR

( ) 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 0-21617

THE QUIGLEY CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Nevada	23-2577138
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

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

Kells Building, 621 Shady Retreat Road, Doylestown, Pennsylvania	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. Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large Accelerated Filer [ ] Accelerated Filer [X] Non-Accelerated Filer [ ]

Indicate by check mark whether the registrant is a shell company (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.

As of May 4, 2007, there were 12,684,633 shares of common stock, $.0005 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THE QUIGLEY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 2007 (Unaudited)	December 31, 2006
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,175,912	$ 17,756,759
Accounts receivable (net of doubtful accounts of $244,559 and $275,636)	2,745,930	6,557,347
Inventory	4,163,556	4,262,104
Prepaid expenses and other current assets	983,523	1,217,097
TOTAL CURRENT ASSETS	27,068,921	29,793,307
PROPERTY, PLANT AND EQUIPMENT - NET	4,798,372	4,838,076
OTHER ASSETS	130,862	213,651
TOTAL ASSETS	$ 31,998,155	$ 34,845,034
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	661,968	885,648
Accrued royalties and commissions	3,978,401	3,752,646
Accrued advertising	708,027	2,150,259
Other current liabilities	2,983,557	2,463,481
TOTAL CURRENT LIABILITIES	8,331,953	9,252,034
MINORITY INTEREST	64,971	63,563
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
STOCKHOLDERS' EQUITY:		
Common stock, $.0005 par value; authorized 50,000,000; Issued: 17,330,686 and 17,330,686 shares	8,665	8,665
Additional paid-in-capital	37,362,453	37,362,453
Retained earnings	11,418,272	13,346,478
Less: Treasury stock, 4,646,053 and 4,646,053 shares, at cost	(25,188,159)	(25,188,159)
TOTAL STOCKHOLDERS' EQUITY	23,601,231	25,529,437
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 31,998,155	$ 34,845,034

See accompanying notes to condensed consolidated financial statements

THE QUIGLEY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
NET SALES	$ 9,077,876	$ 10,266,038
COST OF SALES	4,067,856	4,953,454

GROSS PROFIT	5,010,020	5,312,584
OPERATING EXPENSES:		
Sales and marketing	2,733,543	2,434,925
Administration	3,212,155	3,705,761
Research and development	1,152,662	784,523
TOTAL OPERATING EXPENSES	7,098,360	6,925,209
LOSS FROM OPERATIONS	(2,088,340)	(1,612,625)
OTHER INCOME (EXPENSE)		
Interest and other income	160,134	179,974
Interest expense	--	(21,644)
TOTAL OTHER INCOME (EXPENSE)	160,134	158,330
LOSS FROM OPERATIONS BEFORE TAXES	(1,928,206)	(1,454,295)
INCOME TAXES (BENEFIT)	--	--
NET LOSS	($ 1,928,206)	($ 1,454,295)
LOSS PER COMMON SHARE:		
Basic	$ (0.15)	$ (0.12)
Diluted	$ (0.15)	$ (0.12)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	12,684,633	11,714,140
Diluted	12,684,633	11,714,140

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended March 31, 2007	March 31, 2006
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,631,835	$ 1,503,382
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(212,682)	(140,966)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	--	(57,167)
NET INCREASE IN CASH	1,419,153	1,305,249
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	17,756,759	16,885,170
CASH & CASH EQUIVALENTS, END OF PERIOD	$ 19,175,912	$ 18,190,419

See accompanying notes to condensed consolidated financial statements

THE QUIGLEY CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 homeopathic and health products that are being offered to the general public and the research and development of potential prescription products. The Company is organized into four business segments: Cold Remedy, Health and Wellness, Contract Manufacturing and Ethical Pharmaceutical. For the fiscal periods presented, the majority of the Company's revenues have come from the Company's Cold Remedy and Health and Wellness business segments.

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. The lozenge form of the product is manufactured by Quigley Manufacturing Inc. ("QMI"), a wholly owned subsidiary of the Company, which was formed following the acquisition of certain assets and assumption of certain liabilities of JoEl, Inc., the contract manufacturer of the lozenge product prior to October 1, 2004.

Darius International Inc. ("Darius"), a wholly owned subsidiary of the Company, is a direct selling organization constituting the Health and Wellness segment that was formed in January 2000 to introduce new products to the marketplace through a network of independent distributor representatives.

In January 2001, the Company formed an Ethical Pharmaceutical segment which is now Quigley Pharma Inc. ("Pharma"), a wholly-owned subsidiary of the Company. The result of that segment's research and development activity may enable the Company to diversify into the prescription drug market.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Condensed 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 discussion in Note 3, "Variable Interest Entity").

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, 2006. 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. The results of operations for the three month periods ended March 31, 2007 and 2006 are not necessarily indicative of the results to be expected for the entire year or any other period.

USE OF ESTIMATES

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in the United Sates of America. In connection with the preparation of the consolidated financial statements, the Company is required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. These assumptions, estimates and judgments are based on historical experience, current trends and other factors that management believes to be relevant at the time the consolidated financial statements are prepared. Management reviews the accounting policies, assumptions, estimates and judgments on a quarterly basis to ensure the financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material.

The Company is organized into four different but related business segments, Cold-Remedy, Health and Wellness, Contract Manufacturing and Ethical Pharmaceutical. When providing for the appropriate sales returns, allowances, cash discounts and cooperative incentive promotion costs, each segment applies a uniform and consistent method for making certain assumptions for estimating these provisions that are applicable to each specific segment. Traditionally, these provisions are not material to reported revenues in the Health and Wellness and Contract Manufacturing segments and the Ethical Pharmaceutical segment does not have any revenues.

Provisions to these reserves within the Cold Remedy segment include the use of such estimates, which are applied or matched to the current sales for the period presented. These estimates are based on specific customer tracking and an overall historical experience to obtain an applicable effective rate. Estimates for sales returns are tracked at the specific customer level and are tested on an annual historical basis, and reviewed quarterly, as is the estimate for cooperative incentive promotion costs. Cash discounts follow the terms of sales and are taken by virtually all customers. Additionally, the monitoring of current occurrences, developments by customer, market conditions and any other occurrences that could affect the expected provisions for any future returns or allowances, cash discounts and cooperative incentive promotion costs relative to net sales for the period presented are also performed.

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.

INVENTORY VALUATION

Inventory is valued at the lower of cost, determined on a first-in, first-out basis (FIFO), or market. Inventory items are analyzed to determine cost and the market value and appropriate valuation reserves are established. The consolidated financial statements include a specific reserve for excess or obsolete inventory of $387,636 and $430,926 as of March 31, 2007 and December 31, 2006, respectively. Inventories included raw material, work in progress and packaging amounts of approximately $1,194,000 and $1,077,000 at March 31, 2007 and December 31, 2006, respectively, with the remainder comprising finished goods.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are 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 to thirty nine years; machinery and equipment - - five to seven years; computer software - three years; and furniture and fixtures - seven years.

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 several 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 exposure with any one institution.

Trade accounts receivable potentially subject 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. It is not anticipated that any one customer will exceed 10% of consolidated sales in 2007. 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 31% and 26% of sales volume for the respective three month periods ended March 31, 2007 and 2006, respectively. Customers comprising the five largest accounts receivable balances represented 47% and 56% of total trade receivable balances at March 31, 2007 and December 31, 2006, respectively. During each of the three month periods ended March 31, 2007 and 2006, approximately 11% of the Company's net sales were related to international markets.

The Company's revenues are currently generated from the sale of the Cold-Remedy products which approximated 61% and 50% of total revenues in the three month periods ended March 31, 2007 and 2006, respectively. The Health and Wellness segment approximated 32% and 45%, respectively, for the three month periods ended March 31, 2007 and 2006. The Contract Manufacturing segment approximated 7% and 5%, respectively, for the three month periods ended March 31, 2007 and 2006.

Raw materials used in the production of the products are available from numerous sources. Raw materials for the Cold-Eeze(R) lozenge product is currently procured from a single vendor in order to secure purchasing economies. In a

situation where this one vendor is not able to supply QMI with the ingredients, other sources have been identified. Should these product sources 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.

Darius' products for resale can be sourced from several suppliers. In the event that such sources were no longer in a position to supply Darius with products, 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 both the Health and Wellness segment and the Contract Manufacturing segment, when the product is shipped to the customer. Revenue is reduced for trade promotions, estimated sales returns, cash discounts and other allowances in the same period as the related sales are recorded. The Company makes estimates of potential future product returns and other allowances related to current period revenue. The Company analyzes historical returns, current trends, and changes in customer and consumer demand when evaluating the adequacy of the sales returns and other allowances. The consolidated financial statements include reserves of $438,256 for future sales returns and $332,565 for other allowances as of March 31, 2007 and $534,176 and $429,546 at December 31, 2006, respectively. The 2007 and 2006 reserve balances include a remaining returns provision at March 31, 2007 and December 31, 2006 of approximately $112,000 and $113,000, respectively, in the event of future product returns following the discontinuation of the Cold-Eeze(R) Cold Remedy Nasal Spray product in September 2004. The reserves also include an estimate of the uncollectability of accounts receivable resulting in a reserve of $244,559 and $275,636 at March 31, 2007 and December 31, 2006, respectively.

COST OF SALES

For the Cold Remedy segment, in accordance with contract terms, payments calculated based upon net sales collected to the patent holder of the Cold-Eeze(R) formulation amounting to $257,996 and $242,514 respectively, for the three month periods ended March 31, 2007 and 2006 are presented in the financial statements as cost of sales (see also Note 4).

In the Health and Wellness Segment, agreements with Independent Distributor Representatives ("IR's") require payments to them to be calculated based upon net commissionable sales of other IR's in their down-line and not on any of their individual purchases of products including not taking title to the products that are sold by other IR's. In accordance with EITF 01-9, such payments to the IR's do not qualify as a reduction of the selling price as these payments are not offered as an allowance or as a percentage rebate of direct purchases made, and the IR's are not offered any cooperative promotion incentives of any type. Such payments, among other factors, are related to expand the cycle of additional IR's and for maintaining the distribution channel for this segment's products.

Accordingly, such distribution payments amounting to $1,132,549 and $2,052,714 for the three month periods ended March 31, 2007 and 2006, respectively, and are presented in the financial statements as cost of sales.

OPERATING EXPENSES

Agreements relating to the Cold Remedy segment with a major national sales brokerage firm are for this firm to sell the manufactured Cold-Eeze(R) product to our customers. Such related costs are presented in the financial statements as selling expenses.

In the Health and Wellness Segment, the Company includes payments in accordance with agreements with the former owner of its acquired proprietary products, to be calculated based upon net sales collected. These agreements provide for exclusivity, consulting, marketing presentations, confidentiality and non-compete arrangements with such payments being classified as administration expense.

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 the Cold Remedy and Contract Manufacturing segments, 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 the Company became publicly traded. Options and warrants are exercisable during a period determined by the Company, but in no event later than ten years from the date granted.

As of January 1, 2006, the Company adopted SFAS 123R, "SHARE BASED PAYMENT". The adoption of SFAS 123R did not have an impact on the Company's financial position or results of operations in the 2007 and 2006 periods reported.

No stock options were granted in the three month periods ended March 31, 2007 and 2006. All stock options granted prior to January 1, 2006 were fully vested.

ADVERTISING AND INCENTIVE PROMOTIONS

Advertising and incentive promotion costs are expensed within the period in which they are utilized. Advertising and incentive promotion expense is comprised of media advertising, presented as part of sales and marketing expense; cooperative incentive promotion, which is accounted for as part of net sales; and free product, which is accounted for as part of cost of sales. Advertising and incentive promotion costs incurred for the three month periods ended March 31, 2007 and 2006 were $2,590,416 and $2,035,284, respectively. Included in prepaid expenses and other current assets was zero and $258,215 at March 31, 2007 and December 31, 2006, respectively, 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 three month periods ended March 31, 2007 and 2006 were $1,152,662 and $784,523, respectively. Principally, research and development costs are related to Pharma's study activities and costs associated with Cold-Eeze(R) products.

INCOME TAXES

The Company utilizes the 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 Note 8 - Income Taxes for further discussion.

Effective January 1, 2007, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS Statement No. 109, ACCOUNTING FOR INCOME TAXES. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Adoption of this standard did not have an impact on the Company's consolidated financial position, results of operations or cash flows. Our evaluation was performed for the tax years ended 2003, 2004, 2005 and 2006, the tax years which remain subject to examination by major tax jurisdictions as of March 31, 2007.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents, accounts receivable and accounts payable are reflected in the consolidated financial statements at carrying value which approximates fair value because of the short-term maturity of these instruments. The fair value of long- term debt was approximately equivalent to its carrying value due to the fact that the interest rates then available to the Company for debt with similar terms was approximately equal to the interest rates for its existing debt. Determination of the fair value of related party payables is not practicable due to their related party nature.

RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB No. 115 ("FAS 159"). The Statement permits companies to choose to measure many financial instruments and certain other items at fair value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. FAS 159 is effective for the Company beginning January 1, 2008. The Company is currently evaluating the impact, if any, of FAS 159 on its operating results and financial position.

NOTE 3 - VARIABLE INTEREST ENTITY

In December 2003, the FASB 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. The Company has determined that Scandasystems, a related party, 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, the maximum exposure to loss is insignificant. As a result of consolidating the VIE of which the Company is the primary beneficiary, the Company recognized a minority interest of approximately $64,971 and $63,563 on the Consolidated Balance Sheets at March 31, 2007 and December 31, 2006, respectively, which represents the difference between 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 on the Company's Consolidated Balance Sheets at March 31, 2007 and December 31, 2006, respectively, are $72,644 and $64,592 of VIE assets, representing all of the assets of the VIE. The VIE assists the Company in acquiring licenses and with research and development activities in certain countries.

NOTE 4 - PATENT RIGHTS AND RELATED ROYALTY COMMITMENTS

The Company has maintained 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, which is due to expire in 2007. However, the Company and the developer are in litigation and as such no potential offset from such litigation for these fees have been recorded.

The expenses for the respective periods relating to such agreement amounted to $257,996 and $242,514, for the three month periods ended March 31, 2007 and 2006, respectively. Amounts accrued for these expenses at March 31, 2007 and December 31, 2006 were $3,488,761 and $3,230,765, respectively, all non-related party balances.

NOTE 5 - OTHER CURRENT LIABILITIES

Included in other current liabilities are $660,280 and $234,208 related to accrued compensation at March 31, 2007 and December 31, 2006, respectively.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Certain operating leases for office and warehouse space maintained by the Company resulted in rent expense for the three month periods ended March 31, 2007 and 2006 of $95,438, and $64,588, respectively. The Company has approximate future obligations over the next five years as follows:

Year	Research and Development	Property and Other Leases	Other	Total
2007	$2,615,057	$ 174,356	$ 936,350	$3,725,763
2008	--	194,361	--	194,361
2009	--	108,355	--	108,355
2010	--	--	--	--
2011	--	--	--	--
2012	--	--	--	--
Total	$2,615,057	$ 477,072	$ 936,350	$4,028,479

Additional research and development costs are expected to be incurred during the remainder of 2007.

Other includes new products procurement commitments for the cold remedy segment with initial sales of these products expected to occur during the second half of 2007.

The Company has an agreement with the former owners of the Utah based direct marketing and selling company, whereby the former owners receive payments, currently totaling 5% of net sales collected, for product exclusivity, consulting, marketing presentations, confidentiality and non-compete arrangements. However, the Company and the former owners are in litigation and as such no potential offset from such litigation for these fees have been recorded. Amounts paid or payable under such agreement during the three month periods ended March 31, 2007 and 2006 were $108,606 and $190,639, respectively. Amounts payable under such agreement, included in other current liabilities, at March 31, 2007 and December 31, 2006 were $637,240 and $528,990, respectively.

The Company has several licensing and other contractual agreements, see Note 4.

TESAURO AND ELEY, ET AL. VS. THE QUIGLEY CORPORATION
(CCP OF PHILA., AUGUST TERM 2000, NO. 001011)

In September, 2000, the Company was sued by two individuals (Jason Tesauro and

Elizabeth Eley, both residents of Georgia), allegedly on behalf of a "nationwide class" of "similarly situated individuals," in the Court of Common Pleas of Philadelphia County, Pennsylvania. The Complaint further alleges that the plaintiffs purchased certain Cold-Eeze 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, as pleaded originally, requested an unspecified amount of damages for violations of Pennsylvania's consumer protection law, breach of implied warranty of merchantability 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' claims.

In May 2001, plaintiffs filed a motion to certify the putative 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 plaintiffs' motion. The court denied plaintiffs' motion to certify a class based on plaintiffs' claims under Pennsylvania's consumer protection law, under which plaintiffs sought treble damages, effectively dismissing this cause of action; however, the court certified a class based on plaintiffs' secondary breach of implied warranty and unjust enrichment claims. In August, 2002, the court issued an order adopting a form of Notice of Class Action to be published nationally. The form of Notice approved by the court included a provision which limits the potential class members who may potentially recover damages in this action to those persons who present a proof of purchase of Cold-Eeze during the period August 1996 and November 1999.

Afterward, a series of pre-trial motions were filed raising issues concerning trial evidence and the court's jurisdiction over the subject matter of the action. In March, 2005, the court held oral argument on these motions.

On November 8, 2006, the Court entered an Order dismissing the case in its entirety on the basis that the action was preempted by federal law. The plaintiffs appealed the Court's decision in December, 2006. On March 22, 2007, the Superior Court entered a scheduling order for briefing. On May 1, plaintiffs/appellants filed their opening brief. The Company's brief in response is due on May 30, 2007.

For the reasons stated by the Court in dismissing the case, as well as for other reasons, the Company believes that plaintiffs' case on appeal lacks merit; however, no prediction as to the outcome of the appeal can be made.

MONIQUE FONTENOT DOYLE VS. THE QUIGLEY CORPORATION
(U.S.D.C., W.D. LA. DOCKET NO.: 6:06CV1497)

On August 31, 2006, the plaintiff filed an action against the Company in the United States District Court for the Western District of Louisiana (Lafayette-Opelousas Division). The action alleges the plaintiff suffered certain losses and injuries as a result of the Company's nasal spray product. Among the allegations of plaintiff are breach of express warranties and damages pursuant to the Louisiana Products Liability Act.

At the present time this matter is being defended by the Company's liability insurance carrier. However, the Company has been tendered the defense of this action for which there is no insurance. The Company is vigorously defending this lawsuit and believes that the action lacks merit. However, at this time no prediction as to the outcome of the case can be made.

GREG SCRAGG VS. THE QUIGLEY CORPORATION, ET AL.
(U.S.D.C, D. COLO. DOCKET NO.: 06- 00061 LTB-CBS)

On November 30, 2005, an action was brought in the District Court of Denver, Colorado. The complaint was served on the Company soon thereafter. The action alleges the plaintiff suffered certain losses and injuries as a result of using the Company's nasal spray product. The complaint consists of counts for fraud and deceit (fraudulent concealment), negligent misrepresentation, strict liability (failure to warn), and strict product liability (design defect).

A trial date has been set for August 27, 2007. The Company believes the plaintiff's claims are without merit and is vigorously defending this lawsuit.

At the present time this matter is being defended by the Company. Based upon the information the Company has at this time, it believes the action is without merit. However, at this time no prediction as to the outcome can be made.

INNERLIGHT INC. VS. THE MATRIX GROUP, LLC
(FOURTH JUDICIAL DISTRICT COURT, UTAH COUNTY, STATE OF UTAH)

On March 13, 2006 Innerlight Inc. filed a declaratory judgment action in the Fourth Judicial District, Utah County, State of Utah, requesting a declaration that there is no valid contract between the parties. The Matrix Group, LLC has alleged there is a contract between the parties obligating Innerlight Inc. to purchase $750,000 of products for the 12-month period commencing October 18, 2004 and ending October 17, 2005, $1,500,000 for the period commencing October 18, 2005 and ending October 17, 2006, and for each 12-month period thereafter, through and including October 17, 2013, at least $4,000,000 of products from The Matrix Group, LLC. The document on which Matrix relies was drafted by Matrix and states that the acceptance of the appointment by distributor (Innerlight Inc.) is conditioned upon distributor's written acceptance of the Company's product price list. No written acceptance of the product price list was ever made by Innerlight Inc.

The Matrix Group, LLC filed a Utah Rule of Civil Procedure 12(b)(3) motion asking that the complaint be dismissed. On July 13, 2006 the Court for the Fourth Judicial District, Utah County, State of Utah, entered an order denying defendant's motion to dismiss under Rule 12(b)(3) based on Innerlight's assertion that a material condition precedent remains to be satisfied to establish an enforceable agreement between the parties. The Utah County Court has maintained jurisdiction of this action to make a final determination on the merits of Innerlight's claim.

Thereafter, Matrix filed a counterclaim alleging that a contract did exist and that Innerlight had breached this contract. Both parties then agreed to stay discovery, concluding that discovery was not necessary and both filed motions for summary judgment to resolve the case.

On January 17, 2007, arguments were presented to the Court on the parties' cross motions for summary judgment and the Court ruled in Innerlight's favor, finding that no contract existed between the parties and that Innerlight was entitled to return over $150,000 in product to Matrix for reimbursement. The wording of the final Order granting Innerlight's motion and rejecting Matrix's were entered by the Court on April 10, 2007. Matrix has the right to appeal. Matrix has expressed its intent to appeal the Court's summary judgment ruling and related rulings, and has filed a motion to stay enforcement of the Court's order pending appeal, and for an order excusing Matrix from the requirement of filing a bond. Innerlight intends to oppose Matrix's motion and any appeal vigorously.

For the reasons stated by the Court in the case, as well as for other reasons, the Company believes that plaintiffs' case on appeal lacks merit; however, no prediction as to the outcome of the appeal can be made.

TERMINATED LEGAL PROCEEDINGS

ZANG ANGELFIRE, TRACEY ARVIN, SHANE HOHNSTEIN, TAMMY LAURENT, BARBARA SEOANE, DONNA SMALLEY, AND JOHN WILLIAMS VS. THE QUIGLEY CORPORATION (PA. C.C.P., BUCKS COUNTY, DOCKET NO. 2004-07364-27-2)

On November 4, 2004, the above plaintiffs filed an action in the Court of Common Pleas of Bucks County against the Company. The complaint was amended on March 11, 2005. The action alleged that the plaintiffs suffered certain losses and injuries as a result of using the Company's nasal spray product. The plaintiffs claimed the Company was liable to them based on the following allegations: negligence, strict products liability (failure to warn and defective design), breach of express warranty, breach of implied warranty, and a violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law and other consumer protection statutes.

These actions were recently settled at the direction of the insurance carrier out of insurance proceeds.

BRIGITTE YVON & KLAUS YVON VS. THE QUIGLEY CORPORATION, ET AL.

On October 12, 2005, the Plaintiffs instituted an action against Caribbean Pacific Natural Products, Inc. and other defendants for personal injuries as a result of being hit by a chair on the pool deck of Waikoloa Beach Marriott Hotel d/b/a Outrigger Enterprises, Inc. in Honolulu, Hawaii. On December 9, 2005, The Quigley Corporation was added as an additional defendant without notice to this case. The main defendant in the case is Caribbean Pacific Natural Products, Inc. in which The Quigley Corporation formerly held stock. On January 22, 2003 all shares of The Quigley Corporation stock were sold to Suncoast Naturals, Inc. in return for stock of Suncoast Naturals, Inc. At the time of the accident, The Quigley Corporation had no ownership interest in Caribbean Pacific Natural Products, Inc. On April 26, 2007, counsel for all parties entered into a stipulation for partial dismissal without prejudice against The Quigley Corporation.

NOTE 7 - TRANSACTIONS AFFECTING STOCKHOLDERS' EQUITY

On September 8, 1998, the Company's Board of Directors declared a dividend distribution of Common Stock Purchase Rights (individually, a "Right" and collectively, 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 by a similarly constituted party to make a tender or exchange offer resulting in the ownership of 15% or more of the outstanding common shares. 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 50% beneficial ownership of the Company, a stockholder may exchange one Right for one common share of the Company. The final expiration date 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, 2007, 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 2007 to date.

During the three months ended March 31, 2007, no options or warrants were granted or exercised.

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. In addition, certain tax benefits for option and warrant exercises totaling $6,581,458 are deferred and will be credited to additional-paid-in-capital when the NOL's attributable to these exercises are utilized. As a result, these NOL's will not be available to offset income tax expense. The net operating loss carry-forwards that currently approximate $16.6 million for federal purposes will be expiring through 2026. Additionally, there are net operating loss carry-forwards of $16.9 million for state purposes that

will be expiring through 2016. Until sufficient taxable income to offset the temporary timing differences attributable to operations, the tax deductions attributable to option, warrant and stock activities and alternative minimum tax credits of $110,270 are assured, a valuation allowance equaling the total deferred tax asset is being provided.

NOTE 9 - EARNINGS PER SHARE

Basic loss 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 per share amounts):

	March 31, 2007			March 31, 2006		
	Net Loss	Shares	EPS	Net Loss	Shares	EPS
Basic EPS	($ 1.9)	12.7	($ 0.15)	($ 1.5)	11.7	($ 0.12)
Dilutives:						
Options/Warrants	--	--		--	--	
Diluted EPS	($ 1.9)	12.7	($ 0.15)	($ 1.5)	11.7	($ 0.12)

Options and warrants outstanding at March 31, 2007 and 2006 were 3,597,000 and 4,593,750 respectively. They were not included in the computation of diluted earnings for the periods with a net loss because the effect would be anti-dilutive.

NOTE 10 - RELATED PARTY TRANSACTIONS

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 $30,750 and $53,250 have been paid to a related entity during the three month periods ended March 31, 2007 and 2006, respectively. This expenditure is used to assist with the regulatory aspects of obtaining such licenses.

NOTE 11 - SEGMENT INFORMATION

The basis for presenting segment results generally is consistent with overall Company reporting. The Company reports information about its operating segments in accordance with Financial Accounting Standard Board Statement No. 131,

"DISCLOSURE ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION," which establishes standards for reporting information about a company's operating segments. All consolidating items are included in Corporate & Other.

The Company divides its operations into four 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; Quigley Manufacturing (Contract Manufacturing), which is the production facility for the Cold-Eeze(R) lozenge product and also performs contract manufacturing services for third party customers, and Pharma, (Ethical Pharmaceutical), currently involved in research and development activity to develop patent applications for potential pharmaceutical products.

Financial information relating to 2007 and 2006 operations, by business segment, follows:

For the Three Months Ended March 31, 2007	Cold Remedy	Health and Wellness	Contract Manufacturing	Ethical Pharmaceutical	Corporate & Other	Total
Revenues						
Customers-domestic	$ 5,540,640	$ 1,937,854	$ 609,311	$ --	$ --	$ 8,087,805
Customers-international	$ --	$ 990,071	$ --	$ --	$ --	$ 990,071
Inter-segment	$ --	$ --	$ 1,183,350	$ --	$(1,183,350)	$ --
Segment operating profit (loss)	$ (459,929)	$ (239,103)	$ (226,673)	$(1,254,869)	$ 92,234	$(2,088,340)

For the Three Months Ended March 31, 2006	Cold Remedy	Health and Wellness	Contract Manufacturing	Ethical Pharmaceutical	Corporate & Other	Total
Revenues						
Customers-domestic	$ 5,177,340	$ 3,416,889	$ 523,892	$ --	$ --	$ 9,118,121
Customers-international	$ --	$ 1,147,917	$ --	$ --	$ --	$ 1,147,917
Inter-segment	$ --	$ --	$ 1,593,128	$ --	$(1,593,128)	$ --
Segment operating profit (loss)	$ (305,907)	$ (218,372)	$ (169,795)	$(876,961)	$ (41,590)	$(1,612,625)

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 products, 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 United States Food and Drug Administration ("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/and for any granted IND to be 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 such 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 ("SEC").

OVERVIEW

The Company, headquartered in Doylestown, Pennsylvania, is a leading manufacturer, marketer and distributor of a diversified range of homeopathic and health products which comprise the Cold Remedy, Health and Wellness and Contract Manufacturing segments. The Company is also involved in the research and development of potential prescription products that comprise the Ethical Pharmaceutical segment.

The Company's business is the manufacture and distribution of cold remedy products to the consumer through the over-the-counter marketplace together with the sale of proprietary health and wellness products through its direct selling subsidiary. One of the Company's key products in its Cold Remedy segment is Cold-Eeze(R), a zinc gluconate glycine product 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. Effective October 1, 2004, the Company acquired substantially all of the assets of JoEl, Inc., the previous manufacturer of the Cold-Eeze(R) lozenge product. This manufacturing entity, now called Quigley Manufacturing Inc. ("QMI"), a wholly owned subsidiary of the Company, will continue to produce lozenge product along with performing such operational tasks as warehousing and shipping the Company's Cold-Eeze(R) products. In addition, QMI produces a variety of hard and organic candy for sale to third party customers in addition to performing contract manufacturing activities for non-related entities.

The Cold-Remedy segment reported an increase in net sales in the first quarter of 2007 of $363,300 as compared to the same period in 2006. Consumer purchasing levels appear to be comparable between the quarters, however, the increased sales are the result of a shift in buying patters by our customers to adjust for low inventory levels during 2007.

The Contract Manufacturing segment reported an increase in net sales in the first quarter of 2007 of $85,419 as compared to the 2006 comparative period. This segment's sales remained comparable between the periods, however, its primary function is to support the cold remedy segment through production, warehousing and distribution of the Cold-Eeze product.

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 distributor representatives. Darius is a direct selling organization specializing in proprietary 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 the first quarter of 2007, this segment reported a reduction in net sales of $1,636,881 compared to the same period in 2006. Sales in the 2007 period reflect the continued reduction in active independent distributor representatives. The performance of this segment may also be negatively affected by current litigation with the sponsor of the segment's product line. During the third

quarter of 2006 the Company implemented a plan of corrective action for this segment, part of which was the appointment of a new president who has broad experience in this industry.

In January 2001, the Company formed an Ethical Pharmaceutical segment, Quigley Pharma Inc. ("Pharma"), that is under the direction of its Executive Vice President and Chairman of its Medical Advisory Committee. Pharma was formed for the purpose of developing naturally derived prescription drugs. Pharma is currently undergoing research and development activity in compliance with regulatory requirements. The Company is in the initial stages of what may be a lengthy process to develop these patent applications into commercial products. The Company continues to invest significantly in ongoing research and development activities of this segment. Such investment amounted to $1,254,869 in the first quarter 2007 compared to $876,961 in the 2006 comparative period.

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 the 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 distributor representatives and recruiting additional active 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.

COLD-REMEDY PRODUCTS

In May 1992, the Company entered into an exclusive agreement for the worldwide representation, manufacturing and marketing of Cold-Eeze(R) products in the United States. 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 available in lozenge, sugar-free tablet and gum form. The Company has substantiated the effectiveness of Cold-Eeze(R) through a variety of studies. 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, which commenced at the CLEVELAND CLINIC FOUNDATION on October 3, 1994, were published. 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 common cold symptoms.

In April 2002, the Company announced the statistical results of a retrospective clinical adolescent study at the Heritage School facility in Provo, Utah that suggests that Cold-Eeze(R) is also an effective means of preventing the common cold and statistically (a) lessens the number of colds an individual suffers per year, reducing the median from 1.5 to zero and (b) 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.

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 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 of 11 days compared with 5 days when Cold-Eeze(R) lozenges were administered, a reduction of 6 days.

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.

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, including herbal vitamins and dietary supplements for the human condition, primarily within the United States and since the second quarter of 2003, internationally.

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

- To maintain existing active independent distributor representatives and recruit additional successful independent distributor representatives. Additionally, the loss of key high-level distributors or business contributors as a result of business disagreements, litigation or otherwise 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 growth of international business, difficulties with foreign regulatory requirements could have a significant negative impact on future growth. Any inquiries from government authorities relating to the Company's 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.

CONTRACT MANUFACTURING

From October 1, 2004, this manufacturing entity, now called QMI, a wholly owned subsidiary of the Company, has continued to produce lozenge product along with performing such operational tasks as warehousing and shipping the Company's Cold-Eeze(R) products. In addition to that function, QMI produces a variety of hard and organic candy for sale to third party customers in addition to performing contract manufacturing activities for non-related entities. QMI is an FDA-approved facility.

ETHICAL PHARMACEUTICAL

Pharma's current activity is the research and development of naturally-derived prescription drugs with the goal of improving the quality of life and health of those in need. 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 potential synergistic benefits of combining isolated active constituents and whole plant components. The Company will search for new natural sources of medicinal substances from plants and fungi from around the world while also investigating the use of traditional and historic medicinals and therapeutics.

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.

Patents and certain 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 5, 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 14, 2022.

- A Patent (No. 6,753,325 B2) entitled "Composition and Method for Prevention, Reduction and Treatment of Radiation Dermatitis," a composition for preventing, reducing or treating radiation dermatitis. The patent extends through November 5, 2021.

- A Patent (No. 6,827,945 B2) entitled "Nutritional Supplements and Method of Using Same" for a method for treating at least one symptom of arthritis. The patent extends through April 22, 2023.

- A Patent (No. 7,083,813 B2) entitled "Methods for The Treatment of Peripheral Neural and Vascular Ailments." The patent extends through August 4, 2023.

- A Patent (No. 7,166,435 B2) entitled "Compositions and Methods for Reducing the Tranmissivity of Illnesses." This patent will provide additional protection to an existing composition patent (number 6,592,896), which the Company received in July 2003 and will support on-going investigations and potential commercialization opportunities. The Company will be continuing its studies to test the effects of the referenced compound against avian flu and human influenza. The patent extends through November 5, 2021.

- A Patent (No. 7,175,987 B2) entitled "Compositions and Methods for The Treatment of Herpes." The patent extends through November 5, 2021.

- A Mexican Patent (No. 236311) entitled "Method and Composition for the Treatment of Diabetic Neuropathy." The patent extends through December 18, 2020.

- A New Zealand Patent (No. 533439) entitled "Methods for The Treatment of Peripheral Neural and Vascular Ailments." The patent extends through November 6, 2022.

- A New Zealand Patent (No. 526041) entitled "Method and Composition for the Treatment of Diabetic Neuropathy." The patent extends through December 18, 2021.

- A New Zealand Patent (No. 532775) entitled "Topical Compositions and Methods for Treatment of Adverse Effects of Ionizing Radiation." The patent extends through November 6, 2022.

- An Australian Patent (No. 2002231095) entitled "Method and Composition for the Treatment of Diabetic Neuropathy." The patent extends through December 18, 2021.

- A South African Patent (No. 2003/4247) entitled "Methods and Composition for the Treatment of Diabetic Neuropathy." The patent extends through December 18, 2021.

- A South African Patent (No. 2003/9802) entitled "Nutritional Supplements and Methods of Using Same" for a method for treating at least one symptom of arthritis. The patent extends through August 5, 2022.

- A South African Patent (No. 2004/4614) entitled "Methods for The Treatment of Peripheral Neural and Vascular Ailments." The patent extends through November 5, 2022.

- A South African Patent (No. 2005/0517) entitled "Anti-Microbial Compositions & Methods for Using Same," the patent extends through July 23, 2023.

- A South African Patent (No. 2004/3365) "Topical Compositions and Methods for Treatment of Adverse Effects of Ionizing Radiation," the patent extends through November 5, 2022.

- An Israeli Patent (No. 159357) entitled "Nutritional Supplements and Methods of Using Same," the patent extends through August 6, 2022.

QR-333 - 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 FDA prior to submitting the Company's 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 September 2005, the Company announced that a preliminary report of its topical compound for the treatment of diabetic neuropathy was recently featured in the JOURNAL OF DIABETES AND ITS COMPLICATION. Authored by Dr. C. LeFante and Dr. P. Valensi, the article appeared in the June 1, 2005 issue, and included findings that showed the compound reduced the severity of numbness, and irritation from baseline values. In October 2005, the Company announced the results of pre-clinical toxicology studies that showed no irritation, photo toxicity, contact hypersensitivity or photo allergy when applied topically to hairless guinea pigs and another study that showed no difference in the dermal response of the compound or placebo when applied to Gottingen Minipigs. (Both animal models are suggested for the evaluation of topical drugs, by the FDA). In March 2006, the Company announced the filing of an IND application with the FDA for its topical compound for the treatment of Diabetic Peripheral Neuropathy. This filing allowed the Company to begin human clinical trials following a 30-day review period. If no further comments were forthcoming from the FDA, studies with human subjects could commence pending the availability of study drug. This application included a compilation of all of the supporting development data and regulatory documentation required to file an IND application with the FDA. In April 2006, upon FDA approval for its IND, the Company announced its intent to commence human studies on its formulation.

The Company also announced that in anticipation of receiving this IND, it had previously held its investigators meeting to organize its multi-center phase 2(b) trials. This would allow the Company to begin these trials as soon as study drug is available.

In May 2006, the Company announced that it had begun screening patients to start testing their investigational new drug QR-333 and patients suffering from diabetic peripheral neuropathy would be given doses in an escalating fashion to provide pharmacokinetics data.

In September 2006, the Company announced that the results from its human study, titled "Single Center, Dose Escalating, Safety, Tolerability, And Pharmacokinetics Study Of QR-333 In Subjects With Diabetic Peripheral Neuropathy", demonstrated that QR-333 can be administered safely to patients suffering from diabetic peripheral neuropathy and it would proceed to conducting Phase IIb clinical trials. The essential CMC (Chemistry Manufacturing and Controls) stage would provide the Company with the necessary information needed to produce larger quantities of drug for the Phase IIb trial involving approximately 180 patients.

The pharmacokinetics trial was the first study in the U.S. conducted under the FDA issued IND. The positive data showed that QR-333 is safe, it is not systemically absorbed and it is well tolerated after multiple doses. These findings are consistent with prior animal toxicity data and the human proof of concept study performed in France.

In November 2006, the Company announced that patient enrollment in a Phase IIb multi center clinical study of QR-333 for the treatment of symptomatic Diabetic Peripheral Neuropathy (DPN) had commenced. The Phase IIb trial will evaluate the safety and efficacy of QR-333 applied three times daily compared to placebo-treated patients over 12 weeks. Efficacy will be determined by Symptom Assessment Scores, a Visual Analogy Scale (VAS), Quality of Life and Sleep Questionnaires. Safety will be determined by medical history, physical examination, vital signs, 12-lead ECG, laboratory tests and nerve conduction studies. The study will involve 150-180 randomized male and female patients with Type 1 & 2 diabetes, as defined by the ADA (American Diabetes Association) and distal symmetric diabetic polyneuropathy.

The Study Chairman is Dr. Philip Raskin, Professor of Medicine University of Texas Southwestern Medical Center at Dallas Texas. The study protocol was approved by the FDA as a part of Quigley Pharma's IND submission and has been approved by the required Investigational Review Boards. The completion of the study is dependent upon enrollment rates that may affect the overall length of the study and the communication of its results.

QR-336 - 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 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 exposure on humans.

In April 2006, the Company announced that it signed an agreement with Dr. William H. McBride, the Vice Chair of Research, Department of Oncology at UCLA to help develop an appropriate animal model radio protective research program for QR-336 to comply with New Food and Drug Administration animal efficacy rules for radio-protective pharmacological compounds.

In October 2006, the Company announced that it had received significant data identifying 50 microliters as the least toxic and most effective radiation protection dose in mice when administered ip (intraperitoneal), po (by mouth) or sc (under the skin) prior to radiation exposure. These experiments were essential for providing the Company with data to optimize the formulation for efficacy and route of administration, which is required for filing under the FDA's "Animal Efficacy Rule".

QR-337 - 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.

QR-435 - In May 2004, the Company announced that an intranasal spray application of the anti-viral test compound demonstrated efficacy by significantly reducing the severity of illness in ferrets that had been infected with the Influenza A virus. In pre-clinical studies, the antiviral formulation demonstrates antiviral activity against Ocular and Genital Herpes, indicating a new research and development path for the versatile compound. The Company is pleased with the progress and indicated that continued research is required to confirm the compound's safety and efficacy profiles.

In May 2006, the Company announced that it would begin a series of studies to evaluate the ocular antiviral efficacy and toxicity of its naturally-derived topical compound QR-435. Studies will be completed at The Campbell Ophthalmic

Microbiology Laboratory at the University of Pittsburgh in the same lab where previous successful in vitro studies of QR-435 were performed.

In December 2006, the Company announced that a series of studies were conducted on the advice of Campbell Laboratories, University of Pittsburgh, to assess QR-435 (Quigley Pharma's broad spectrum anti-viral) potential for treating Herpes Keratitis. While the in-vitro studies were very successful at killing the herpes virus on direct contact, the HSV-1/NZW rabbit keratitis model study showed that the compound, in its aqueous form, did not remain in the eye long enough to penetrate the corneal epithelial cells where the virus resides in an infection. The HSV-1/NZW rabbit keratitis model is a recognized standard for evaluating potential therapeutic agents in this class and is only utilized based on prior positive experimentation, as was the case.

Quigley Pharma may continue to pursue research and development objectives of this compound in the treatment of respiratory viruses on the strength of prior successful in-vitro and ferret model in-vivo studies. The company's naturally derived formula has shown significant antiviral properties against various strains of H3N2 and H5N1 Influenza viruses in these studies.

QR-437 - In January 2004, the Company reported that its compound, which was demonstrating antiviral activity, had shown virucidal and virustatic activity against the strain 3B of the Human Immunodeficiency Virus Type 1 (HIV-1) in an in-vitro study. Additionally, the Company decided that the derivative compound of the anti-viral formulation previously found to be effective for treating Sialorrhea would probably postpone further development on the Sialorrhea indication and concentrate on further qualification and development of the anti-viral capabilities of the compound in humans.

QR-439 - 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 would conduct two further studies evaluating the compound which had shown activity against Influenza and SARS. The first study was 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 was a dose ranging study on the test compound. Upon dosage determination and confirmation results from these forthcoming animal model studies, a human proof of concept study using a virus challenge with Influenza A virus in a quarantine unit would be a viable next step.

QR-440 (a) - The Company received an additional Investigational New Animal Drug (INAD) number from the Center for Veterinary Medicine of the FDA. In previous studies, QR-440 has been shown to reduce inflammation and also suggests possible disease-modifying potential.

QR-441(a) - In November 2005, the Company was assigned nine INADs for a broad anti-viral agent by the Center for Veterinary Medicine of the FDA. Eight of the INADs are for investigating the compound use against avian flu H5N1virus in chickens, turkeys, ducks, pigs, horses, dogs, cats and non-food birds. In January 2006, a ninth INAD was assigned for investigating its compound for treating arthritis in dogs. In March 2006, the Company announced that it is planning a series of controlled experiments designed to test its all natural broad spectrum anti-viral compound in poultry stocks. The Company also announced that Dr. Timothy S. Cummings, MS, DVM, ACPV Clinical Poultry Professor at the College of Veterinary Medicine at Mississippi State University and Thomas G. Voss, Ph.D. Assistant Professor Tulane University School of Medicine will be assisting the Company in the development of the INAD bird challenge studies.

In July 2006, the Company announced that it has obtained positive results that support Quigley Pharma's continued progress in developing the natural broad spectrum anti-viral QR441(a) for use in preventing the spread of avian flu in poultry stocks. The results of the healthy chicken medical feed study confirmed that food or water dose forms provide an opportunity for potential commercialization if the compound demonstrates efficacy within these dose forms. The results clearly showed that the chickens tolerated and consumed all concentrations of QR441 (a) in the medicated feed. They also tolerated and consumed the low concentration of drug in the medicated water.

In January 2007, the Company announced positive results from a study evaluating its anti-viral compound QR-441(a) in embryonating egg and VERO E6 cell test models. The preliminary study demonstrated QR-441(a) as a potential antiviral agent in reducing Infectious Bronchitis and New Castle Disease, two viral poultry diseases that have a significant economic impact to the poultry industry on an annual basis. Previous in vitro studies have demonstrated that QR-441(a) to be a potent antiviral agent against H5N1 (Avian Flu).

In February 2007, the Company announced that it had signed an agreement with the State of Israel Ministry of Agriculture & Rural Development (MOAG) and the Kimron Veterinary Institute to conduct a clinical trial testing the anti-viral capacity of the Quigley compound QR-441(a) administered as a medical feed and water to chickens exposed to HPAI (Highly Pathogenic Avian Influenza) H5N1.

If successful this study could potentially provide data on the efficacy of QR-441(a) in preventing the infection of food grade poultry through the use of formulated feed and water. Positive data could be used to continue the development of the compound in the U.S with guidance from the FDA under the INAD's issued to Quigley in 2005 and might also be useful for development outside the United States, where the impact of disease has already been felt.

QR-443 - In August 2006, the Company announced that it had obtained positive results for its QR-443 compound for the treatment of Cachexia. Cachexia is an extremely debilitating and life threatening, wasting syndrome associated with chronic diseases such as cancer, AIDS, chronic renal failure, COPD and rheumatoid arthritis, where inflammation has a significant impact and patients experience loss of weight, muscle atrophy, fatigue, weakness and decreased appetite. The results of an animal study found a 75% efficacy rate in the treatment of mice with this condition.

In January 2007, the Company announced that it had completed a preliminary follow up Cachexia study, evaluating weight loss in mice. The tumor burden Cachexia model study concluded that QR-443 was as effective in delaying the progression of Cachexia when given orally as it had been shown to be when administered intra-peritoneally in a previous study.

The new data compliments the previous study results demonstrating a correlation between effectiveness and the frequency of administration of the QR-443 compound.

RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB No. 115 ("FAS 159"). The Statement permits companies to choose to measure many financial instruments and certain other items at fair value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. FAS 159 is effective for the Company beginning January 1, 2008. The Company is currently evaluating the impact, if any, of FAS 159 on its operating results and financial position.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

The Company is organized into four different but related business segments, Cold Remedy, Health and Wellness, Contract Manufacturing and Ethical Pharmaceutical. When providing for the appropriate sales returns, allowances, cash discounts and cooperative incentive promotion costs, each segment applies a uniform and consistent method for making certain assumptions for estimating these provisions that are applicable to that specific segment. Traditionally, these provisions are not material to net income in the Health and Wellness and Contract Manufacturing segments. The Ethical Pharmaceutical segment does not have any revenues.

The product in the Cold Remedy segment, Cold-Eeze(R), has been clinically proven in two double-blind studies to reduce the severity and duration of common cold symptoms. Accordingly, factors considered in estimating the appropriate sales returns and allowances for this product include it being: a unique product with limited competitors; competitively priced; promoted; unaffected for remaining shelf life as there is no expiration date; monitored for inventory levels at major customers and third-party consumption data, such as Information Resources Incorporated ("IRI").

At March 31, 2007 and December 31, 2006, the Company included reductions to accounts receivable for sales returns and allowances of $438,000 and $534,000, respectively, and cash discounts of $88,000 and $154,000, respectively. Additionally, current liabilities at March 31, 2007 and December 31, 2006 include $694,745 and $861,186, respectively, for cooperative incentive promotion costs.

Management believes there are no material charges to net income in the current period related to sales from a prior period.

REVENUE

Provisions to reserves to reduce revenues for cold remedy products that do not have an expiration date, include the use of estimates, which are applied or matched to the current sales for the period presented. These estimates are based on specific customer tracking and an overall historical experience to obtain an effective applicable rate, which is tested on an annual basis and reviewed quarterly to ascertain the most applicable effective rate. Additionally, the monitoring of current occurrences, developments by customer, market conditions and any other occurrences that could affect the expected provisions relative to net sales for the period presented are also performed.

A one percent deviation for these consolidated reserve provisions for the three month periods ended March 31, 2007, and 2006 would affect net sales by approximately $104,000 and $117,000, respectively. A one percent deviation for cooperative incentive promotions reserve provisions for the three month periods ended March 31, 2007 and 2006 would affect net sales by approximately $66,000 and $62,000, respectively.

The reported results include a remaining returns provision of approximately $112,000 and $113,000 at March 31, 2007 and December 31, 2006, respectively, in the event of future product returns following the discontinuation of the Cold-Eeze(R) Cold Remedy Nasal Spray product in September 2004.

INCOME TAXES

The Company has recorded a valuation allowance against its net deferred tax assets. Management believes that this allowance is required due to the uncertainty of realizing these tax benefits in the future. The uncertainty arises because the Company may incur substantial research and development costs in its Ethical Pharmaceutical segment.

THREE MONTHS ENDED MARCH 31, 2007 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2006

Net sales for the three month period ended March 31, 2007 were $9,077,876, reflecting a decrease of $1,188,162 over the net sales of $10,266,038 for the comparable three month period ended March 31, 2006. The Cold Remedy segment reported net sales in the 2007 period of $5,540,640, an increase of $363,300, or 7.0%, over the comparable 2006 period of $5,177,340. The Health and Wellness segment reported net sales in the 2007 period of $2,927,925, a decrease of $1,636,881, or 35.9%, over the net sales of $4,564,806 for the comparable 2006 period. The Contract Manufacturing segment reported net sales of $609,311 in the 2007 period compared to $523,892 in the comparable 2006 period, an increase of $85,419 or 16.3%.

The increase in cold remedy sales in the 2007 period is the result of a shift in buying patterns by our customers to increase their low inventory levels in the 2007 quarter. Customer inventory levels were high in the 2006 period as a result of unusually warm weather and a lower incidence of upper respiratory ailments. The 2007 cold season was extended as a result of unseasonably cold weather during the early part of 2007 also resulting in increased sales for this segment.

The Health and Wellness segment's net sales decreased in the 2006 period as a result of the continued reduction in the number of active independent distributor representatives. Management has implemented corrective action which included the appointment of a new president of this segment who has broad experience in this industry.

Net sales of the Contract Manufacturing segment reported a small increase in 2007. The primary purpose of the Contract Manufacturing segment is to manufacture, warehouse and distribute COLD-EEZE(R), other contract manufacturing is performed for non-related third party entities to compensate for the necessary fixed costs associated with this segment.

Cost of sales as a percentage of net sales for the three months ended March 31, 2007 was 44.8% compared to 48.3% for the comparable 2006 period, a decrease of 3.5%. The Cold Remedy segment's cost of sales in the 2007 period was 34.4% compared to 32.3% in the 2006 comparable period, an increase of 2.1%, largely due to increased freight costs and variations in product mix. The cost of sales for the Health and Wellness segment decreased by 2.8% between periods due to decreased independent distributor representatives commission expense, along with increased product and freight costs. The Contract Manufacturing segment had a negative impact to cost of sales overall which is a factor of production volume and fixed costs. On consolidation the cost of sales was favorably affected by the change in mix of sales between segments having different costs.

Sales and marketing expense for the three month period ended March 31, 2007 were $2,733,543, an increase of $298,618 over the comparable 2006 period amount of $2,434,925. The increase was primarily due to increased media advertising expense in 2007 of $544,138 mitigated by reduced product promotion costs of $179,694.

General and administration costs for the three month period ended March 31, 2007 was $3,212,155 compared to $3,705,761 for the 2006 period, a decrease of $493,606 between the periods. The decrease in 2007 was primarily due to decreased legal and insurance costs of $302,674 and $99,244, respectively.

Research and development costs during the three months ended March 31, 2007 were $1,152,662 compared to $784,523 during the 2006 comparable period, reflecting an increase in 2007 of $368,139, primarily as a result of increased Pharma segment costs.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $18,736,968 and $20,541,273 at March 31, 2007 and December 31, 2006, respectively. Changes in working capital overall have been primarily due to the following items: cash balances increased by $1,419,153; account receivable balances, net, decreased by $3,811,417 due to seasonal factors and effective collection practices; inventory decreased by $98,548 primarily due to a slow down in sales activity; accrued advertising decreased by $1,442,232 due to the seasonal nature of the Cold-Remedy segment, accrued royalties and sales commissions increased by $225,755 largely due to the effects of certain litigation in progress. Total cash balances at March 31, 2007 were $19,175,912 compared to $17,756,759 at December 31, 2006.

Management believes that its 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, and growth in international sales, together with its current working capital, should provide an internal source of capital to fund the Company's business operations. Generally, profitable operations from 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 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.

CAPITAL EXPENDITURES

Capital expenditures during the remainder of 2007 are not expected to be material.

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 a 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 that the Company's disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended) 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. The Company was deemed an "accelerated filer" as such term is defined pursuant to Rule 12b-2 of the Securities Exchange Act of 1934, as amended, as of the end of the Company's fiscal year ended December 31, 2006. As an "accelerated filer", the Company was required by the Sarbanes-Oxley Act of 2002, as amended, to include an assessment of its internal control over financial reporting and attestation from an independent registered public accounting firm in its Annual Report on Form 10-K commencing with the fiscal year ended December 31, 2006. The Company has undergone a comprehensive effort in preparation for compliance with Section 404 of the Sarbanes-Oxley Act of 2002. This has involved the documentation, testing and review of our internal controls under the direction of senior management.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

TESAURO AND ELEY, ET AL. VS. THE QUIGLEY CORPORATION
(CCP OF PHILA., AUGUST TERM 2000, NO. 001011)

In September, 2000, the Company was sued by two individuals (Jason Tesauro and Elizabeth Eley, both residents of Georgia), allegedly on behalf of a "nationwide class" of "similarly situated individuals," in the Court of Common Pleas of Philadelphia County, Pennsylvania. The Complaint further alleges that the plaintiffs purchased certain Cold-Eeze 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, as pleaded originally, requested an unspecified amount of damages for violations of Pennsylvania's consumer protection law, breach of implied warranty of merchantability 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' claims.

In May 2001, plaintiffs filed a motion to certify the putative 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 plaintiffs' motion. The court denied plaintiffs' motion to certify a class based on plaintiffs' claims under Pennsylvania's consumer protection law, under which plaintiffs sought treble damages, effectively dismissing this cause of action; however, the court certified a class based on plaintiffs' secondary breach of implied warranty and unjust enrichment claims. In August, 2002, the court issued an order adopting a form of Notice of Class Action to be published nationally. The form of Notice approved by the court included a provision which limits the potential class members who may potentially recover damages in this action to those persons who present a proof of purchase of Cold-Eeze during the period August 1996 and November 1999.

Afterward, a series of pre-trial motions were filed raising issues concerning trial evidence and the court's jurisdiction over the subject matter of the action. In March, 2005, the court held oral argument on these motions.

On November 8, 2006, the Court entered an Order dismissing the case in its entirety on the basis that the action was preempted by federal law. The plaintiffs appealed the Court's decision in December, 2006. On March 22, 2007, the Superior Court entered a scheduling order for briefing. On May 1, plaintiffs/appellants filed their opening brief. The Company's brief in response is due on May 30, 2007.

For the reasons stated by the Court in dismissing the case, as well as for other reasons, the Company believes that plaintiffs' case on appeal lacks merit; however, no prediction as to the outcome of the appeal can be made.

MONIQUE FONTENOT DOYLE VS. THE QUIGLEY CORPORATION
(U.S.D.C., W.D. LA. DOCKET NO.: 6:06CV1497)

On August 31, 2006, the plaintiff filed an action against the Company in the United States District Court for the Western District of Louisiana (Lafayette-Opelousas Division). The action alleges the plaintiff suffered certain losses and injuries as a result of the Company's nasal spray product. Among the allegations of plaintiff are breach of express warranties and damages pursuant to the Louisiana Products Liability Act.

At the present time this matter is being defended by the Company's liability insurance carrier. However, the Company has been tendered the defense of this action for which there is no insurance. The Company is vigorously defending this lawsuit and believes that the action lacks merit. However, at this time no prediction as to the outcome of the case can be made.

GREG SCRAGG VS. THE QUIGLEY CORPORATION, ET AL.
(U.S.D.C, D. COLO. DOCKET NO.: 06- 00061 LTB-CBS)

On November 30, 2005, an action was brought in the District Court of Denver, Colorado. The complaint was served on the Company soon thereafter. The action alleges the plaintiff suffered certain losses and injuries as a result of using the Company's nasal spray product. The complaint consists of counts for fraud and deceit (fraudulent concealment), negligent misrepresentation, strict liability (failure to warn), and strict product liability (design defect).

A trial date has been set for August 27, 2007. The Company believes the plaintiff's claims are without merit and is vigorously defending this lawsuit.

At the present time this matter is being defended by the Company. Based upon the information the Company has at this time, it believes the action is without merit. However, at this time no prediction as to the outcome can be made.

INNERLIGHT INC. VS. THE MATRIX GROUP, LLC
(FOURTH JUDICIAL DISTRICT COURT, UTAH COUNTY, STATE OF UTAH)

On March 13, 2006 Innerlight Inc. filed a declaratory judgment action in the Fourth Judicial District, Utah County, State of Utah, requesting a declaration that there is no valid contract between the parties. The Matrix Group, LLC has alleged there is a contract between the parties obligating Innerlight Inc. to purchase $750,000 of products for the 12-month period commencing October 18, 2004 and ending October 17, 2005, $1,500,000 for the period commencing October 18, 2005 and ending October 17, 2006, and for each 12-month period thereafter, through and including October 17, 2013, at least $4,000,000 of products from The

Matrix Group, LLC. The document on which Matrix relies was drafted by Matrix and states that the acceptance of the appointment by distributor (Innerlight Inc.) is conditioned upon distributor's written acceptance of the Company's product price list. No written acceptance of the product price list was ever made by Innerlight Inc.

The Matrix Group, LLC filed a Utah Rule of Civil Procedure 12(b)(3) motion asking that the complaint be dismissed. On July 13, 2006 the Court for the Fourth Judicial District, Utah County, State of Utah, entered an order denying defendant's motion to dismiss under Rule 12(b)(3) based on Innerlight's assertion that a material condition precedent remains to be satisfied to establish an enforceable agreement between the parties. The Utah County Court has maintained jurisdiction of this action to make a final determination on the merits of Innerlight's claim.

Thereafter, Matrix filed a counterclaim alleging that a contract did exist and that Innerlight had breached this contract. Both parties then agreed to stay discovery, concluding that discovery was not necessary and both filed motions for summary judgment to resolve the case.

On January 17, 2007, arguments were presented to the Court on the parties' cross motions for summary judgment and the Court ruled in Innerlight's favor, finding that no contract existed between the parties and that Innerlight was entitled to return over $150,000 in product to Matrix for reimbursement. The wording of the final Order granting Innerlight's motion and rejecting Matrix's were entered by the Court on April 10, 2007. Matrix has the right to appeal. Matrix has expressed its intent to appeal the Court's summary judgment ruling and related rulings, and has filed a motion to stay enforcement of the Court's order pending appeal, and for an order excusing Matrix from the requirement of filing a bond. Innerlight intends to oppose Matrix's motion and any appeal vigorously.

For the reasons stated by the Court in the case, as well as for other reasons, the Company believes that plaintiffs' case on appeal lacks merit; however, no prediction as to the outcome of the appeal can be made.

TERMINATED LEGAL PROCEEDINGS

ZANG ANGELFIRE, TRACEY ARVIN, SHANE HOHNSTEIN, TAMMY LAURENT, BARBARA SEOANE, DONNA SMALLEY, AND JOHN WILLIAMS VS. THE QUIGLEY CORPORATION (PA. C.C.P., BUCKS COUNTY, DOCKET NO. 2004-07364-27-2)

On November 4, 2004, the above plaintiffs filed an action in the Court of Common Pleas of Bucks County against the Company. The complaint was amended on March 11, 2005. The action alleged that the plaintiffs suffered certain losses and injuries as a result of using the Company's nasal spray product. The plaintiffs claimed the Company was liable to them based on the following allegations: negligence, strict products liability (failure to warn and defective design), breach of express warranty, breach of implied warranty, and a violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law and other consumer protection statutes.

These actions were recently settled at the direction of the insurance carrier out of insurance proceeds.

BRIGITTE YVON & KLAUS YVON VS. THE QUIGLEY CORPORATION, ET AL.

On October 12, 2005, the Plaintiffs instituted an action against Caribbean Pacific Natural Products, Inc. and other defendants for personal injuries as a result of being hit by a chair on the pool deck of Waikoloa Beach Marriott Hotel d/b/a Outrigger Enterprises, Inc. in Honolulu, Hawaii. On December 9, 2005, The Quigley Corporation was added as an additional defendant without notice to this case. The main defendant in the case is Caribbean Pacific Natural Products, Inc. in which The Quigley Corporation formerly held stock. On January 22, 2003 all shares of The Quigley Corporation stock were sold to Suncoast Naturals, Inc. in return for stock of Suncoast Naturals, Inc. At the time of the accident, The Quigley Corporation had no ownership interest in Caribbean Pacific Natural Products, Inc. On April 26, 2007, counsel for all parties entered into a stipulation for partial dismissal without prejudice against The Quigley Corporation.

ITEM 6. EXHIBITS

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

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 7, 2007

Exhibit 31.1

CERTIFICATIONS

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 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 report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) 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 report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this 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

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 the registrant's board of directors (or persons performing the equivalent functions):

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 7, 2007

By: /s/ Guy J. Quigley

Guy J. Quigley
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

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 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 report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) 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 report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this 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

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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 the registrant's board of directors (or persons performing the equivalent functions):

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 7, 2007

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, 2007 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 7, 2007

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, 2007 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 7, 2007