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, 2005

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 01-21617

THE QUIGLEY CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Nevada	23-2577138
(State or Other Jurisdiction of Incorporation or Organization)	(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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of May 2, 2005, there were 11,660,078 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, 2005 (Unaudited)	December 31, 2004
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,480,576	$ 14,366,441
Accounts receivable (net of doubtful accounts of $372,342 and$311,764)	3,270,361	6,375,979
Inventory	3,417,403	3,454,682
Prepaid expenses and other current assets	1,018,027	764,359
TOTAL CURRENT ASSETS	24,186,367	24,961,461
PROPERTY, PLANT AND EQUIPMENT - NET	6,161,508	6,473,688
OTHER ASSETS:		
Goodwill	30,763	30,763
Other assets	109,226	63,844
TOTAL OTHER ASSETS	139,989	94,607
TOTAL ASSETS	$ 30,487,864	$ 31,529,756
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 428,571	$ 428,571
Accounts payable	970,571	978,401
Accrued royalties and sales commissions	1,795,366	1,796,081
Accrued advertising	312,613	1,919,011
Other current liabilities	2,776,569	1,986,487
TOTAL CURRENT LIABILITIES	6,283,690	7,108,551
LONG-TERM DEBT	2,357,143	2,464,286
MINORITY INTEREST	59,312	54,980
COMMITMENTS AND CONTINGENCIES (NOTE 7)		
STOCKHOLDERS' EQUITY:		
Common stock, $.0005 par value; authorized 50,000,000; Issued: 16,306,131 and 16,285,796 shares	8,153	8,143
Additional paid-in-capital	35,244,081	35,203,816
Retained earnings	11,723,644	11,878,139
Less: Treasury stock, 4,646,053 and 4,646,053 shares, at cost	(25,188,159)	(25,188,159)
TOTAL STOCKHOLDERS' EQUITY	21,787,719	21,901,939
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 30,487,864	$ 31,529,756

See accompanying notes to consolidated financial statements

THE QUIGLEY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended	
	March 31, 2005	March 31, 2004
NET SALES	$ 11,753,270	$ 9,605,617
COST OF SALES	6,050,298	5,085,374
GROSS PROFIT	5,702,972	4,520,243
OPERATING EXPENSES:		
Sales and marketing	1,834,831	1,623,066
Administration	2,994,769	2,750,499
Research and development	1,068,303	947,002
TOTAL OPERATING EXPENSES	5,897,903	5,320,567
LOSS FROM OPERATIONS	(194,931)	(800,324)
OTHER INCOME (EXPENSE)		
Interest and other income	69,489	18,693
Interest expense	(29,053)	--
TOTAL OTHER INCOME (EXPENSE)	40,436	18,693
LOSS FROM OPERATIONS BEFORE TAXES	(154,495)	(781,631)
INCOME TAXES (BENEFIT)	--	--
NET LOSS	($ 154,495)	($ 781,631)
NET LOSS PER COMMON SHARE:		
Basic	($ 0.01)	($ 0.07)
Diluted	($ 0.01)	($ 0.07)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	11,654,796	11,510,687
Diluted	11,654,796	11,510,687

See accompanying notes to consolidated financial statements

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

	Three Months Ended	
	March 31, 2005	March 31, 2004
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,214,737	$ 4,218,445
INVESTING ACTIVITIES:		
Capital expenditures	(33,734)	(37,943)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(33,734)	(37,943)
FINANCING ACTIVITIES:		
Proceeds from exercise of options and warrants	40,275	14,011
Principal payments on long-term debt	(107,143)	--

NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(66,868)	14,011
NET INCREASE IN CASH	2,114,135	4,194,513
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	14,366,441	11,392,089
CASH & CASH EQUIVALENTS, END OF PERIOD	$ 16,480,576	$ 15,586,602

See accompanying notes to 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 distributors.

In January 2001, the Company formed an Ethical Pharmaceutical segment which is now Quigley Pharma Inc. ("Pharma"), a wholly-owned subsidiary of the Company, which may enable the Company to diversify into the prescription drug market.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All inter-company transactions and balances have been eliminated. Effective March 31, 2004, the financial statements include consolidated variable interest entities ("VIEs") of which the Company is the primary beneficiary (see 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, 2004. 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.

USE OF ESTIMATES

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

CASH EQUIVALENTS

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

INVENTORIES

Inventories are stated at the lower of cost or market. The Company uses the first-in, first-out ("FIFO") method of determining cost for all inventories. Inventories included raw material, work in progress and packaging amounts of approximately $1,113,000 and $651,000 at March 31, 2005 and December 31, 2004, 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.

GOODWILL AND INTANGIBLE ASSETS

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

CONCENTRATION OF RISKS

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

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

Trade accounts receivable potentially 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. 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 22% and 18% of sales volume for the respective three month periods ended March 31, 2005 and 2004. Customers comprising the five largest accounts receivable balances represented 60% and 48% of total trade receivable balances at March 31, 2005 and December 31, 2004, respectively. During the three month periods ended March 31, 2005 and 2004, 92% of the Company's net sales originated in the United States.

The Company's revenues are currently generated from the sale of the Cold-Eeze(R) products which approximated 49% of total revenue in the three month period ended March 31, 2005, with the remaining revenues in such period coming from the Health and Wellness segment, which approximated 43%, and the Contract Manufacturing segment, which approximated 8%.

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 are 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. Sales returns and

allowances are provided for in the period that the related sales are recorded. Provisions for these reserves are based on historical experience. The 2005 and 2004 reserve balances include a returns provision at March 31, 2005 and December

31, 2004 of approximately $542,000 and $626,000, respectively, in the event of future product returns following the discontinuation of the Cold-Eeze(R) Cold Remedy Nasal Spray product in September 2004.

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 shipping and handling 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.

The Company applies Accounting Principles Board Opinion No. 25 ("APB 25") in accounting for its grants of options to employees. Under the intrinsic value method prescribed by APB 25, no compensation expense relating to grants to employees has been recorded by the Company in the periods reported.

In accordance with SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation would result in no additional expense compared to APB 25 for the periods reported.

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

No stock options were granted to employees in the three month periods ended March 31, 2005 and 2004.

ROYALTIES AND COMMISSIONS

The Company includes royalties and founders' commissions incurred relating to the Cold Remedy segment and commissions relating to the independent representatives of the Health and Wellness segment as part of cost of sales. An additional Health and Wellness segment cost, which is included in administration expenses, relates to the Company's agreement with the former owners of the Utah-based direct marketing and selling company, whereby they receive payments, currently totaling 5% of net sales collected, for use of product formulations, consulting, confidentiality and non-compete agreements with such expense being expensed as incurred. Commissions expense related to independent brokers associated with the Cold Remedy and Contract Manufacturing segments is included in administration expenses.

ADVERTISING

Advertising costs are expensed within the period in which they are utilized. Advertising expense is comprised of media advertising, presented as part of sales and marketing expense; co-operative advertising, which is accounted for as a deduction from sales; and bonus product, which is accounted for as part of cost of sales. Advertising costs incurred for the three month periods ended March 31, 2005 and 2004 were $1,694,832 and $1,209,572, respectively. Included in prepaid expenses and other current assets was $73,775 and $41,375 at March 31, 2005 and December 31, 2004, respectively, relating to prepaid advertising expenses.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the period incurred. Expenditures for the three month periods ended March 31, 2005 and 2004 were $1,068,303 and $947,002, 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 an asset and liability approach which requires the recognition of deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial

statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax law or rates. Until sufficient taxable income to offset the temporary timing differences attributable to operations and the tax deductions attributable to option, warrant and stock activities are assured, a valuation allowance equaling the total deferred tax asset is being provided. See Note 9 - Income Taxes for further discussion.

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 currently available to the Company for debt with similar terms are 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 December 2004, the Financial Accounting Standards Board ("FASB") issued Statement No. 123 (revised 2004), Share-Based Payment (Statement 123(R)), which replaces Statement No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Statement 123 (R) requires all companies to measure compensation cost for all share-based payments (including employee stock options) at fair value and recognize the cost in the financial statements. The pro forma disclosures previously permitted under Statement 123 will no longer be an alternative to financial statement recognition. This statement applies to all awards granted after the date of adoption and to awards modified, repurchased, or cancelled after that date. The cumulative effect of initially applying Statement 123(R), if any, will be recognized as of the date of adoption.

In April 2005, the SEC delayed the effective date of SFAS 123(R) to fiscal years beginning after June 15, 2005. As a result SFAS 123(R) will be effective for the Company beginning in the first quarter of 2006. The Company has not completed its evaluation of the impact that adopting SFAS 123(R) will have on its financial statements.

NOTE 3 - VARIABLE INTEREST ENTITY

In December 2003, 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 $59,312 and $54,980 on the Consolidated Balance Sheets at March 31, 2005 and December 31, 2004, respectively, which represented 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, 2005 and December 31, 2004 were $57,401 and $96,051, respectively, of VIE assets, representing all of the assets of the VIE. The VIE assists the Company in acquiring licenses and performing research and development activities in certain countries.

NOTE 4 - PATENT RIGHTS AND RELATED ROYALTY COMMITMENTS

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

on sales collected, less certain deductions, to the patent holder throughout the term of this agreement, which also expired in 2002.

The Company 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 has been recorded. A founder's commission totaling 5% on sales collected, less certain deductions, is paid to two of the officers, who are also directors and stockholders of the Company, and whose agreements expire in 2005 (see Note 11).

In August 2003, the Company entered into a licensing agreement with a patent holder relating to the utilization of a nasal spray product in the treatment of symptoms of the common cold. The Company agreed to pay the patent holder a two percent royalty on net sales of nasal spray products, less certain deductions, throughout the term of this agreement, expiring no later than April 2014. As the nasal spray product has now been discontinued, no further obligations are expected to materialize in relation to this agreement.

The expenses for the respective periods relating to such agreements amounted to $535,102, and $333,346 for the three month periods ended March 31, 2005 and 2004, respectively. Amounts accrued for these expenses at March 31, 2005 and December 31, 2004 were $1,148,117 and $1,129,654, respectively.

Amounts included in accrued royalties and sales commissions in the balance sheets at March 31, 2005 and December 31, 2004, apportioned between related party and other balances, are as follows:

	2005	2004
Related party balances (see Note 11)	$196,722	$459,583
Other non-related party balances	1,598,644	1,336,498
Total accrued royalties and sales commissions	$1,795,366	$1,796,081

NOTE 5 - LONG-TERM DEBT

In connection with the Company's acquisition of certain assets of JoEl, Inc. in October 2004, the Company entered into a term loan in the amount of $3 million payable to PNC Bank, N.A. which is collateralized by mortgages on real property located in each of Lebanon and Elizabethtown, Pennsylvania. The Company can elect interest rate options at either the Prime Rate or LIBOR plus 200 basis points. The loan is payable in eighty-four equal monthly principal payments of $35,714 that commenced on November 1, 2004. The Company is in compliance with all related loan covenants. The entire loan balance was under a six-month LIBOR rate of 4.17%, which expired on March 31, 2005. A further six-month LIBOR rate of 5.39% commenced on April 1, 2005 and expires on September 30, 2005.

The schedule of principal payments of long-term debt is as follows:

December 31,	
2005 (remaining)	$321,428
2006	428,571
2007	428,571
2008	428,571
2009	428,571
Thereafter	750,002
	2,785,714
Less - current portion	(428,571)
	$2,357,143

NOTE 6 - OTHER CURRENT LIABILITIES

Included in other current liabilities are $1,356,861 and $717,038 related to accrued compensation at March 31, 2005 and December 31, 2004, respectively.

NOTE 7 - 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, 2005 and 2004 of $55,316 and $79,819, respectively. The Company has approximate future obligations for the remainder of 2005 and over the next five fiscal years as follows:

	Research and	Property and Other

Year	Development	Leases	Advertising	Other	Total
2005	$1,331,000	$132,000	$2,500,000	$74,000	$4,037,000
2006	1,687,000	136,000	-	-	1,823,000
2007	-	64,000	-	-	64,000
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
Total	$3,018,000	$332,000	$2,500,000	$74,000	$5,924,000

Additional advertising and research and development costs are expected to be incurred for the remainder of 2005 and during 2006.

The Company has an agreement with the former owners of the Utah-based direct marketing and selling company, whereby they receive payments, currently totaling 5% of net sales collected, for use of product formulations, consulting, confidentiality and non-compete agreements with such expense being expensed as incurred. Amounts paid or payable under such agreement during the three month periods ended March 31, 2005 and 2004 were $199,339 and $217,638, respectively. Amounts payable under such agreement at March 31, 2005 and December 31, 2004 were $72,718 and $60,876, respectively.

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

CYNTHIA AARON VS. THE QUIGLEY CORPORATION, ET AL

On March 15, 2005, a Complaint was filed in the Superior Court for San Diego County, California. This complaint was served on The Quigley Corporation on April 21, 2005. The plaintiff's complaint consists of causes of action sounding in negligence, negligent products liability, breach of warranty of merchantability, breach of express warranty, strict products liability and failure to warn.

The Company believes plaintiff's claims are without merit and is vigorously defending those claims. Based upon the information the Company has at this time, it believes the action will not have a material impact on the Company. However, at this time no prediction as to the outcome can be made. At the present time this matter is being defended by the Company's liability insurance carrier.

DISCONTINUED ACTIONS

LITIGATION - FORMER EMPLOYEES

On April 12, 2002, the Company commenced a complaint in Equity in the Court of Common Pleas of Bucks County, Pennsylvania, against the former President of Darius International Inc., its wholly owned subsidiary, following termination of such President. The allegations in the complaint include, but are not limited to, an alleged breach of fiduciary duty owed to the Company. The Company is seeking both injunctive and monetary relief. On or about May 1, 2002, the defendant filed a counterclaim requesting that the Court declare him the lawful owner of 55,000 stock options, unspecified damages relating to an alleged breach of an oral contract and for commissions allegedly owed. In addition, the defendant requested the return of certain intellectual property used to commence and continue Darius' operations.

On April 15, 2005, a Settlement Agreement and Mutual Release was executed between The Quigley Corporation, Subsidiaries, and Defendants, Ronald Howell,

Deborah Howell, Pro Pool, LLC, One Source, LLC, Pro Marketing LLC, and Eric Kaytes. All of defendants' counterclaims were withdrawn and dismissed with prejudice. In addition to the monetary consideration, Howell surrendered to The Quigley Corporation for cancellation 40,993 shares of The Quigley Corporation and agreed to forego any claim for any additional stock, warrants, stock options or other securities of or interest in The Quigley Corporation, Darius International Inc., Darius Marketing Inc., and Innerlight Inc. that were or could have been made in the lawsuits. Defendant Kaytes surrendered options/warrants in the Company.

NOTE 8 - 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, 2005, 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 or 2005 to date.

NOTE 9 - INCOME TAXES

Certain exercises of options and warrants, and restricted stock issued for services that became unrestricted, resulted in reductions to taxes currently payable and a corresponding increase to additional-paid-in-capital for prior years. Certain tax benefits for option and warrant exercises totaling $3,887,487 are deferred and will be credited to additional-paid-in-capital when existing net operating losses are used. The cumulative tax deduction attributable to options, warrants and restricted stock is $47,558,315 which resulted in the net operating loss carry-forwards that approximate $12.3 million for federal purposes, of which $3.5 million will expire in 2019, $4.0 million in 2020 and $4.8 million in 2022 and $15.0 million for state purposes, of which $9.7 million will expire in 2009, $3.0 million in 2010, and $2.3 million in 2012. Until sufficient taxable income to offset the temporary timing differences attributable to operations and the tax deductions attributable to option, warrant and stock activities are assured, a valuation allowance equaling the total deferred tax asset is being provided.

NOTE 10 - EARNINGS PER SHARE

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

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

	Three Months Ended March 31, 2005			Three Months Ended March 31, 2004		
	Loss	Shares	EPS	Loss	Shares	EPS
Basic EPS	($0.2)	11.7	($0.01)	($0.8)	11.5	($0.07)
Dilutives:						
Options/Warrants	-	-		-	-	
Diluted EPS	($0.2)	11.7	($0.01)	($0.8)	11.5	($0.07)

Options and warrants outstanding at March 31, 2005 and 2004 were 4,287,250 and 3,837,500, respectively. They were not included in the computation of diluted earnings for periods reporting losses because the effect would be anti-dilutive.

NOTE 11 - RELATED PARTY TRANSACTIONS

An agreement between the Company and the founders, Mr. Guy J. Quigley and Mr. Charles A. Phillips, both officers and stockholders of the Company, was entered into on June 1, 1995. The founders, in consideration of the acquisition of the Cold-Eeze(R) cold therapy product, are to share a total commission of five percent (5%) on sales collected, less certain deductions, until the expiration of this agreement on May 31, 2005. For the three month periods ended March 31, 2005 and 2004, amounts of $267,551 and $165,104, respectively, were paid or payable under such founders' commission agreements. Amounts payable under such agreements at March 31, 2005 and December 31, 2004 were $196,722 and $459,583, respectively.

The Company is in the process of acquiring licenses in certain countries through related party entities whose stockholders include Mr. Gary Quigley, a relative of the Company's Chief Executive Officer. Fees amounting to $86,298 and $109,520 have been paid or are payable to a related entity in the three month periods ended March 31, 2005 and 2004, respectively, to assist with the regulatory

aspects of obtaining such licenses.

NOTE 12 - SEGMENT INFORMATION

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

The Company has divided its operations into 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 operates 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 2005 and 2004 operations, by business segment, follows:

FOR THE THREE MONTHS ENDED MARCH 31, 2005	Cold Remedy	Health and Wellness	Contract Manufacturing	Ethical Pharmaceutical	Corporate & Other	Total
Revenues						
Customers-domestic	$5,746,641	$4,113,318	$1,010,624	-	-	$10,870,583
Customers-international	-	882,687	-	-	-	882,687
Inter-segment	-	-	1,442,297	-	($1,442,297)	-
Segment operating profit (loss)	$356,243	$393,345	$160,358	($1,043,482)	($61,395)	($194,931)

FOR THE THREE MONTHS ENDED MARCH 31, 2004	Cold Remedy	Health and Wellness	Contract Manufacturing	Ethical Pharmaceutical	Corporate & Other	Total
Revenues						
Customers-domestic	$4,113,592	$4,730,095	-	-	-	$8,843,687
Customers-international	-	761,930	-	-	-	761,930
Inter-segment	-	-	-	-	-	-
Segment operating profit (loss)	($301,756)	$436,780	-	($935,348)	-	($800,324)

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 or any other regulatory agency will grant an Investigational New Drug or take any other action to allow its formulations to be studied or marketed. Furthermore, no claim is made that potential medicine discussed herein is safe, effective, or approved by the Food and Drug Administration. Additionally, data that demonstrates activity or effectiveness in animals or in vitro tests do not necessarily mean 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.

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-Eeze(R) products reported a strong sales performance in the first quarter of 2005 as a result of a prolonged cough/cold season, increased consumer demand and increased household penetration. The presence of QMI in 2005 contributed net sales of approximately one million dollars to first quarter net sales.

Darius International Inc. ("Darius"), the Health and Wellness segment, a wholly owned subsidiary of the Company, was formed in January 2000 to introduce new products to the marketplace through a network of independent distributors. Darius is a direct selling organization specializing in proprietary health and wellness products. 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. This segment's 2005 net sales decreased over the comparable 2004 period due to a decline in the number of active domestic independent representatives; however, international sales activity improved in the 2005 period.

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, cosmeceuticals, and dietary supplements. 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.

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 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

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 currently sold in lozenge, sugar-free tablet and gum form. During 2003, the Company launched a Kidz-EEZE(TM) Sore Throat Pops product.

In May 1992, the Company entered into an exclusive agreement for worldwide representation, manufacturing and marketing of Cold-Eeze(R) products in the United States. 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. During the fourth quarter of 2004, Darius launched an exclusive skin care line under the Beverly Sassoon brand name to diversify this segment's product range.

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

- To maintain existing independent representatives and recruit additional successful independent representatives. Additionally, the loss of key high-level distributors could negatively impact future growth and revenues;
- To continue to develop and make available new and desirable products at an acceptable cost;
- To maintain safe and reliable multiple-location sources for product and materials;
- To maintain a reliable information technology system and internet capability. The Company has expended significant resources on systems enhancements in the past and will continue to do so to ensure prompt customer response times, business continuity and reliable reporting capabilities. Any interruption to computer systems for an extended period of time could be harmful to the business;
- To execute conformity with various federal, state and local regulatory agencies both within the United States and abroad. With the 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 Quigley Manufacturing Inc. ("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 development of naturally-derived prescription drugs with the goal to improve the quality of life and health of those in need through scientific research and development. Research and development will focus on the identification, isolation and direct use of active medicinal substances. One aspect of Pharma's research will focus on the combination of isolated active constituents and whole plant components. The search for new natural sources of medicinal substances will focus not only on world plants, fungi, and other natural substances, but also on an intense investigation into traditional medicinals and historic 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.

The areas of focus are:

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

- A Patent (No. 6,592,896 B2) entitled "Medicinal Composition and Method of Using It" (for Treatment of Sialorrhea and other Disorders) for a product to relieve sialorrhea (drooling) in patients suffering from Amyotrophic Lateral Sclerosis (ALS), otherwise known as Lou Gehrig's Disease. The patent extends through August 6, 2021.

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

- A Patent (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 Supplement and Method of Using It" for a method of treating at least one symptom of arthritis. The patent extends through April 22, 2023.

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

In April 2002, the Company initiated a Phase II Proof of Concept Study in France for treatment of diabetic neuropathy, which was concluded in 2003. In April 2003, the Company announced that an independently monitored analysis of the Phase II Proof of Concept Study concluded that subjects using this formulation had 67% of their symptoms improve, suggesting efficacy. In March 2004, the Company announced that it had completed its first meeting at the FDA prior to submitting the Company's Investigational New Drug ("IND") application for the relief of symptoms of diabetic symmetrical peripheral neuropathy. The FDA's pre-IND meeting programs are designed to provide sponsors with advance guidance and input on drug development programs.

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

In December 2003, the Company announced positive test results of a preliminary independent in vitro study indicating that a test compound of the Company previously tested on the Influenza virus showed "significant virucidal activity against a strain of the Severe Acute Respiratory Syndrome (SARS) virus." In January 2004 the Company announced that it intends to conduct two further studies. The first study is intended to repeat the previously announced results, which demonstrated the compound to be 100 percent effective in preventing non-infected ferrets in close proximity to an infected ferret from becoming infected with the Influenza A virus. The second study is a dose ranging study on the test compound. Upon dosage determination and confirmation results from this forthcoming animal model study, a human proof of concept study using a virus challenge with Influenza A virus in a quarantine unit can be the next step. In January 2004, the Company also reported that its compound has shown virucidal and virustatic activity against the strain 3B of the Human Immunodeficiency Virus Type 1 (HIV-1) in an in-vitro study.

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

In 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.

EFFECT OF RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement No. 123 (revised 2004), Share-Based Payment (Statement 123(R)), which replaces Statement No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Statement 123 (R) requires all companies to measure compensation cost for all share-based payments (including employee stock options) at fair value and recognize the cost in the financial statements. The pro forma disclosures previously permitted under Statement 123 will no longer be an alternative to financial statement recognition. This statement applies to all awards granted after the date of adoption and to awards modified, repurchased, or cancelled after that date. The cumulative effect of initially applying Statement 123(R), if any, will be recognized as of the date of adoption.

In April 2005, the SEC delayed the effective date of SFAS 123(R) to fiscal years beginning after June 15, 2005. As a result SFAS 123(R) will be effective for the Company beginning in the first quarter of 2006. The Company has not completed its evaluation of the impact that adopting SFAS 123(R) will have on its financial statements.

CRITICAL ACCOUNTING POLICIES

As previously described, the Company is engaged in the development, manufacturing, and marketing of health and homeopathic products that are being offered to the general public and is also involved in the research and development of potential prescription products. Certain key accounting policies that may affect the results of the Company are the timing of revenue recognition and sales incentives, particularly co-operative advertising; the classification of royalties and commissions; the classification of advertising expenses; and the fact that all research and development costs are expensed as incurred. Note 1, Organization and Business, describes the Company's other significant accounting policies.

REVENUE RECOGNITION

Sales are recognized at the time ownership is transferred to the customer, which 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. Sales returns and allowances are provided for in the period that the related sales are recorded. Provisions for these reserves are based on historical experience. The 2005 and 2004 reserve balances include a returns provision at March 31, 2005 and December 31, 2004 of approximately $542,000 and $626,000, respectively, in the event of future product returns following the discontinuation of the Cold-Eeze(R) Cold Remedy Nasal Spray product in September 2004.

ADVERTISING

Advertising costs are expensed within the period in which they are utilized.

Advertising expense is comprised of media advertising, presented as part of sales and marketing expense; co-operative advertising, which is accounted for as a deduction from sales; and bonus product, which is accounted for as part of cost of sales. Advertising costs incurred for the three month periods ended March 31, 2005 and 2004 were $1,694,832 and $1,209,572, respectively. Included in prepaid expenses and other current assets was $73,775 and $41,375 at March 31, 2005 and December 31, 2004, respectively, relating to prepaid advertising expenses.

RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations in the period incurred. Expenditures for the three month periods ended March 31, 2005 and 2004 were $1,068,303 and $947,002, respectively. Principally, research and development costs are related to Pharma's study activities and costs associated with Cold-Eeze(R) products.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2005 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2004

Net sales for the three month period ended March 31, 2005 were $11,753,270, reflecting an increase of $2,147,653 over the net sales of $9,605,617 for the comparable three month period ended March 31, 2004. The Cold Remedy segment reported net sales in 2005 of $5,746,641, an increase of $1,633,049, or 40%, over the comparable 2004 period of $4,113,592. The Health and Wellness segment reported net sales in 2005 of $4,996,005, a reduction of $496,020, or 9%, over the net sales of $5,492,025 for the comparable 2004 period. The Contract Manufacturing segment reported net sales of $1,010,624 in the 2005 period with no comparable amount in the 2004 period as this segment commenced business as a part of The Quigley Corporation on October 1, 2004.

Net sales of the Cold Remedy segment were favorably affected by the prolonged nature of the recent cold season, increased consumer demand and increased household penetration. In addition, the Company continued to generate increased sales and greater market penetration for the Cold-Eeze(R) products due to continued product support and promotion.

The Health and Wellness segment's net sales decreased in the 2005 period as a result of a decline in the number of active domestic independent representatives. This decline was partially offset by an increase in European sales of 15.8% over the 2004 comparable period.

Cost of sales as a percentage of net sales for the three months ended March 31, 2005 was 51.4% compared to 52.9% for the comparable 2004 period, a decrease of 1.5%. This decrease was primarily due to the influence of the lower cost Cold Remedy segment on the consolidated results in 2005, particularly as a result of this segment's significant net sales increase in the 2005 period. Cost of sales of the remaining segments were largely consistent between periods.

Sales and marketing expense for the three month period ended March 31, 2005 were $1,834,831, an increase of $211,765 over the comparable 2004 period amount of $1,623,066. The increase was primarily due to increased media advertising in the 2005 period in support of the Cold-Eeze(R) products.

General and administration costs for the three month period ended March 31, 2005 was $2,994,769 compared to $2,750,499 during the 2004 period, an increase of $244,270 between the periods. The increase in 2005 was primarily due to increased payroll costs for the period and 2005 costs associated with the contract manufacturing segment for which there are no comparable 2004 costs as this segment commenced business as a part of the Company on October 1, 2004.

Research and development costs during the three months ended March 31, 2005 were $1,068,303 compared to $947,002 during the 2004 comparable period, reflecting an increase in 2005 of $121,301, primarily as a result of increased Pharma segment costs and study activity related to the Cold-Eeze(R) products.

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $17,902,677 and $17,852,910 at March 31, 2005 and December 31, 2004, respectively, resulting in an increase of $49,767. Changes in working capital overall have been primarily due to the following items: cash balances increased by $2,114,135; accounts receivable decreased by $3,105,618 due to seasonal fluctuations and effective cash collections; advertising liabilities decreased by $1,606,398 as a result of the seasonality of the cold remedy products and related co-operative and media advertising activity; and other current liabilities increased by $790,082 principally due to increased payroll liabilities at March 31, 2005. Total cash balances at March 31, 2005 were $16,480,576 compared to $14,366,441 at December 31, 2004. The increase in cash was due to the movements in working capital as reported. In April 2005, the Company prepaid an amount of $1.0 million against the outstanding balance on the long-term loan.

Management believes that its revised strategy to establish Cold-Eeze(R) as a

recognized brand name, its broader range of products, its diversified distribution methods as it relates to the Health and Wellness business segment, adequate manufacturing capacity 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. 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 or uncertainties that may 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 2005 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. At March 31, 2005, the Company had $2.8 million of variable rate debt. If the interest rate on the debt were to increase or decrease by 1% for the year, annual interest expense would increase or decrease by approximately $28,000.

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-14 and 15d-14 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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

CYNTHIA AARON VS. THE QUIGLEY CORPORATION, ET AL

On March 15, 2005, a Complaint was filed in the Superior Court for San Diego County, California. This complaint was served on The Quigley Corporation on April 21, 2005. The plaintiff's complaint consists of causes of action sounding in negligence, negligent products liability, breach of warranty of merchantability, breach of express warranty, strict products liability and failure to warn.

The Company believes plaintiff's claims are without merit and is vigorously defending those claims. Based upon the information the Company has at this time, it believes the action will not have a material impact on the Company. However, at this time no prediction as to the outcome can be made. At the present time this matter is being defended by the Company's liability insurance carrier.

DISCONTINUED ACTIONS

LITIGATION - FORMER EMPLOYEES

On April 12, 2002, the Company commenced a complaint in Equity in the Court of Common Pleas of Bucks County, Pennsylvania, against the former President of Darius International Inc., its wholly owned subsidiary, following termination of such President. The allegations in the complaint include, but are not limited to, an alleged breach of fiduciary duty owed to the Company. The Company is seeking both injunctive and monetary relief. On or about May 1, 2002, the defendant filed a counterclaim requesting that the Court declare him the lawful owner of 55,000 stock options, unspecified damages relating to an alleged breach of an oral contract and for commissions allegedly owed. In addition, the defendant requested the return of certain intellectual property used to commence and continue Darius' operations.

On April 15, 2005, a Settlement Agreement and Mutual Release was executed between The Quigley Corporation, Subsidiaries, and Defendants, Ronald Howell, Deborah Howell, Pro Pool, LLC, One Source, LLC, Pro Marketing LLC, and Eric Kaytes. All of defendants' counterclaims were withdrawn and dismissed with prejudice. In addition to the monetary consideration, Howell surrendered to The Quigley Corporation for cancellation 40,993 shares of The Quigley Corporation and agreed to forego any claim for any additional stock, warrants, stock options or other securities of or interest in The Quigley Corporation, Darius International Inc., Darius Marketing Inc., and Innerlight Inc. that were or could have been made in the lawsuits. Defendant Kaytes surrendered options/warrants in the Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(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 6, 2005

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)), for the registrant and 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) 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

c) 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 6, 2005

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)), for the registrant and 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) 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

c) 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 6, 2005

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, 2005 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 6, 2005

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, 2005 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 6, 2005