PROVECTUS PHARMACEUTICALS INC
Form 10QSB/A
October 07, 2004

United States Securities And Exchange Commission
Washington, DC 20549

FORM 10-QSB

Amendment No. 1

(Mark One)

|X| Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2003

OR

|_| Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number: 0-9410

Provectus Pharmaceuticals, Inc.
(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada	90-0031917
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
7327 Oak Ridge Highway Suite A, Knoxville, TN	37931
(Address of Principal Executive Offices)	(Zip Code)

865/769-4011

(Issuer's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Check whether the issuer: (1) 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 |_|

The number of shares outstanding of the issuer's stock, $0.001 par value per share, as of May 6, 2003 was 9,487,689.

Transitional Small Business Disclosure Format (check one): Yes |_| No |X|

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Part I
Financial Information

Item 1. Financial Statements.

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Provectus Pharmaceuticals, Inc.
(A Development-Stage Company)

Consolidated Balance Sheets

	March 31, 2003	
	(Unaudited)	
Assets		
Current Assets		
Cash	$ 140,261	$
Prepaid expenses	32,982	
Prepaid consulting expense (Note 6(b))	74,917	
Total Current Assets	248,160	
Equipment and Furnishings, less accumulated depreciation of $123,327 and $39,446	390,849	
Patents, net of amortization of $420,879 and $133,916	19,616,681	
Other Assets	27,000	
	$ 20,282,690	$
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable - trade	$ 52,572	$
Accrued expenses	85,250	
Total Current Liabilities	137,822	
Loan From Stockholder	109,000	
Convertible Long-Term Debt (net of debt discount of $104,774 and $120,344) (Note 5)	921,185	
Stockholders' Equity		
Common stock; par value $.001 per share; 100,000,000 shares authorized; 9,487,689 and 9,423,689 shares issued and outstanding, respectively	9,488	
Paid-in capital	27,219,633	
Accumulated deficit	(8,114,438)	
Total Stockholders' Equity	19,114,683	

	$ 20,282,690	$

See accompanying notes to financial statements.

Provectus Pharmaceuticals, Inc.
(A Development-Stage Company)

Consolidated Statements of Operations

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
	(Unaudited)	(Unaudited)
Operating Expenses		
Research and development	$ 155,783	$ 1,000
General and administrative	511,917	10,000
Amortization	286,963	-
Total operating loss	(954,663)	(11,000)
Net interest (expense) income	(38,021)	34
Net Loss Applicable to Common Stockholders	$ (992,684)	$ (10,966)
Basic and Diluted Loss Per Common Share	(0.11)	-
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	9,451,667	6,230,137

See accompanying notes to financial statements.

Provectus Pharmaceuticals, Inc.
(A Development-Stage Company)

Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock		
	Number of Shares	Par Value	Paid-Capit
Balance, at January 17, 2002	-	$ -	$
Issuance to founding stockholders	6,000,000	6,000	(6,0
Sale of stock	50,000	50	24,9
Issuance of stock to employees	510,000	510	931,4
Issuance of stock for services	120,000	120	359,8
Net loss for the period from January 17, 2002 (inception) to April 23, 2002 (date of reverse merger)	-	-	
Balance, at April 23, 2002	6,680,000	6,680	1,310,3
Shares issued in reverse merger	265,763	266	(3,9
Issuance of stock for services	1,900,000	1,900	5,142,1
Purchase and retirement of stock	(400,000)	(400)	(47,6
Stock issued for acquisition of Valley Pharmaceuticals	500,007	500	20,547,9
Exercise of warrants	452,919	453	
Warrants issued in connection with convertible debt	-	-	126,5
Stock and warrants issued for acquisition of Pure-ific	25,000	25	26,9
Net loss for the period from April 23, 2002 (date of reverse merger) to December 31, 2002	-	-	
Balance, at December 31, 2002	9,423,689	9,424	27,102,4
Issuance of stock for services	64,000	64	22,7
Issuance of warrants for services	-	-	94,4
Net loss for the three months ended March 31, 2003	-	-	
	9,487,689	$ 9,488	$ 27,219,6

See accompanying notes to financial statements.

Provectus Pharmaceuticals, Inc.
(A Development-Stage Company)

Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2003	For the Peri From January 1 2002 (Inception) March 31, 20
	(Unaudited)	(Unaudited
Cash Flows From Operating Activities		
Net loss	$ (992,684)	$ (10,9
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation	83,881	
Amortization of patents	286,963	
Amortization of original issue discount	15,570	
Compensation through issuance of stock	-	
Issuance of stock for services	22,800	
Issuance of warrants for services	19,574	
(Increase) decrease in assets		
Prepaid expenses	2,499	
Increase (decrease) in liabilities		
Accounts payable	(46,302)	
Accrued expenses	7,469	
Net cash used in operating activities	(600,230)	(10,9
Cash Flows From Investing Activities		
Capital expenditures	(3,301)	
Net cash used in investing activities	(3,301)	
Cash Flows From Financing Activities		
Proceeds from loans from stockholder	-	
Proceeds from convertible debt	25,959	
Proceeds from sale of common stock	-	25,0
Proceeds from exercise of warrants	-	
Purchase and retirement of common stock	-	
Net cash provided by financing activities	25,959	25,0
Net Change in Cash	$ (577,572)	$ 14,0
Cash, at beginning of period	717,833	
Cash, at end of period	$ 140,261	$ 14,0

Supplemental Noncash Financing Activities
Warrants issued to consultants for prepaid services of $74,917 in 2003.

See accompanying notes to financial statements.

Provectus Pharmaceuticals, Inc.
(A Development-Stage Company)

Notes to Consolidated Financial Statements
(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information pursuant to Regulation S-K. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003.

2. GOING CONCERN

The Company will continue to require additional capital to develop its products and develop sales and distribution channels for its products. However, the Company believes it lacks sufficient working capital to fund operations for the entire fiscal year ending December 31, 2003. Management believes there are a number of potential alternatives available to meet the Company's continuing capital requirements, including proceeding as rapidly as possible with the development of over-the-counter products that can be sold with a minimum of regulatory compliance and developing revenue sources through licensing of the Company's existing intellectual property portfolio. In addition, the Company is pursuing actively additional debt and/or equity capital in order to support ongoing operations. There can be no assurance that the Company will be able to obtain sufficient additional working capital on commercially reasonable terms or conditions, or at all.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Continuing as a going concern is dependent upon successfully obtaining additional working capital as described above. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and amounts and classifications of liabilities that might result from the outcome of this uncertainty.

3. RECAPITALIZATION AND MERGER

On April 23, 2002, Provectus Pharmaceutical, Inc., a Nevada corporation and a "blank check" public company, acquired Provectus Pharmaceuticals, Inc., a privately held Tennessee corporation ("PPI"), by issuing 6,680,000 shares of common stock of Provectus Pharmaceutical to the stockholders of PPI in exchange for all of the issued and outstanding shares of PPI, as a result of which Provectus Pharmaceutical changed its name to Provectus Pharmaceuticals, Inc. (the "Company") and PPI became a wholly owned subsidiary of the Company.

For financial reporting purposes, the transaction has been reflected in the accompanying financial statements as a recapitalization of PPI and the financial statements reflect the historical financial information of PPI, which was incorporated on January 17, 2002.

The issuance of 6,680,000 shares of common stock of Provectus Pharmaceutical, Inc. to the stockholders of PPI in exchange for all of the issued and outstanding shares of PPI was done in anticipation of PPI acquiring Valley Pharmaceuticals, Inc., which owned the intellectual property to be used in the Company's operations.

4. BASIC AND DILUTED LOSS PER COMMON SHARE

Basic and diluted loss per common share is computed based on the weighted average number of common shares outstanding. Loss per share excludes the impact of outstanding options, warrants, and convertible debt as they are antidilutive. Potential common shares excluded from the calculation at March 31, 2003 are 385,000 warrants and 1,442,984 shares issuable upon conversion of convertible debt and interest. Additionally, the Company is committed to issue 80,000 warrants.

5. LONG-TERM CONVERTIBLE DEBT

On January 31, 2003, the Convertible Secured Promissory Note and Warrant Agreement between the Company and Gryffindor Capital Partners I, L.L.C. was amended to increase the $1,000,000 principal amount to $1,025,959.

6. EQUITY TRANSACTIONS

(a) In the first quarter of 2003, the Company issued 64,000 shares to consultants in exchange for services rendered. Consulting costs charged to operations were $22,800.

(b) The Company applies the recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," in accounting for stock options and warrants issued to nonemployees. In the first quarter of 2003, the Company issued 385,000 warrants in exchange for consulting services rendered. As the fair market value of these services was not readily determinable, these services were valued based on the fair market value, determined using the Black-Scholes option pricing model. Fair market value for warrants ranged from $0.07 to $0.24. Consulting costs charged to operations were $19,574. At March 31, 2003, $74,917 has been classified as prepaid consulting expense as this amount represents payments for services to be provided in the future.

7. CONTINGENCIES

On April 17, 2003, a suit was filed in the Third Judicial District Court, Salt Lake County, Utah by Kelly Adams, on behalf of himself and "as representatives of certain stockholders of Provectus Pharmaceuticals, Inc., a

Nevada corporation." The suit names PPI and Michael L. Labertew, an attorney in Salt Lake City, Utah, as defendants, and seeks to rescind the Agreement and Plan of Reorganization dated April 22, 2002 by which the Company acquired PPI and PPI's former stockholders acquired majority ownership of the Company's common stock. On April 29, 2003, without giving the Company or PPI notice of the motion or an opportunity to respond to it, the Utah court granted Mr. Adams's motion for a 10-day temporary restraining order (the "TRO"), preventing the Company from issuing additional shares of stock for a 10-day period commencing on April 29, 2003 and ending on May 9, 2003.

Item 2. Management's Discussion and Analysis or Plan of Operation.

The following discussion is intended to assist in the understanding and assessment of significant changes and trends related to our results of operations and our financial condition together with our consolidated subsidiaries. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-QSB. Historical results and percentage relationships set forth in the statement of operations, including trends which might appear, are not necessarily indicative of future operations.

OVERVIEW

History

Provectus Pharmaceuticals, Inc., formerly known as "Provectus Pharmaceutical, Inc." and "SPM Group, Inc.," was incorporated under Colorado law on May 1, 1978. SPM Group, Inc. ceased operations in 1991, and became a development-stage company effective January 1, 1992, with the new corporate purpose of seeking out acquisitions of properties, businesses, or merger candidates, without limitation as to the nature of the business operations or geographic location of the acquisition candidate.

On April 1, 2002, SPM Group, Inc. changed its name to "Provectus Pharmaceutical, Inc." and reincorporated in Nevada in preparation for a transaction with Provectus Pharmaceuticals, Inc., a privately-held Tennessee corporation ("PPI"). On April 23, 2002, an Agreement and Plan of Reorganization between Provectus Pharmaceutical and PPI was approved by the written consent of a majority of the outstanding shares of Provectus Pharmaceutical, pursuant to which 6,680,000 shares of common stock of Provectus Pharmaceutical were exchanged for all of the issued and outstanding shares of PPI. As part of the acquisition, Provectus Pharmaceutical changed its name to "Provectus Pharmaceuticals, Inc." and PPI became a wholly owned subsidiary of the Company. For accounting purposes, this transaction was treated as a recapitalization of PPI and the issuance of shares of PPI for Provectus Pharmaceutical, Inc. The historical financial information set forth in this report is PPI's historical financial statements from the date of PPI's incorporation, January 17, 2002.

On November 19, 2002, Provectus Pharmaceuticals acquired Valley Pharmaceuticals, Inc. ("Valley"), a privately-held Tennessee corporation formerly known as Photogen, Inc., by merging its subsidiary PPI with and into

Valley and naming the surviving corporation "Xantech Pharmaceuticals, Inc." By acquiring Valley, we acquired our most important intellectual property, including issued U.S. patents and patentable inventions, which we intend to use to develop:

- prescription drugs, medical and other devices (including laser devices) and over-the-counter pharmaceutical products in the fields of dermatology and oncology, and
- technologies for the preparation of human and animal vaccines, diagnosis of infectious diseases and enhanced production of genetically engineered drugs.

Prior to its acquisition, Valley was considered to be in the development stage and had not generated any revenues from the assets we acquired.

On December 5, 2002, Provectus Pharmaceuticals acquired the assets of Pure-ific L.L.C., a Utah limited liability company, and created a wholly owned subsidiary, Pure-ific Corporation, to operate that business. By acquiring Pure-ific L.L.C., we acquired the product formulations for Pure-ific personal sanitizing sprays, along with the "Pure-ific" trademarks. With this acquisition, we intend to continue development and begin to market a line of personal sanitizing sprays and related products to be sold over the counter under the "Pure-ific" brand name.

Description Of Business

Provectus Pharmaceuticals, Inc., a Nevada corporation ("Provectus"), and its two wholly owned subsidiaries, Xantech Pharmaceuticals, Inc. ("Xantech") and Pure-ific Corporation ("Pure-ific"), develop, license and market and plan to sell products in three sectors of the healthcare industry:

- Over-the-counter ("OTC") products;
- Prescription drugs; and
- Medical device systems

We manage Provectus, Xantech and Pure-ific on an integrated basis, and when we refer to "we" or "us" or "the Company" in this Quarterly Report on Form 10-QSB, we refer to all three corporations considered as a single unit. Our principal executive offices are located at 7327 Oak Ridge Highway, Suite A, Knoxville, Tennessee 37931, telephone 865/769-4011.

Through discovery and use of state-of-the-art scientific and medical technologies, the founders of our pharmaceutical business have developed a suite of core technologies that support multiple products in the prescription drug, medical device and OTC products categories. Our prescription drug products encompass the areas of dermatology and oncology and involve several types of drugs, including those produced by advanced biotechnology methods. Our medical device systems include therapeutic and cosmetic lasers, while our OTC products address markets primarily involving skincare applications. Because our prescription drug candidates and medical device systems are in the early stages of development, they are not yet on the market and there is no assurance that they will advance to the point of commercialization.

Over-the-Counter Pharmaceuticals

Our OTC products are designed to be safer and more specific than competing products. Our technologies offer practical solutions for a number of intractable

maladies, using ingredients that have limited or no side effects compared with existing products.

We have developed GloveAid, a hand cream with both antiperspirant and antibacterial properties, to increase the comfort of users' hands during and after the wearing of disposable gloves.

Our Pure-ific line of products includes two quick-drying sprays, Pure-ific and Pure-ific Kids, that immediately kill up to 99.9% of germs on skin and prevent regrowth for 6 hours. Pure-ific products help prevent the spread of germs and thus complement our other OTC products designed to treat irritated skin or skin conditions such as acne, eczema, dandruff and fungal infections. We are beginning limited distribution of Pure-ific during the first quarter of 2003. We intend to continue developing our distribution network for these products and expect to expand the Pure-ific product line to include additional applications.

A number of dermatological conditions, including psoriasis, eczema, and acne, result from a superficial infection which triggers an overwhelming immune response. We anticipate developing OTC products similar to the GloveAid line for the treatment of mild to moderate cases of psoriasis, eczema, and acne.

Prescription Drugs

We are developing a number of prescription drugs which we expect will provide minimally invasive treatment of chronic severe skin afflictions such as psoriasis, eczema, and acne; and several life-threatening cancers such as those of the liver, breast and prostate. We believe that our products will be safer and more specific than currently existing products. Use of topical or other direct delivery formulations allows these potent products to be conveniently and effectively delivered only to diseased tissues, thereby enhancing both safety and effectiveness. All of these products are in the pre-clinical or clinical trial stage.

Our most advanced prescription drug candidate for treatment of topical diseases on the skin is Xantryl, a topical gel. PV-10, the active ingredient in Xantryl, is "photoactive": it reacts to light of certain wavelengths, increasing its therapeutic effects. PV-10 also concentrates in diseased or damaged tissue but quickly dissipates from healthy tissue. By developing a "photodynamic" treatment regimen (one which combines a photoactive substance with activation by a source emitting a particular wavelength of light) around these two properties of PV-10, we can deliver a higher therapeutic effect at lower dosages of active

ingredient, thus minimizing potential side effects including damage to nearby healthy tissues. PV-10 is especially responsive to green light, which is strongly absorbed by the skin and thus only penetrates the body to a depth of about three to five millimeters. For this reason, we have developed Xantryl combined with green-light activation for topical use in surface applications where serious damage could result if medicinal effects were to occur in deeper tissues. We are researching the use of Xantryl with green-light activation to treat multiple dermatological conditions, including acute psoriasis, actinic keratosis, and severe acne.

Oncology

Oncology is another major market where our planned products may afford competitive advantage compared to currently available options. We are developing Provecta, a sterile injectible form of PV-10, for direct injection into tumors. Because PV-10 is retained in diseased or damaged tissue but quickly dissipates

from healthy tissue, we believe we can develop therapies that confine treatment to cancerous tissue and reduce collateral impact on healthy tissue. We are researching the use of PV-10 for the treatment of cancers of the liver, breast and prostate.

Medical Devices

We are developing medical devices to address two major markets:

- cosmetic treatments, such as reduction of wrinkles and elimination of spider veins and other cosmetic blemishes; and
- therapeutic uses, including photoactivation of Xantryl other prescription drugs and non-surgical destruction of certain skin cancers.

We expect to develop medical devices through partnerships with third-party device manufacturers or, if appropriate opportunities arise, through acquisition of one or more device manufacturers.

Research and Development

We have placed most research activities on hold as we attempt to conserve available capital and achieve full capitalization of the Company through equity and convertible debt offerings, generation of product revenues, and other means. In the interim, we are maintaining our research facilities in anticipation of a resumption of our research programs. All ongoing research and development activities are directed toward supporting our OTC product launches and maintaining our intellectual property portfolio.

GOING CONCERN

In connection with their audit report on our consolidated financial statements as of December 31, 2002, BDO Seidman LLP, our independent certified public accountants, expressed substantial doubt about our ability to continue as a going concern because such continuance is dependent upon our ability to raise capital or achieve profitable operations.

Our technologies are in early stages of development. We have not generated revenues from sales or operations and we do not expect to generate sufficient revenues to enable us to be profitable for several calendar quarters. In November 2002, we obtained $1 million from Gryffindor Capital Partners I, L.L.C., a Delaware limited liability company ("Gryffindor") through the sale, pursuant to a Convertible Secured Promissory Note and Warrant Purchase Agreement dated November 26, 2002 (the "Gryffindor Agreement") between the Company and Gryffindor, of our Convertible Secured Promissory Note dated November 26, 2002 in the original principal amount of $1 million (the "Note") and Common Stock Purchase Warrants dated November 26, 2002 (the "Warrants"). In addition, at critical junctures during 2002 we obtained approximately $109,000 in additional funding through short-term loans from Eric A. Wachter, our Vice President - Pharmaceuticals, a member of our Board of Directors, and a major stockholder. These funds allowed us to complete our planned corporate reorganization and acquisitions, complete initial production runs for several of our OTC products, and maintain our facilities and intellectual property portfolio. We require additional funding to continue initial production and distribution of OTC products in order to achieve meaningful sales volumes. In addition, we must raise substantial additional funds in order to fully implement our integrated business plan, including execution of the next phases in clinical development of

our pharmaceutical products and resumption of research programs currently

suspended.

Ultimately, we must achieve profitable operations if we are to be a viable entity. We intend to proceed as rapidly as possible with the development of OTC products that can be sold with a minimum of regulatory compliance and with the development of revenue sources through licensing of our existing intellectual property portfolio. Although we believe that there is a reasonable basis for our expectation that we will successfully raise the needed funds, we cannot assure you that we will be able to raise sufficient capital to sustain operations before we can commence revenue generation or that we will be able to achieve, or maintain, a level of profitability sufficient to meet our operating expenses.

PLAN OF OPERATION

With the reorganization of Provectus and PPI and the acquisition and integration into the Company of Valley and Pure-ific, we believe we have obtained a unique combination of OTC products and core intellectual properties. This combination represents the foundation for a successful operating company that we believe will provide both short-term profitability and long-term growth. In 2003, through careful control of expenditures, commencing sales of OTC products, and issuance of debt and equity, we plan to build on that foundation to increase stockholder value.

In the short term, we intend to develop our business by marketing, manufacturing, and distributing our existing OTC products, principally GloveAid and Pure-ific. In the longer term, we expect to continue the process of developing, testing and obtaining FDA approval of prescription drugs and medical devices. Additionally, we intend to restart our research programs that will identify additional conditions that our intellectual properties may be used to treat and additional treatments for those and other conditions.

Our research and development costs comprising the total of $155,783 for the three months ending March 31, 2003 include depreciation expense $83,841, consulting of $14,888, office and other expense of $455, payroll of $47,011, rent and utilities of $8,400, and taxes and fees of $1,188.

Cash Flow

As of March 31, 2003, we held approximately $140,000 in cash. At our current cash expenditure rate, this amount will be sufficient to meet our needs until the middle of June 2003. We have reduced our expenditure rate by suspending most of our research programs; in addition, we are seeking to improve our cash flow by commencing sales of OTC products. However, we cannot assure that we will be successful either in commencing sales of OTC products or in reducing expenditures. Moreover, even if we are successful in improving our current cash flow position, we nonetheless will require additional funds to meet our short-term and long-term needs. We anticipate these funds will come from the proceeds of private placements or public offerings of debt or equity securities, but we cannot assure you that we will be able to obtain such funds.

Capital Resources

As noted above, our present cash flow is not sufficient to meet our short-term operating needs for initial production and distribution of OTC products in order to achieve meaningful sales volumes, much less to meet our longer-term needs for investment in our business through execution of the next phases in clinical development of our pharmaceutical products and resumption of our currently suspended research programs. We anticipate that the majority of the funds for our operating and development needs in 2003 will come from the proceeds of private placements or public offerings of debt or equity securities. We are currently in discussions with multiple funding sources and feel confident adequate operating funding and development funding will result. While we believe

that we have reasonable basis for our expectation that we will be able to raise additional funds, we cannot give you an assurances that we will be able to do so on commercially reasonable terms. In addition, any such financing may result in significant dilution to stockholders.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-QSB contains forward-looking statements regarding, among other things, our anticipated financial and operating results. Forward-looking statements reflect our management's current assumptions, beliefs, and expectations. Words such as "anticipate," "believe, "estimate,"

"expect," "intend," "plan," and similar expressions are intended to identify forward-looking statements. While we believe that the expectations reflected in our forward-looking statements are reasonable, we can give no assurance that such expectations will prove correct. Forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from the future results, performance, or achievements expressed in or implied by any forward-looking statement we make. Some of the relevant risks and uncertainties that could cause our actual performance to differ materially from the forward-looking statements contained in this report are discussed under the heading "Risk Factors" and elsewhere in our Annual Report on Form 10-KSB, which was filed with the SEC on April 15, 2003. We caution investors that these discussions of important risks and uncertainties are not exclusive, and our business may be subject to other risks and uncertainties which are not detailed there.

Investors are cautioned not to place undue reliance on our forward-looking statements. We make forward-looking statements as of the date on which this Quarterly Report on Form 10-QSB is filed with the SEC, and we assume no obligation to update the forward-looking statements after the date hereof whether as a result of new information or events, changed circumstances, or otherwise, except as required by law.

Item 3. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. Our chief executive officer and chief financial officer have evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (as that term is defined in Rule 13a-14(c) under the Exchange Act) as of a date within 90 days of the filing date of this Quarterly Report on Form 10-QSB. Based on that evaluation, the chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective to ensure that material information relating to the Company and the Company's consolidated subsidiaries is made known to such officers by others within these entities, particularly during the period this Quarterly Report on Form 10-QSB was prepared, in order to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls. There have not been any significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Part II

Other Information

Item 1. Legal Proceedings.

On April 17, 2003, subsequent to the end of the fiscal quarter covered by this Quarterly Report on Form 10-QSB but prior to the date on which we filed this report with the Securities and Exchange Commission, a suit was filed in the Third Judicial District Court, Salt Lake County, Utah by Kelly Adams, on behalf of himself and "as representative of certain Stockholders of Provectus Pharmaceuticals, Inc., a Nevada corporation." The suit names PPI and Michael L. Labertew, an attorney in Salt Lake City, Utah, as defendants, and seeks to rescind the Agreement and Plan of Reorganization dated April 22, 2002 by which we acquired PPI and PPI's former stockholders acquired majority ownership of our common stock. (This transaction is discussed in more detail in Part I above under the heading "Management's Discussion and Analysis or Plan of Operation.-Overview-History.") On April 29, 2003, without giving the Company or PPI notice of the motion or an opportunity to respond to it, the Utah court granted Mr. Adams's motion for a 10-day temporary restraining order (the "TRO"), preventing us from issuing additional shares of stock for a 10-day period commencing on April 29, 2003 and ending on May 9, 2003. Mr. Adams also has moved for a preliminary injunction that would impose the same restrictions until the completion of the proceedings. The Utah court has scheduled a hearing on the motion for May 13, 2003, at which the court will determine whether or not to issue the requested preliminary injunction.

We believe the TRO was issued without reason or due process, and we believe that the claims made by Mr. Adams and the "certain Stockholders" in their complaint are groundless. We have retained counsel in Utah, and we intend to contest vigorously the motion for a preliminary injunction and the remainder of the suit.

Item 2. Changes in Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

During the three months ended March 31, 2003, we did not sell any securities which were not registered under the Securities Act of 1933, as amended (the "Securities Act") except as follows:

1. Pursuant to a letter agreement dated January 8, 2003 between the Company and Investor-Gate.com ("Investor-Gate"), the Company retained Investor-Gate to provide investor relations services. For these services, the Company agreed to pay Investor-Gate a monthly fee of $7,250 for the first three months of the agreement and a monthly fee of $6,000 per month thereafter. The monthly fee for the first three months was paid by the issuance and delivery to Investor-Gate of 29,000 shares of our common stock at an agreed-upon value of $0.75 per share. In addition, we agreed to grant Investor-Gate warrants for the purchase of additional shares of our common stock. As of the close of business on January 8, 2003, the value of our common stock was $0.40 per share.

   On February 28, 2003, we terminated the agreement with Investor-Gate as a result of Investor-Gate's failure to perform the contracted-for investor relations services. Investor-Gate retained the 29,000 shares initially issued to it, as well as a warrant exercisable for the purchase of 25,000 shares of our common stock at an exercise price of $0.75 per share. In addition, we remained obligated to issue additional warrants to Investor-Gate on the following terms:

Number of Shares	Exercise Price	Issue Date	Termination Date
25,000 shares	$2.00	April 8, 2003	September 8, 2004
25,000 shares	$5.00	January 8, 2004	July 8, 2005

We relied on an exemption from registration pursuant to Section 4(2) of the Securities Act, based on the sale of the shares and warrants, and the issuance of the shares of common stock issuable upon exercise of the warrants, to a single purchaser in a transaction not involving any general solicitation or general advertising.

2. Pursuant to a letter agreement dated January 31, 2003 between the Company and Gryffindor, the Company issued Gryffindor an Amended and Restated Senior Secured Convertible Note dated January 31, 2003 in the original principal amount of $1,025,959 (the "Amended Note"). The Amended Note bears interest at 8% per annum, payable quarterly in arrears, is due and payable in full on November 26, 2004, and amends and restated the original Note in its entirety. As with the Note, our obligations under the Amended Note are secured by a first priority security interest in all of our Company's assets, including the assets held by our Xantech and Pure-ific subsidiaries. Subject to certain exceptions, the Amended Note is convertible into shares of our common stock beginning on the November 26, 2003; the principal amount of the Note is convertible at the rate of one share of common stock for each $0.73655655 of principal converted, while accrued but unpaid interest on the Note is convertible at the rate of one share of common stock for each $0.55 of accrued but unpaid interest converted. We relied on an exemption from registration pursuant to Section 4(2) of the Securities Act, based on the issuance of the Amended Note, and the issuance of the shares of common stock issuable upon conversion of the Amended Note, to a limited number of purchasers in a transaction not involving any general solicitation or general advertising.

3. Pursuant to a letter agreement dated February 20, 2003 between the Company and Strategic Growth International, Inc. ("SGI"), the Company retained SGI as its investor relations consultant. For services under the Agreement, the Company issued SGI warrants on the following terms:

Number of Shares	Exercise Price	Issue Date	Termination Date
120,000 shares	$0.25	February 20, 2003	February 20, 2008
120,000 shares	$0.35	February 20, 2003	February 20, 2008
120,000 shares	$0.50	February 20, 2003	February 20, 2008

In addition, at the Company's option, during the first three months of the agreement the Company may elect to issue SGI 30,000 shares per month in lieu of payment of $3,000 of the monthly cash fee payable under the agreement. As of the close of business on February 18, the last day on which a trade was reported prior to the execution of the agreement with SGI, the value of our common stock was $0.26 per share. During the quarter ended March 31, 2003, we did not exercise our option to issue shares in lieu of payment of fees. We relied on an exemption from registration pursuant to Section 4(2) of the Securities Act, based on the sale of the shares and warrants, and the issuance of the shares of common stock issuable upon exercise of the warrants, to a single purchaser in a transaction not involving any general

solicitation or general advertising.

4. Pursuant to a letter agreement dated March 27, 2003 between the Company and Josephberg Grosz & Co., Inc. ("JGC"), the Company issued JG Capital, Inc., an affiliate of JGC, 35,000 shares of common stock as consideration for JGC's agreement to assist the Company in obtaining additional capital. As of the close of business on March 21, 2003, the last day on which a trade was reported prior to the execution of the agreement with JGC, the value of our common stock was $0.32 per share. We relied on an exemption from registration pursuant to Section 4(2) of the Securities Act, based on the sale of these shares to a single purchaser in a transaction not involving any general solicitation or general advertising.

Item 3. Defaults Upon Senior Securities.

No response is required to this item.

Item 4. Submission of Matters to a Vote of Security Holders.

During the three months ended March 31, 2003, we did not submit any matters to a vote of our stockholders.

Item 5. Other Information.

There are no new matters to report.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits. Exhibits required by Item 601 of Regulation S-B are incorporated herein by reference and are listed on the attached Exhibit Index, which begins on page X-1 of this Quarterly Report on Form 10-QSB.

(b) Reports on Form 8-K. During the fiscal quarter ended March 31, 2003, we filed the following Current Reports on Form 8-K:

1. On January 3, 2003 we filed, and on January 9, 2003 we amended, a Current Report on Form 8-K reporting that on December 20, 2002 we engaged BDO Seidman, LLP to audit our books and records for 2002 and dismissed Bierwolf, Nilson & Associates, formerly Crouch, Bierwolf & Associates, as our independent auditors.

Signatures

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Provectus Pharmaceuticals, Inc.

By: /s/H. Craig Dees

H. Craig Dees, Ph.D.
Chief Executive Officer

Date: October 7, 2004

Exhibit Index

Exhibit No.	Description
3.2	Bylaws of Provectus Pharmaceuticals, Inc. (the "Company"), incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-QSB dated March 31, 2003, as filed with the SEC on May 9, 2003.
4.2.2	Letter Agreement dated January 31, 2003 between the Company and Gryffindor, incorporated herein by reference to Exhibit 4.2.2 to the Company's Quarterly Report on Form 10-QSB dated March 31, 2003, as filed with the SEC on May 9, 2003.
4.3	Amended and Restated Convertible Secured Promissory Note of the Company dated January 31, 2003, issued to Gryffindor, incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-QSB dated March 31, 2003, as filed with the SEC on May 9, 2003.
4.17	Common Share Purchase Warrant dated January 29, 2003, issued to Investor-Gate.com ("Investor-Gate"), incorporated herein by reference to Exhibit 4.17 to the Company's Annual Report on Form 10-KSB/A dated December 31, 2003, as filed with the SEC on October 7, 2004.
10.11.1	Letter Agreement dated January 8, 2003 between the Company and Investor-Gate, incorporated herein by reference to Exhibit 10.11.1 to the Company's Quarterly Report on Form 10-QSB dated March 31, 2003, as filed with the SEC on May 9, 2003.
10.11.2	Termination Letter dated February 28, 2003 from the Company to Investor-Gate, incorporated herein by reference to Exhibit 10.11.2 to the Company's Quarterly Report on Form 10-QSB dated March 31, 2003, as filed with the SEC on May 9, 2003.
10.12	Letter Agreement dated February 20, 2003 between the Company and SGI, incorporated herein by reference to Exhibit 10.12 to the

Company's Quarterly Report on Form 10-QSB dated March 31, 2003, as filed with the SEC on May 9, 2003.

10.13 Letter Agreement dated March 27, 2003 between the Company and Josephberg Grosz & Co., Inc., incorporated herein by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-QSB dated March 31, 2003, as filed with the SEC on May 9, 2003.

31.1+ Certification Pursuant to Rule 13a-14(a) (Section 302 Certification), dated October 7, 2004, executed by H. Craig Dees, Ph.D., Chief Executive Officer of the Company.

31.2+ Certification Pursuant to Rule 13a-14(a) (Section 302 Certification), dated October 7, 2004, executed by Peter R. Culpepper, Chief Financial Officer of the Company.

32.1+ Certification Pursuant to 18 U.S.C.ss. 1350 (Section 906 Certification), dated October 7, 2004, executed by H. Craig Dees, Ph.D., Chief Executive Officer of the Company, and Peter R. Culpepper, Chief Financial Officer of the Company.

+ Filed herewith.

Exhibit 31.1

Provectus Pharmaceuticals, Inc.

Certification Pursuant to Rule 13a-14(a)
Section 302 Certification

I, H. Craig Dees, Ph.D., the Chief Executive Officer of Provectus Pharmaceuticals, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Provectus Pharmaceuticals, Inc.;

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

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

4. The small business issuer's other certifying officers 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 small business issuer 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 small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial data and have identified for the small business issuer's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls.

Date: October 7, 2004

/s/ H. Craig Dees

H. Craig Dees, Ph.D.
Chief Executive Officer

Exhibit 31.2

Provectus Pharmaceuticals, Inc.

Certification Pursuant to Rule 13a-14(a)
Section 302 Certification

I, Peter R. Culpepper, the Chief Financial Officer of Provectus Pharmaceuticals, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Provectus

Pharmaceuticals, Inc.;

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

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

4. The small business issuer's other certifying officers 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 small business issuer 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 small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial data and have identified for the small business issuer's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls.

Date: October 7, 2004

/s/ Peter R. Culpepper

Peter R. Culpepper
Chief Financial Officer

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Exhibit 32.1

Provectus Pharmaceuticals, Inc.

Certification Pursuant to 18 U.S.C. ss. 1350*
Section 906 Certifications

Pursuant to 18 U.S.C.ss. 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002 (Public Law 107-204), the undersigned, H. Craig Dees, Ph.D., the Chief Executive Officer of Provectus Pharmaceuticals, Inc., a Nevada corporation (the "Company"), and Peter R. Culpepper, the Chief Financial Officer of the Company, hereby certify that:

1. The Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2003, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This Certification is signed on October 7, 2004.

/s/ H. Craig Dees

H. Craig Dees, Ph.D.
Chief Executive Officer
Provectus Pharmaceuticals, Inc.

/s/ Peter R. Culpepper

Peter R. Culpepper
Chief Financial Officer
Provectus Pharmaceuticals, Inc.

A signed original of this written statement required by Section 906 has been provided to Provectus Pharmaceuticals, Inc. and will be retained by Provectus Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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