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, 2004

[ ] 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 April 20, 2004 was 13,507,030.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

PROVECTUS PHARMACEUTICALS, INC.
(A Development-Stage Company)

CONSOLIDATED BALANCE SHEETS

	Restated (Note 8) March 31, 2004 (Unaudited)	Re (N Dec (A
Assets		
Current Assets		
Cash	$ 452,229	$
Stock subscription receivable	41,192	
Deferred Loan Costs, net of amortization of $62,202 and $19,569	108,328	
Inventory	69,060	
Prepaid expenses and other current assets	28,757	
Prepaid consulting expense	346,141	
Total Current Assets	1,045,707	
Equipment and furnishings, less accumulated depreciation of $298,401 and $244,760	68,169	
Patents, net of amortization of $917,197 and $749,417	10,798,248	10,
Other Assets	27,000	
	$11,939,124	$12,
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable - trade	$ 142,466	$
Accrued compensation	240,000	
Accrued expenses	73,707	
Accrued interest	131,975	
Short-term convertible debt, net of debt discount of $318,306 and $442,623	181,694	
Current maturities of long-term convertible debt, net of debt discount of $41,229 and $57,052	984,730	
Total Current Liabilities	1,754,572	1,
Loan From Stockholder	149,000	
Stockholders' Equity		
Common stock; par value $.001 per share; 100,000,000 shares authorized; 13,096,605 and 10,867,509 shares issued and		

outstanding, respectively	13,097	
Paid-in capital	21,284,276	20,
Deficit accumulated during the development stage	(11,261,821)	(10,
Total Stockholders' Equity	10,035,552	10,
	$11,939,124	$12,

See accompanying notes to financial statements.

PROVECTUS PHARMACEUTICALS, INC.
(A Development-Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Restated (Note 8) Three Months Ended March 31, 2004 (Unaudited)	Restated (Note 8) Three Months Ended March 31, 2003 (Unaudited)	Restated (Note 8) Cumulative Through March 31,2004 (Unaudited)
Operating Income			
Net OTC product revenue	$ 640	$ -	$ 640
Net medical device revenue	13,125	-	13,125
Operating Expenses			
Research and development	187,954	155,783	963,592
General and administrative	483,678	511,917	8,988,874
Amortization	167,780	167,780	917,197
Total operating loss	(825,647)	(835,480)	(10,855,898)
Gain on sale of fixed assets	-	-	55,000
Interest expense	(214,726)	(38,021)	(460,923)
Net Loss Applicable to Common Stockholders	$(1,040,373)	$ (873,501)	$(11,261,821)
Basic and Diluted Loss Per Common Share	(0.08)	(0.09)	
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	12,241,172	9,451,667	

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	
Balance, at January 17, 2002	-	$ -	$
Issuance to founding shareholders	6,000,000	6,000	
Sale of stock	50,000	50	
Issuance of stock to employees	510,000	510	9
Issuance of stock for services	120,000	120	3
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	1,3
Shares issued in reverse merger	265,763	266	
Issuance of stock for services	1,900,000	1,900	5,1
Purchase and retirement of stock	(400,000)	(400)	(
Stock issued for acquisition of Valley Pharmaceuticals	500,007	500	12,2
Exercise of warrants	452,919	453	
Warrants issued in connection with convertible debt	-	-	1
Stock and warrants issued for acquisition of Pure-ific	25,000	25	
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	18,7
Issuance of stock for services	764,000	764	2
Issuance of warrants for services	-	-	1
Stock to be issued for services	-	-	2
Employee compensation from stock options	-	-	
Issuance of stock pursuant to Regulation S	679,820	680	3
Issuance of convertible debt with warrants	-	-	6
Net loss for the year ended December 31, 2003	-	-	
Balance, at December 31, 2003	10,867,509	10,868	20,4
Issuance of stock for services	351,606	352	
Exercise of warrants	10,000	10	
Stock to be issued for services	-	-	
Employee compensation from stock options	-	-	
Issuance of stock pursuant to Regulation S	1,867,490	1,867	7

Net loss for the three months ended March 31, 2004	-	-	
Balance, at March 31, 2004	13,096,605	$ 13,097	$21,2

See accompanying notes to financial statements.

PROVECTUS PHARMACEUTICALS, INC.
(A Development-Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Restated (Note 8) Three Months Ended March 31, 2004 (Unaudited)	Restated (Note 8) Three Months Ended March 31, 2003 (Unaudited)
Cash Flows From Operating Activities		
Net loss	$ (1,040,373)	(873,501)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	53,641	83,881
Amortization of patents	167,780	167,780
Amortization of original issue discount	140,140	15,570
Amortization of prepaid consultant expense	137,176	-
Amortization of deferred loan costs	42,633	-
Compensation through issuance of stock options	3,903	-
Compensation through issuance of stock	-	-
Issuance of stock for services	11,500	22,800
Issuance of warrants for services	-	19,574
(Gain)loss on sale of fixed asset	-	-
(Increase) decrease in assets		
Prepaid expenses	(2,530)	2,499
Inventory	3,518	-
Increase (decrease) in liabilities		
Accounts payable	41,826	(46,302)
Accrued expenses	(64,388)	7,469
Net cash used in operating activities	(505,174)	(600,230)
Cash Flows From Investing Activities		
Proceeds from sale of fixed asset	-	-
Capital expenditures	(395)	(3,301)
Net cash (used in) provided by investing activities	(395)	(3,301)

Cash Flows From Financing Activities		
Proceeds from loans from stockholder	-	-
Proceeds from convertible debt	-	25,959
Proceeds from sale of common stock	788,653	-
Proceeds from exercise of warrants	5,000	-
Cash paid for deferred loan costs	-	-
Purchase and retirement of common stock	-	-
Net cash provided by financing activities	793,653	25,959
Net Change in Cash	288,084	(577,572)
Cash, at beginning of period	164,145	717,833
Cash, at end of period	452,229	140,261

Supplemental Disclosure of Noncash Investing and Financing Activities

March 31, 2004
Issuance of stock for services of $11,500
and commitment to issue stock for
prepaid services of $62,500

Stock subscription receivable recorded of $41,192

March 31, 2003
Issuance of stock and warrants for services of $117,291

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-B. 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, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

2. GOING CONCERN

The Company will continue to require additional capital to develop its products and develop sales and distribution channels for its products.

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 our 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

Provectus Pharmaceuticals, Inc., formerly known as "Provectus Pharmaceutical, Inc." and "SPM Group, Inc.," was incorporated under Colorado law on May 1, 1978. SPM Group 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 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. As a result, Provectus Pharmaceuticals, Inc. issued 6,680,000 shares of common stock in exchange for all 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 Provectus. This transaction was recorded as a recapitalization of PPI.

On November 19, 2002, the Company acquired Valley Pharmaceuticals, Inc., a privately-held Tennessee corporation formerly known as Photogen, Inc., by merging PPI with and into Valley and naming the surviving corporation "Xantech Pharmaceuticals, Inc." Photogen, Inc. was separated from Photogen Technologies, Inc. in a non-prorata split-off to some of its shareholders. The assets of Photogen, Inc. consisted primarily of the equipment and intangibles related to its therapeutic activity and were recorded at their fair value. The majority shareholders of Valley were also the majority shareholders of Provectus. Valley had no revenues prior to the transaction with the Company. By acquiring Valley, the Company acquired its intellectual property, including issued U.S. patents and patentable inventions.

Prior to the acquisition of Valley, the Company was considered to be, and continues to be, in the development stage and has not generated any revenues from the assets acquired.

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, 2004 are 955,000 warrants, 1,525,000 options and 2,274,558 shares issuable upon conversion of convertible debt and interest. Additionally, the Company is committed to issue 20,000 warrants. Included in the weighted average number of common shares outstanding are 111,765 shares committed to be issued but not outstanding at March 31, 2004.

5. EQUITY TRANSACTIONS

(a) At December 31, 2003, the Company was committed to issue 341,606 shares to consultants in exchange for services rendered. In January 2004, all of these shares were issued. In January 2004, the Company also issued 10,000 shares to a consultant in exchange for services rendered. Consulting costs charged to operations were $11,500. In March 2004, the Company committed to issue 36,764 shares to consultants in exchange for services. At March 31, 2004 the full value of these shares of $62,500 has been classified as prepaid consulting expense as it represents payments for services to be provided in the future. The shares are fully vested and non-forfeitable.

(b) In December 2003, the Company commenced an offering for sale of restricted common stock. In the first quarter 2004, the Company sold 1,867,490 shares of restricted common stock under this offering at an average gross price of $1.18 per share and received net proceeds of $788,653. The Company has also recorded a stock subscription receivable of $41,192 for stock subscriptions prior to March 31, 2004 for which payment was received subsequent to March 31, 2004. The Company has engaged a placement agent to assist in the offering. Costs related to the placement agent for proceeds received in the first quarter 2004 of $1,410,256 have been off-set against the gross proceeds of $2,198,909 and therefore are reflected as a direct reduction of equity at March 31, 2004. The transaction is a Regulation S offering to foreign investors as defined by Regulation S of the Securities Act. The restricted shares cannot be traded for 12 months. After the first 12 months, sales of the shares are subject to restriction under rule 144 for an additional year.

6. Stock-based Compensation

On March 1, 2004, the Company issued 1,200,000 stock options to employees. The options vest over three years with 225,000 options vesting on the date of grant. The exercise price is the fair market price on the date of issuance, and all options were outstanding at March 31, 2004.

For stock options granted to employees during the first quarter of 2004, the Company has estimated the fair value of each option granted using the Black-Scholes option pricing model with the following assumptions:

	2004
Weighted average fair value per options granted	$ 1.10
Significant assumptions (weighted average)	
Risk-free interest rate at grant date	2.0%
Expected stock price volatility	150%
Expected option life (years)	10

The Company has adopted the disclosure-only provisions of Statement of

Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" (SFAS No. 123), but applies the intrinsic value method where compensation expense, if any, is recorded as the difference between the exercise

price and the market price, as set forth in Accounting Principles Board Opinion No. 25 for stock options granted to employees and directors. In 2003, the Company issued stock options to employees in which the exercise price was less than the market price on the date of grant. These options vest over three years and accordingly, $3,903 of expense was recorded for the three months ended March 31, 2004. If the Company had elected to recognize compensation expense based on the fair value at the grant dates, consistent with the method prescribed by SFAS No. 123, net loss per share would have been changed to the pro forma amount indicated below:

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Net loss, as reported	$ (1,040,373)	$ (873,501)
Add stock based employee compensation expense included in reported net loss	3,903	-
Less total stock-based employee compensation expense determined under the fair value based method for all awards	(283,438)	
Pro forma net loss	$ (1,319,908)	$ (873,501)
Basic and diluted loss per common share, as reported	(0.08)	$ (0.09)
Basic and diluted loss per common share, pro forma	(0.11)	$ (0.09)

The following table summarizes the options granted, exercised and outstanding as of March 31, 2004.

	Shares	Exercise Price Per Share
Outstanding at December 31, 2003	356,250	$0.26 - $0.60
Granted	1,200,000	$1.10
Exercised	-	-
Forfeited	(31,250)	$0.26 - $0.32
Outstanding at March 31, 2004	1,525,000	$0.32 - $1.10
Options exercisable at March 31, 2004	381,250	$0.32 - $1.10

7. REVENUE RECOGNITION

The Company recognizes revenue when product is shipped. When advance payments are received, these payments are recorded as deferred revenue and recognized when the product is shipped.

8. RESTATEMENT

During 2004, the Company restated its historical financial statements to revise the value of its patents acquired from Valley Pharmaceuticals, Inc. on November 19, 2002. During a detailed review of the accounting literature applicable to the valuation of the patents upon acquisition, the Company determined that the guidance under Accounting Principles Board Opinion No. 29, "Accounting for Nonmonetary Transactions" ("APB 29") was more appropriate than the guidance under Statement of Financial Accounting Standard No. 141, "Business Combinations"("SFAS 141"), which had originally been used by the Company. Under SFAS 141, the Company used the date that the transaction was entered into to value the shares given up in exchange for the assets acquired compared to using the date the transaction was completed as required under APB 29. Under APB 29, the restated value of the patents upon acquisition is $11,715,445

compared to the $20,037,560 value initially used by the Company. The accompanying financial statements and notes reflect the restated amounts. The following tables detail the effects of the restatement:

	For The Three Months Ended,				
	March 31, 2004		March 31, 2003		
	As Previously Reported (Unaudited)	As Restated (Unaudited)	As Previously Reported (Unaudited)	As Restated (Unaudited)	Prev Rep (Unau
Income Statement Data:					
Amortization	$ 286,963	$ 167,780	$ 286,963	$ 167,780	$ 1,5
Total Operating Loss	(944,830)	(825,647)	(954,663)	(835,480)	(11,5
Net Loss	(1,159,556)	(1,040,373)	(992,684)	(873,501)	(11,9
Basic and Diluted Loss Per Common Share	(0.09)	(0.08)	(0.11)	(0.09)	

	At		At	
	March 31, 2004		December 31, 2003	
	As Previously Reported (Unaudited)	As Restated (Unaudited)	As Previously Reported (Unaudited)	As Restated (Unaudited)
Balance Sheet Data:				
Patents, net of amortization	18,468,828	10,798,248	18,755,791	10,966,028
Total Assets	19,609,704	11,939,124	19,826,809	12,037,046
Stockholders' Equity	17,706,132	10,035,552	18,040,815	10,251,052

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.

GOING CONCERN

In connection with their audit report on our consolidated financial statements as of December 31, 2003, BDO Seidman LLP, our independent registered 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.

Our technologies are in early stages of development. We have not generated material revenues from sales or operations and we do not expect to generate sufficient revenues to enable us to be profitable for several calendar quarters. At critical junctures during 2003 we obtained $40,000 in additional funding, amounting to $149,000 in total, through loans from Eric A. Wachter, our Vice President - Pharmaceuticals, a member of our Board of Directors, and a major shareholder. 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 full resumption of research programs for new research initiatives that are currently delayed.

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.

Our current plans include continuing to operate with our four employees during the immediate future, but we anticipate adding some part-time employees during the next year. Our current plans also include minimal purchases of new

property, plant and equipment, and limited research and development.

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 an operating company that we believe will provide both short-term profitability and long-term growth. In 2004, through careful control of expenditures, increasing sales of OTC products, and issuance of debt and equity, we plan to build on that foundation to increase shareholder 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 the approval of the U. S. Food and Drug Administration 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.

We are in the planning phase for the major research and development projects, and therefore do not have estimated completion dates, completion costs and capital requirements for these projects. The reason we do not have this information available is because we have not completed our planning process. Since there is no defined schedule for completing these development projects, there are no defined consequences if they are not completed timely. Research and development costs comprising the total of $187,954 for the three months ending March 31, 2004 include consulting of $26,843, lab expense of $2,500, insurance of $20,138, legal of $29,048, payroll of $103,825, and rent and utilities of $5,600. 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, 2004, we held $452,229 in cash. At our current cash expenditure rate, this amount will be sufficient to meet our needs until the end of August 2004. We already have begun to reduce our expenditure rate by delaying some of our research programs for new research initiatives; in addition, we are seeking to improve our cash flow by increasing sales of OTC products. However, we cannot assure you that we will be successful either in increasing 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 2004 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 any assurance that we will be able to do so on commercially reasonable terms. In addition, any such financing may result in significant dilution to shareholders.

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 for the year ended December 31, 2004. 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 March 31, 2004, the end of the fiscal quarter covered by 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 has been no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-QSB that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

The Company was not involved in any legal proceedings during the fiscal quarter covered by this Quarterly Report of Form 10-QSB.

Item 2. Changes in Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

During the three months ended March 31, 2004, we did not sell any securities which were not registered under the Securities Act of 1933, as amended (the "Securities Act"), other than the following.

In the first quarter of 2004, the Company issued 1,867,490 shares of our restricted common stock for net proceeds of $788,653. In December 2003, we commenced an offering for sale up to approximately $1 million of this restricted common stock. Net proceeds to us were initially expected to be approximately $400,000 to $600,000. We have since increased this offering amount to $3 million and have received proceeds of $1,122,317 as of March 31, 2004. If we are successful in selling the remaining shares, total net proceeds are expected to be approximately $1.2 million to $1.8 million. The transaction is a Regulation S offering to foreign investors as defined by Regulation S of the Securities Act. The restricted shares cannot be traded for 12 months. After the first 12 months, sales of the shares are subject to restrictions under rule 144 for an additional year. We have engaged a placement agent to assist us in the offering.

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

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

(a) Exhibits. 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.

None.

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
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.

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

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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

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, 2004, 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.