

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

PROVECTUS PHARMACEUTICALS INC  
Form 10QSB  
November 14, 2005

United States Securities And Exchange Commission  
Washington, DC 20549

-----  
FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2005

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  No

The number of shares outstanding of the issuer's stock, \$0.001 par value  
per share, as of September 30, 2005 was 19,117,655.

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

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

CONSOLIDATED BALANCE SHEETS

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

September 30,  
2005

		(Unaudited)	
-----			
Assets			
Current Assets			
Cash	\$	366,683	\$
Inventory		62,043	
Prepaid expenses and other current assets		12	
Prepaid consulting expense		-	
Prepaid commitment fee, net of amortization of \$269,986 and \$38,326		40,880	
-----			
Total Current Assets		469,618	
-----			
Equipment and Furnishings, less accumulated depreciation of \$367,668 and \$366,571		10,751	
Patents, net of amortization of \$1,923,877 and \$1,420,537		9,791,568	
Deferred loan costs, net of amortization of \$101,772 and \$35,922		518,950	
Other Assets		27,000	
-----			
	\$	10,817,887	\$
-----			
Liabilities and Stockholders' Equity			
Current Liabilities			
Accounts payable - trade	\$	88,305	\$
Accrued compensation		181,090	
Accrued expenses		119,590	
Accrued interest		131,302	
Other convertible debt, net of debt discount of \$994,804		317,696	
Gryffindor convertible debt, net of debt discount of \$14,868 and \$95,157		1,171,091	
-----			
Total Current Liabilities		2,009,074	
-----			
Loan From Stockholder		174,000	
-----			
Cornell convertible debt, net of debt discount of \$316,053		-	
-----			
Other convertible debt, net of debt discount of \$710,575		226,925	
-----			
Stockholders' Equity			
Common stock; par value \$.001 per share; 100,000,000 shares authorized; 19,117,655 and 16,133,876 shares issued and outstanding, respectively		19,118	
Paid-in capital		29,864,554	
Deficit accumulated during the development stage		(21,475,784)	
-----			

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Total Stockholders' Equity	8,407,888
	\$ 10,817,887 \$

See accompanying notes to financial statements.

-2-

PROVECTUS PHARMACEUTICALS, INC.  
(A Development-Stage Company)  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended September 30, 2005  (Unaudited)	Three Months Ended September 30, 2004  (Unaudited)	Nine Months Ended September 30, 2005  (Unaudited)	Mon Sept  (Un
Revenues				
OTC Product Revenue	\$ 387	\$ 1,219	\$ 4,453	\$
Medical Device Revenue	-	-	984	
Total revenues	387	1,219	5,437	
Cost of Sales	248	780	2,857	
Gross Profit	139	439	2,580	
Operating Expenses				
Research and development	\$ 467,202	\$ 379,113	\$ 1,765,839	\$
General and administrative	576,910	537,417	1,718,452	
Amortization	167,780	167,780	503,340	
Total operating loss	(1,211,753)	(1,083,871)	(3,985,051)	
Gain on sale of fixed assets	-	-	-	
Loss on extinguishment of debt	-	-	(413,455)	
Net interest expense	(1,251,130)	(64,651)	(2,511,305)	
Net Loss Applicable to Common Stockholders	\$ (2,462,883)	\$ (1,148,522)	\$ (6,909,811)	\$
Basic and Diluted Loss Per Common Share	\$ (0.14)	\$ (0.08)	\$ (0.41)	\$

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Weighted Average Number of Common Shares Outstanding - Basic and Diluted	17,772,238	15,080,661	16,954,430
---	------------	------------	------------

See accompanying notes to financial statements.

-3-

PROVECTUS PHARMACEUTICALS, INC.  
(A Development-Stage Company)  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(Unaudited)

	Common Stock		
	Number of Shares	Par Value	Paid-in Capital
Balance, at January 17, 2002	-	\$ -	\$ -
Issuance to founding shareholders	6,000,000	6,000	(6,000)
Sale of stock	50,000	50	24,950
Issuance of stock to employees	510,000	510	931,490
Issuance of stock for services	120,000	120	359,880
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	1,310,320
Shares issued in reverse merger	265,763	266	(3,911)
Issuance of stock for services	1,900,000	1,900	5,142,100
Purchase and retirement of stock	(400,000)	(400)	(47,600)
Stock issued for acquisition of Valley Pharmaceuticals	500,007	500	12,225,820
Exercise of warrants	452,919	453	-
Warrants issued in connection with convertible debt	-	-	126,580
Stock and warrants issued for acquisition of Pure-ific	25,000	25	26,970
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	18,780,290
Issuance of stock for services	764,000	764	239,030
Issuance of warrants for services	-	-	145,470
Stock to be issued for services	-	-	281,500
Employee compensation from stock options	-	-	34,650
Issuance of stock pursuant to Regulation S	679,820	680	379,660
Beneficial conversion related to convertible debt	-	-	601,000
Net loss for the year ended December 31, 2003	-	-	-

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Balance, at December 31, 2003	10,867,509	\$	10,868	\$	20,461,63
Issuance of stock for services	733,872		734		449,19
Issuance of warrants for services	-		-		495,48
Exercise of warrants	132,608		133		4,86
Employee compensation from stock options	-		-		15,61
Issuance of stock pursuant to Regulation S	2,469,723		2,469		790,66
Issuance of stock pursuant to Regulation D	1,930,164		1,930		1,286,93
Beneficial conversion related to convertible debt	-		-		360,25
Issuance of convertible debt with warrants	-		-		105,25
Repurchase of beneficial conversion feature	-		-		(258,34)
Net loss for the year ended December 31, 2004	-		-		
-----					
Balance, at December 31, 2004	16,133,876	\$	16,134	\$	23,711,54
Issuance of stock for services	226,733		227		152,05
Issuance of stock for interest payable	226,447		227		167,52
Issuance of warrants for services	-		-		720,83
Issuance of warrants for contractual obligations	-		-		620,81
Exercise of warrants and stock options	25,152		25		26,64
Employee compensation from stock options	-		-		11,81
Issuance of stock pursuant to Regulation D	1,235,004		1,235		816,87
Debt conversion to common stock	1,270,443		1,270		951,56
Issuance of convertible debt with warrants	-		-		1,574,90
Beneficial conversion related to convertible debt	-		-		1,228,24
Beneficial conversion related to interest expense	-		-		25,87
Repurchase of beneficial conversion feature	-		-		(144,12)
Net loss for the six months ended June 30, 2005	-		-		-
-----					
Balance, at September 30, 2005	19,117,655	\$	19,118	\$	29,864,55

See accompanying notes to financial statements.

-4-

PROVECTUS PHARMACEUTICALS, INC.  
(A Development-Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOW  
(Unaudited)

			Nine Months Ended September 30, 2005		Nine Months Ended September 30, 2004
-----					
Cash Flows From Operating Activities					
Net loss	\$		(6,909,811)	\$	(3,510,4
Adjustments to reconcile net loss to net cash used in operating activities					
Depreciation			1,097		117,1

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Amortization of patents	503,340	503,340
Amortization of original issue discount	1,232,967	504,700
Amortization of commitment fee	231,660	-
Amortization of prepaid consultant expense	274,337	491,700
Amortization of deferred loan costs	339,385	156,100
Loss on extinguishment of debt	413,455	-
Beneficial conversion of convertible interest and conversion of interest	196,456	-
Compensation through issuance of stock options	11,814	11,700
Compensation through issuance of stock	-	-
Issuance of stock for services	152,286	48,300
Issuance of warrants for services	225,224	18,800
Issuance of warrants for contractual obligations	620,818	-
Gain on sale of equipment	-	-
(Increase) decrease in assets		
Prepaid expenses	20,570	5,800
Inventory	32,099	4,100
Increase (decrease) in liabilities		
Accounts payable	(65,909)	57,400
Accrued expenses	155,612	(169,000)
-----		
Net cash used in operating activities	(2,564,600)	(1,760,100)
-----		
Cash Flows From Investing Activities		
Proceeds from sale of fixed asset	-	-
Capital expenditures	(11,848)	(3,000)
-----		
Net cash (used in) provided by investing activities	(11,848)	(3,000)
-----		
Cash Flows From Financing Activities		
Net proceeds from loans from stockholder	25,000	-
Proceeds from convertible debt	3,150,000	375,000
Proceeds from sale of common stock	888,190	1,812,000
Proceeds from exercise of warrants and stock options	26,667	5,000
Cash paid to retire convertible debt	(700,000)	(500,000)
Cash paid for deferred loan costs	(387,500)	(90,000)
Premium paid on extinguishments of debt	(70,000)	-
Purchase and retirement of common stock	-	-
-----		
Net cash provided by financing activities	2,932,357	1,602,000
-----		

-5-

PROVECTUS PHARMACEUTICALS, INC.  
(A Development-Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Nine Months	Nine Months	J
	Ended	Ended	(
	September 30, 2005	September 30, 2004	S

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Net Change in Cash	\$	355,909	\$	(158,505)	\$
Cash, at beginning of period	\$	10,774	\$	164,145	\$
-----					
Cash, at end of period	\$	366,683	\$	5,640	\$
-----					

### Supplemental Disclosure of Cash Flow Information

September 30, 2005

Interest paid of \$32,567

### Supplemental Disclosure of Noncash Investing and Financing Activities

September 30, 2005

Issuance of warrants in exchange for prepaid services of \$68,910  
 Debt converted to common stock of \$950,000  
 Beneficial conversion on convertible debt of \$1,228,244  
 Discount on convertible debt with warrants of \$1,574,900  
 Warrants issued for deferred loan costs of \$426,700  
 Accrual of \$70,083 for stock issuance costs off-set against proceeds from sale of common stock

September 30, 2004

Issuance of stock in exchange for standby equity commitment of \$310,866  
 Issuance of warrants in exchange for prepaid services of \$329,000  
 Issuance of stock in exchange for prepaid services of \$62,500  
 Discounts on convertible debt of \$254,006  
 Accrual of \$86,666 for stock issuance costs off-set against gross proceeds from sale of common stock

See accompanying notes to financial statements.

-6-

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

#### 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated 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 and nine months ended September 30, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

#### 2. RECAPITALIZATION AND MERGER

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

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 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 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-pro rata 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.

### 3. 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 September 30, 2005 are 16,089,935 warrants, 4,209,848 options and 4,755,319 shares issuable upon conversion of convertible debt and interest. Additionally, the Company is committed to issue 10,000 warrants and 188,333 shares of common stock.

-7-

### 4. EQUITY AND DEBT TRANSACTIONS

(a) In January 2005, the Company issued 7,500 shares to consultants in exchange for services rendered. Consulting costs charged to operations were \$4,950. In February 2005, the Company issued 7,500 shares to consultants in exchange for services. Consulting costs charged to operations were \$7,574. In April 2005, the Company issued 190,733 shares to consultants in exchange for services. Consulting costs charged to operations were \$127,791. In May 2005, the Company issued 21,000 shares to consultants in exchange for services. Consulting costs charged to operations were \$11,970.

(b) In January 2005, the Company issued 16,000 warrants to consultants in exchange for services rendered. Consulting costs charged to operations were \$6,944. In February 2005, the Company issued 13,000 warrants to consultants in exchange for services rendered. Consulting costs charged to operations were \$13,130. In March 2005, the Company issued 100,000 warrants to consultants in exchange for services rendered. Consulting costs charged to operations were \$68,910. In April 2005, the Company issued 410,000 warrants to consultants in



## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

exchange for services rendered. Consulting costs charged to operations were \$195,900. In April 2005, the Company issued 980,000 warrants to consultants in exchange for services rendered relating to the April 2005 Senior Convertible Debentures (see 4(f) below). Deferred loan costs of \$426,700 were recorded which will be amortized over the life of the debentures. At September 30, 2005, \$129,608 has been amortized and charged to interest expense. In May 2005, the Company issued 25,000 warrants to consultants in exchange for services rendered. Consulting costs charged to operations were \$9,250.

(c) In March 2005 the Company issued 175,000 warrants to Gryffindor Capital Partners I, L.L.C. pursuant to the terms of the Second Amended and Restated Note dated November 26, 2004. Interest costs charged to operations were \$117,568. In April, May and June 2005 the Company issued 175,000 warrants each month to Gryffindor Capital Partners I, L.L.C. pursuant to the terms of the Second Amended and Restated Note dated November 26, 2004. Total interest costs charged to operations were \$200,250. In July, August and September 2005 the Company issued 175,000 warrants each month to Gryffindor Capital Partners I, L.L.C. pursuant to the terms of the Second Amended and Restated Note dated November 26, 2004. Total interest costs charged to operations were \$303,000.

(d) In February 2005, the Company entered into a redemption agreement with Cornell Capital Partners to pay \$50,000 of the Cornell convertible debt. As a result, the unamortized portion of the debt discount of \$27,715 and deferred loan costs of \$20,702, which related to this amount at the date of extinguishments, were recorded as a loss on extinguishment of debt. The Company also paid a \$5,000 prepayment penalty which has been recorded as loss on extinguishment of debt. As part of this redemption, the Company has repurchased the beneficial conversion feature related to the redeemed amount of \$16,449.

In March 2005, the Company entered into a debt conversion agreement with Cornell Capital Partners for \$50,000 of its convertible debt which was converted into 66,667 shares of common stock at \$0.75 per share. As a result of this conversion, the unamortized portion of the debt discount of \$24,890 and deferred loan costs of \$18,779, which related to this amount at the date of conversion, have been recorded as additional interest expense.

In April 2005, the Company entered into a redemption agreement with Cornell Capital Partners to pay \$650,000 of the Cornell convertible debt. As a result, the unamortized portion of the debt discount of \$233,425 and deferred loan costs of \$205,741, which related to this amount at the date of extinguishments, were recorded as a loss on extinguishment of debt. The Company also paid a \$65,000 prepayment penalty which has been recorded as loss on extinguishment of debt. As part of this redemption, the Company has repurchased the beneficial conversion feature related to the redeemed amount of \$127,679.

At September 30, 2005, there was no amount outstanding related to the Cornell debt.

(e) During the three months ended March 31, 2005, the Company completed a private placement transaction with 8 accredited investors, which were registered effective June 20, 2005, pursuant to which the Company sold 214,666 shares of common stock at a purchase price of \$0.75 per share, for an aggregate purchase price of \$161,000. In connection with the sale of common stock, the Company also issued warrants to the investors to purchase up to 322,000 shares of common stock at an exercise price of \$1.00 per share. The Company paid \$16,100 and issued 80,500 warrants to Venture Catalyst, LLC as placement agent for this transaction. The cash costs have been off-set against the proceeds received. During the three months ended June 30, 2005, the Company completed a private placement transaction with 4 accredited investors, which were registered effective June 20, 2005, pursuant to which the Company sold 230,333 shares of common stock at a purchase price of \$0.75 per share, for an aggregate purchase price of \$172,750. In connection with the sale of common stock, the Company also issued warrants to the investors to purchase up to 345,500 shares of common stock at an exercise price of \$1.00 per share. The Company paid \$16,275 and issued 81,375 warrants to Venture Catalyst, LLC as placement agent for this transaction. The cash costs have been off-set against the proceeds received.

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

During the three months ended September 30, 2005, the Company completed a private placement transaction with 12 accredited investors pursuant to which the Company sold 899,338 shares of common stock at a purchase price of \$0.75 per share of which 109,333 are committed to be issued at September 30, 2005, for an aggregate purchase price of \$674,500. In connection with the sale of common stock, the Company also issued warrants to the investors to purchase up to 1,124,167 shares of common stock at an exercise price of \$0.935 per share. The Company paid \$87,685 and committed to issue 79,000 shares of common stock at a fair market value of \$70,083 to Network 1 Financial Securities, Inc. as placement agent for this transaction which is accrued at September 30, 2005. The cash and common stock costs have been off-set against the proceeds received.

(f) In March 2005, the Company entered into agreements to issue Senior Convertible Debentures to 2 accredited investors with Network 1 Financial Securities, Inc. in the aggregate amount of \$450,000. This debt has a security interest in the assets of the Company, a maturity date of March 30, 2007, and is convertible into shares of the Company's common stock at a per share conversion price of \$0.75. In addition, the Company incurred deferred loan costs of \$80,000 which were payable in cash. These costs were recorded as an asset and amortized over the term of the debt. In April 2005, the Company entered into agreements to issue Senior Convertible Debentures to 5 accredited investors in the aggregate amount of \$2,700,000. This debt has a security interest in the assets of the Company, a maturity date of March 30, 2007, and is convertible into shares of the Company's common stock at a per share conversion price of \$0.75. In addition, the Company incurred deferred loan costs of \$307,500 which were payable in cash and \$426,700 from the issuance of warrants (see 4(b) above). These costs were recorded as an asset and amortized over the term of the debt.

The Company shall be obligated to pay the principal of the Senior Convertible Debentures in installments as follows: Twelve (12) equal monthly payments of principal (the "Monthly Amount") plus, to the extent not otherwise paid, accrued but unpaid interest plus any other obligations of the Company to the Investor under this Debenture, the Purchase Agreement, or the Registration Rights Agreement, or otherwise. The first such installment payment shall be due and payable on March 30, 2006, and subsequent installments shall be due and payable on the thirtieth (30th) day of each succeeding month thereafter (each a "Payment Date") until the Company's obligations under this Debenture is satisfied in full. The Company shall have the option to pay all or any portion of any Monthly Amount in newly issued, fully paid and nonassessable shares of Common Stock, with each share of Common Stock having a value equal to (i) eighty-five percent (85%) multiplied by (ii) the Market Price as of the third (3rd) Trading Day immediately preceding the Payment Date (the "Payment Calculation Date").

Interest at the greater of (i) the prime rate (adjust monthly), plus 4% and (ii) 8% is due on a quarterly basis. At the time the interest is payable, upon certain conditions, the Company has the option to pay all or any portion of accrued interest in either cash or shares of the Company's common stock valued at 85% multiplied by the market price as of the third trading date immediately preceding the interest payment date. Under the senior convertible debentures, for purposes of determining market price as of any date, market price means: (i) the average of the last reported sale prices for the shares on the National Association of Securities Dealers Inc.'s Over-the-Counter Bulletin Board, for the five days immediately preceding such date; (ii) if the OTCBB is not the principal trading market for the shares, the average of the last reported sale prices on the principal trading market for the common stock during the same period as reported by Bloomberg, L.P., or (iii) if unable to calculate on any of the foregoing bases, as reasonable determined in good faith by the Board or an independent investment bank of nationally recognized standing in the valuation businesses similar to the business of the Company.

The Company may prepay the Senior Convertible Debentures in full by paying the holders the greater of (i) 125% multiplied by the sum of the total outstanding principal, plus accrued and unpaid interest, plus default interest,

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

if any or (ii) the highest number of shares of common stock issuable upon conversion of the total amount calculated pursuant to (i) multiplied by the highest market price for the common stock during the period beginning on the date until prepayment.

On or after any event or series of events which constitutes a fundamental change, the holder may, in its sole discretion, require the Company to purchase the debentures, from time to time, in whole or in part, at a purchase price equal to 110% multiplied by the sum of the total outstanding principal, plus accrued and unpaid interest, plus any other obligations otherwise due under the debenture. Under the senior convertible debentures, fundamental change means (i) any person becomes a beneficial owner of securities representing 50% or more of the (a) outstanding shares of common stock or (b) the combined voting power of the then outstanding securities; (ii) a merger or consolidation whereby the voting securities outstanding immediately prior thereto fail to continue to represent at least 50% of the combined voting power of the voting securities immediately after such merger or consolidation; (iii) the sale or other disposition of all or substantially all of the Company's assets; (iv) a change

-9-

in the composition of the Board within two years which results in fewer than a majority of directors are directors as of the date of the debenture; (v) the dissolution or liquidation of the Company; or (vi) any transaction or series of transactions that has the substantial effect of any of the foregoing.

The Purchaser of the \$400,000 Senior Convertible Debenture also purchased Class A Warrants and Class B Warrants under the Securities Purchase Agreement. Class A Warrants are exercisable at any time between March 10, 2005 through and including March 10, 2010. Class B Warrants are exercisable for a period through and including 175 days after an effective registration of the common stock underlying the warrants. The per share exercise price of a Class A Warrant is \$0.99 and the per share exercise price of the Class B Warrant is \$0.945.

The Purchaser of the \$50,000 Senior Convertible Debenture and the Purchasers of the Senior Convertible Debentures totaling \$2,700,000 also purchased Class A Warrants and Class B Warrants under the Securities Purchase Agreement. Class A Warrants are exercisable at any time between March 30, 2005 through and including March 30, 2010. Class B Warrants are exercisable for a period through and including 175 days after an effective registration of the common stock underlying the warrants. The per share exercise price of a Class A Warrant is \$0.935 and the per share exercise price of the Class B Warrant is \$0.8925.

The Purchasers of the Senior Convertible Debentures received a total of 4,200,000 Class A Warrants and a total of 2,940,000 Class B Warrants.

The \$450,000 proceeds received in March 2005 was allocated between the debt and the warrants on a pro-rata basis. The value of the warrants was determined using a Black-Scholes option-pricing model. The allocated fair value of these warrants was \$254,328 and was recorded as a discount to the related debt. In addition, the conversion prices were lower than the market value of the Company's common stock on the date of issue. As a result, an additional discount of \$195,672 was recorded for this beneficial conversion feature. The combined debt discount of \$450,000 is being amortized over the life of the debt using the effective interest method. The \$2,700,000 proceeds received in April 2005 was allocated between the debt and the warrants on a pro-rata basis. The value of the warrants was determined using a Black-Scholes option-pricing model. The allocated fair value of these warrants was \$1,320,572 and was recorded as a discount to the related debt. A beneficial conversion amount of \$1,032,572 was also recorded as the value of the debt, if converted, is greater than the pro-rata value allocated to the debt. The combined debt discount of \$2,353,144 is being amortized over the life of the debt using the effective interest method.

In June 2005, the Company entered into a debt conversion agreement with one of the April accredited investors for \$150,000 of its convertible debt which was

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

converted into 200,000 shares of common stock at \$0.75 per share, and \$2,833 of accrued interest was converted into 3,777 shares of common stock at \$0.75 per share. In July 2005, the Company entered into a debt conversion agreement with two of the April accredited investors for an aggregate of \$350,000 of convertible debt which was converted into 466,666 shares of common stock at \$0.75 per share. In September 2005, the Company entered into a debt conversion agreement with one of the March accredited investors for \$400,000 of its convertible debt which was converted into 533,333 shares of common stock at \$0.75 per share.

At September 30, 2005, \$1,097,765 of the total debt discount has been amortized which includes \$771,295 of the unamortized portion of the debt discount related to the converted debt at the time of the debt conversions. At September 30, 2005, \$295,250 of the deferred loan costs have been amortized which includes \$168,184 of the unamortized portion of the deferred loan costs related to the converted debt at the time of the debt conversions.

At September 30, 2005, the Senior Convertible Debentures totaled \$544,621, net of debt discount of \$1,705,379. Of this total, \$317,696 was recorded as a current liability, net of debt discount of \$994,804 and \$226,925 was recorded as a long-term liability, net of debt discount of \$710,575.

The Company chose to pay the quarterly interest due at June 30, 2005 and September 30, 2005 in common stock instead of cash. As a result, accrued interest at June 30, 2005 of \$78,904 was paid in 159,780 shares of common stock resulting in additional interest expense of \$28,843. The shares were issued July 11, 2005. The accrued interest due September 30, 2005 of \$72,985 was converted into 97,573 shares of common stock resulting in additional interest expense of \$15,301. 66,667 of these shares were issued on September 30, 2005 and the remaining shares, valued at \$28,285 are accrued at September 30, 2005.

(g) At September 30, 2005, the Company recorded additional interest expense of \$25,876 related to the beneficial conversion feature of the interest on the Gryffindor convertible debt.

-10-

### 5. STOCK-BASED COMPENSATION

On January 7, 2005, the Company issued 1,200,000 stock options to employees. The options vest over four years with no 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 September 30, 2005. On May 25, 2005, the Company issued 1,200,000 stock options to employees. The options vest over three years with no options vesting on the date of grant. The exercise price is \$0.75 which is greater than the fair market price on the date of issuance, and all options were outstanding at September 30, 2005. An employee of the Company exercised 15,152 options during the three months ended September 30, 2005 at an exercise price of \$1.10 per share of common stock for \$16,667.

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, \$11,814 of expense was recorded for the nine months ended September 30, 2005. 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:

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine E Septe 2
Net loss, as reported	\$ (2,462,883 )	\$ (1,148,522 )	\$
Add stock-based employee compensation expense included in reported net loss	3,938	3,903	
Less total stock-based employee Compensation expense determined under the fair value based method for all awards	(187,500 )	(90,938 )	
Pro forma net loss	\$ (2,646,445 )	\$ (1,235,557 )	\$
Basic and diluted loss per common share, as reported	\$ (0.14 )	\$ (0.08 )	\$
Basic and diluted loss per common share, pro forma	\$ (0.15 )	\$ (0.08 )	\$

-11-

6. Loan From Shareholder

During 2002, a shareholder who is also an employee and member of the Company's board of directors, loaned the Company \$109,000. During 2003, the same shareholder loaned the Company an additional \$40,000. During 2005, the same shareholder loaned the Company an additional \$25,000. Interest on the loan is 5%, compounded monthly. Principal is due on December 31, 2009 and interest is payable quarterly in arrears beginning on June 30, 2003. Accrued interest was \$22,637 and \$13,385 at September 30, 2005 and 2004, respectively. Interest expense was \$7,203 and \$5,954 at September 30, 2005 and 2004, respectively.

7. SUBSEQUENT EVENTS

In October 2005, the Company entered into debt conversion agreements with one of its March and one of its April accredited investors for an aggregate of \$100,000 of convertible debt which was converted into 133,334 shares of common stock at \$0.75 per share.

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.

CAPITAL STRUCTURE

Our ability to continue as a going concern continues to be reasonably

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

assured due to our financing in March, April, August and September 2005. However, our long-term ongoing operations continue to be dependent upon our ability to raise capital.

We plan to implement our integrated business plan, including execution of the current and next phases in clinical development of our pharmaceutical products and continued execution of research programs for new research initiatives.

We intend to proceed as rapidly as possible with the asset sale and licensure of our OTC products that can be sold with a minimum of regulatory compliance and with the further development of revenue sources through licensing of our existing medical device and biotech intellectual property portfolio. Although we believe that there is a reasonable basis for our expectation that we will become profitable due to the asset sale and licensure of our OTC products, we cannot assure you 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 have added additional consultants and anticipate adding employees in the next 12 months. Our current plans also include minimal purchases of new property, plant and equipment, and increased research and development for additional clinical trials.

-12-

### 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 profitability and long-term growth. In 2005, through careful control of expenditures, preparation for the asset sale and licensure of our 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 selling the OTC assets and licensing our existing OTC products, principally Pure-Stick, 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 have restarted 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.

Comparison of Three and Nine Months Ended September 30, 2005 and September 30, 2004.

Revenues. OTC Product Revenue decreased by \$832 in the three months ended September 30, 2005 to \$387 from \$1,219 in the three months ended September 30, 2004. The decrease in OTC Product Revenue resulted primarily from lower sales of Pure-ific in retail stores. OTC Product Revenue increased by \$623 in the nine months ended September 30, 2005 to \$4,453 from \$3,830 in the nine months ended September 30, 2004. The increase in OTC Product Revenue resulted primarily from sales of Pure-ific in retail stores. Medical Device Revenue was unchanged in the three months ended September 30, 2005 from the three months ended September 30, 2004. Medical Device Revenue decreased by \$12,141 in the nine months ended September 30, 2005 to \$984 from \$13,125 in the nine months ended September 30, 2004. The decrease in Medical Device Revenue resulted primarily due to a large beta unit sale in the nine months ended September 30, 2004 that was not repeated in the nine months ended September 30, 2005, partially offset by sales of three smaller devices in the nine months ended September 30, 2005.

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Research and development. The Company has completed the planning phase for the major research and development projects anticipated in the next 12 months. The Company's Phase 1 metastatic melanoma and breast carcinoma clinical trials are expected to be completed in early 2006 for less than \$1,000,000 in the aggregate. At that time the planning phase for the expected Phase 2 trials will be completed. The Company's Phase 2 psoriasis trial is expected to commence in early 2006 and will cost approximately \$1,500,000 over 12 to 24 months. The Company's Phase 1 liver cancer trial does not have an expected completion cost at this time. Research and development costs comprising the total of \$467,202 for the three months ending September 30, 2005 include depreciation expense of \$573, consulting of \$176,612, lab supplies of \$33,573, insurance of \$14,302, legal of \$59,885, payroll of \$174,047, and rent and utilities of \$8,210. The research and development costs are higher for the three months ending September 30, 2005 because the Company has initiated clinical trials under the aegis of the Food & Drug Administration (FDA). Research and development costs comprising the total of \$1,765,839 for the nine months ending September 30, 2005 included depreciation expense of \$1,097, consulting of \$878,617, lab supplies of \$108,988, insurance of \$96,629, legal of \$165,939, payroll of \$492,759, and rent and utilities of \$21,810. The research and development costs are higher for the nine months ending September 30, 2005 because the Company has initiated clinical trials under the aegis of the Food & Drug Administration (FDA). Research and development costs comprising the total of \$379,113 for the three months ending September 30, 2004 include consulting of \$147,711, insurance of \$30,416, legal of \$44,113, payroll of \$151,271, and rent and utilities of \$5,602. R&D costs comprising the total of \$813,252 for the nine months ending September 30, 2004 include consulting of \$289,079, lab expense of \$10,958, insurance of \$66,591, legal of \$91,047, office and other expense of \$3,751, payroll of \$326,895, rent and utilities of \$14,935, and taxes and fees of \$9,996.

General and administrative. General and administrative expenses increased by \$39,493 in the three months ended September 30, 2005 to \$576,910 from \$537,417 in the three months ended September 30, 2004. The increase resulted primarily from higher consulting expenses for general corporate purposes. General and administrative expenses increased by \$364,817 in the nine months ended September 30, 2005 to \$1,718,452 from \$1,353,635 in the nine months ended September 30, 2004. The increase resulted primarily from higher consulting and payroll expenses for general corporate purposes.

-13-

### CASH FLOW

As of October 31, 2005, we held approximately \$600,000 in cash. At our current cash expenditure rate, this amount will be sufficient to meet our needs. We have been increasing our expenditure rate by accelerating some of our research programs for new research initiatives; in addition, we are seeking to improve our cash flow through the asset sale and licensure of our OTC products. However, we cannot assure you that we will be successful in selling the OTC assets and licensing our existing OTC products. Moreover, even if we are successful in improving our current cash flow position, we nonetheless plan to require additional funds to meet our long-term needs. We anticipate these funds will come from the proceeds of private placements or public offerings of debt or equity securities.

### CAPITAL RESOURCES

As noted above, our present cash flow is currently sufficient to meet our short-term operating needs. Excess cash will be used to finance the current and next phases in clinical development of our pharmaceutical products. We anticipate that any required funds for our operating and development needs beyond 2005 will come from the proceeds of private placements or public

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

offerings of debt or equity securities. While we believe that we have a reasonable basis for our expectation that we will be able to raise additional funds, we cannot assure you that we will be able to complete additional financing in a timely manner. In addition, any such financing may result in significant dilution to shareholders. For further information on funding sources, please see Note 4 of the notes to our financial statements included in this report.

### RECENT ACCOUNTING PRONOUNCEMENTS

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151, Inventory Costs, an amendment of ARB No. 43, Chapter 4. The purpose of this statement is to clarify the accounting of abnormal amounts of idle facility expense, freight, handling costs and waste material. ARB No. 43 stated that under some circumstances these costs may be so abnormal that they are required to be treated as current period costs. SFAS 151 requires that these costs be treated, as current period costs regardless if they meet the criteria of "so abnormal." In addition, the statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provision of this Statement shall be effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of SFAS 151 is not expected to have a material impact on the Company's results of operations or financial position.

In December 2004, the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29. SFAS 153 is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005, with earlier application permitted. The adoption of SFAS 153 is not expected to have a material impact on the Company's results of operations or financial position.

In December 2004, the FASB issued SFAS No. 123(R), Share-Based Payments (revised 2004). This statement eliminates the option to apply the intrinsic value measurement provisions of APB Board Opinion No. 25, Accounting for Stock Issued to Employees, to stock compensation awards issued to employees. Rather, the Statement requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. That cost will be recognized over the period during which an employee is required to provide services in exchange for the award -- the requisite service period (usually the vesting period). In March 2005, the SEC staff expressed their views with respect to SFAS No. 123(R) in Staff Accounting Bulletin No. 107, Share-Based Payment, (SAB 107). SAB 107 provides guidance on valuing options. SFAS 123(R) will be effective for the Company's fiscal year beginning January 1, 2006. The Company is currently evaluating the impact of the adoption of this statement on its financial statements.

In March 2005, the FASB issued FASB Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations, (FIN 47). FIN 47 is an interpretation of SFAS No. 143, Asset Retirement Obligations, which was issued in June 2001. FIN 47 was issued to address diverse accounting practices that have developed with regard to the timing of liability recognition for legal obligations associated with the retirement of a tangible long-lived asset in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. According to FIN 47, uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset

-14-

retirement obligation. FIN 47 is effective no later than December 31, 2005 for the Company. The adoption of FIN 47 is not expected to have a material impact on the Company's results of operations or financial position.



## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and Statement No. 3. SFAS 154 changes the requirements for the accounting and reporting of a change in accounting principle. SFAS 154 applies to all voluntary changes in accounting principle as well as to changes required by an accounting pronouncement that does not include specific transition provisions. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS 154 is not expected to have a material impact on the Company's results of operations or financial position.

### 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-15(e) under the Exchange Act) as of September 30, 2005, 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.

# Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

## 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. Unregistered Sales of Equity Securities and Use of Proceeds.

#### Recent Sales of Unregistered Securities

During the three months ended September 30, 2005, the Company completed a private placement transaction with 12 accredited investors pursuant to which the Company sold 899,338 shares of common stock at a purchase price of \$0.75 per share of which 109,333 are committed to be issued at September 30, 2005, for an aggregate purchase price of \$674,500. In connection with the sale of common stock, the Company also issued warrants to the investors to purchase up to 1,124,167 shares of common stock at an exercise price of \$0.935 per share. The Company paid \$87,685 and committed to issue 79,000 shares of common stock at a fair market value of \$70,083 to Network 1 Financial Securities, Inc. as placement agent for this transaction which is accrued at September 30, 2005. The cash and common stock costs have been off-set against the proceeds received.

### 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.

31.1 Certification Pursuant to Rule 13a-14(a) (Section 302 Certification), dated November 14, 2005, 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 November 14, 2005, 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 November 14, 2005, executed by H. Craig Dees, Ph.D., Chief Executive Officer of the Company, and Peter R. Culpepper, Chief Financial Officer of the Company.

-16-

## 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.

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Provectus Pharmaceuticals, Inc.

By:/s/ H. Craig Dees, Ph.D.

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

Date: November 14, 2005

-17-

EXHIBIT INDEX

Exhibit No.	Description
-----	-----
31.1	Certification Pursuant to Rule 13a-14(a) (Section 302 Certification), dated November 14, 2005, 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 November 14, 2005, 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 November 14, 2005, executed by H. Craig Dees, Ph.D., Chief Executive Officer of the Company, and Peter R. Culpepper, Chief Financial Officer of the Company.

18

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.; .

## Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

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 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 small business issuer as of, and for, the periods presented in this report.
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) 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 report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter 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 the small business issuer's board of directors (or persons performing the equivalent functions):

19

- 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 small business issuer'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 small business issuer's internal control over financial reporting.

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

Date: November 14, 2005

/s/ H. Craig Dees

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

20

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 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 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 small business issuer as of, and for, the periods presented in this report.
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) 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 report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

of the end of the period covered by this report based on such evaluation; and

- d) 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 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 the small business issuer's board of directors (or persons performing the equivalent functions):

21

- 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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 14, 2005

/s/ Peter R. Culpepper

-----  
Peter R. Culpepper  
Chief Financial Officer

22

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 September 30, 2005, 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

Edgar Filing: PROVECTUS PHARMACEUTICALS INC - Form 10QSB

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 November 14, 2005.

/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.