

VioQuest Pharmaceuticals, Inc.  
Form 10QSB  
May 14, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-QSB**

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2007

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 0-16686

**VIOQUEST PHARMACEUTICALS, INC.**

(Exact name of small business issuer as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

58-1486040  
(I.R.S. Employer Identification No.)

180 Mount Airy Road, Suite 102, Basking Ridge, New Jersey 07920  
(Address of Principal Executive Offices)

(908) 766-4400  
(Issuer's telephone number, including area code)

(Former name, former address and former fiscal year, if changed from last report)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).  
Yes  No

As of May 14, 2007 there were 54,621,119 shares of the issuer's common stock, \$0.001 par value, outstanding.

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

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Forward-Looking Statements

This Quarterly Report on Form 10-QSB contains statements that are not historical, but are forward-looking in nature, including statements regarding the expectations, beliefs, intentions or strategies regarding the future. In particular, the "Management's Discussion and Analysis or Plan of Operations" section in Part I, Item 2 of this quarterly report includes forward-looking statements that reflect our current views with respect to future events and financial performance. We use words such as we "expect," "plan," "anticipate," "believe," "intend" and similar expressions to identify forward-looking statements. A number of important factors could, individually or in the aggregate, cause actual results to differ materially from those expressed or implied in any forward-looking statements. Such factors include, but are not limited to, the following:

- the possibility that the results of clinical trials will not be successful;
- the possibility that our development efforts relating to our product candidates, including Lenocta™, VQD-002 and Xyfid™, will not be successful;
- the inability to obtain regulatory approval of our product candidates;
- our reliance on third-parties to develop our product candidates;
- our lack of experience in developing and commercializing pharmaceutical products;
- the possibility that our licenses to develop and commercialize our product candidates may be terminated;
- our ability to seek strategic alternatives for our subsidiary Chiral Quest, which may include a sale;
- our ability to obtain additional financing;
- our ability to protect our proprietary technology.

Other risks are described under the section entitled "Risk Factors" following Item 1 in Part I of our Annual Report on Form 10-KSB for the year ended December 31, 2006.

**PART I - FINANCIAL INFORMATION****Item 1. Unaudited Condensed Consolidated Financial Statements.**

**VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS OF MARCH 31, 2007 (UNAUDITED) AND DECEMBER 31, 2006**

	<b>March 31, 2007</b>	<b>December 31,</b>
	<b>(Unaudited)</b>	<b>2006</b>
	<b>(Note 1A)</b>	
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,141,227	\$ 2,931,265
Prepaid clinical research costs	255,957	273,172
Other current assets	269,748	168,841
Current assets associated with discontinued operations	824,128	1,056,808
<b>Total Current Assets</b>	<b>2,491,060</b>	<b>4,430,086</b>
<b>NON-CURRENT ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS</b>		
	1,284,331	1,339,627
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>37,796</b>	<b>43,378</b>
<b>SECURITY DEPOSITS</b>	<b>15,232</b>	<b>15,232</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,828,419</b>	<b>\$ 5,828,323</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,790,861	\$ 1,031,458
Accrued expenses	382,618	425,915
Note payable - Paramount BioSciences, LLC	189,623	264,623
Current liabilities associated with discontinued operations	794,681	1,265,568
<b>TOTAL LIABILITIES</b>	<b>3,157,783</b>	<b>2,987,564</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock; \$0.001 par value: 10,000,000 shares authorized, 0 shares issued and outstanding at March 31, 2007 and December 31, 2006	-	-
Common stock; \$0.001 par value: 100,000,000 shares authorized at March 31, 2007 and December 31, 2006, 54,621,119 shares issued and outstanding at March 31, 2007 and December 31, 2006	54,621	54,621
Additional paid-in capital	31,674,824	31,326,694
Accumulated deficit	(31,058,809)	(28,540,556)
<b>Total Stockholders' Equity</b>	<b>670,636</b>	<b>2,840,759</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 3,828,419</b>	<b>\$ 5,828,323</b>

See accompanying notes to condensed consolidated financial statements.

**VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006**  
**(UNAUDITED)**

	<b>For the Three Months Ended March 31, 2007</b>	<b>For the Three Months Ended March 31, 2006</b>
<b>REVENUE</b>	-	-
<b>OPERATING EXPENSES</b>		
Research and development	\$ 1,368,811	\$ 289,646
Selling, general and administrative	911,344	767,941
Depreciation	2,307	1,414
Total Operating Expenses	2,282,462	1,059,001
<b>LOSS FROM OPERATIONS</b>	(2,282,462)	(1,059,001)
<b>INTEREST INCOME, NET</b>	25,684	47,031
<b>LOSS FROM CONTINUING OPERATIONS</b>	(2,256,778)	(1,011,970)
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	(261,475)	(849,777)
<b>NET LOSS</b>	\$ (2,518,253)	\$ (1,861,747)
<b>NET LOSS PER COMMON SHARE:</b>		
<b>CONTINUING OPERATIONS</b>	\$ (0.05)	\$ (0.03)
<b>DISCONTINUED OPERATIONS</b>	(0.00)	(0.02)
<b>NET LOSS PER SHARE - BASIC AND DILUTED</b>	\$ (0.05)	\$ (0.05)