

VioQuest Pharmaceuticals, Inc.
Form 10QSB
November 14, 2006

**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 September 30, 2006

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 203, 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 November 13, 2006 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 VQD-001 and VQD-002, 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, 2005.

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

VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2006 (UNAUDITED) AND DECEMBER 31, 2005

ASSETS	September 30, 2006 (Unaudited)	December 31, 2005 (Note 1A)
CURRENT ASSETS		
Cash and cash equivalents	\$ 823,129	\$ 6,021,399
Prepaid clinical research organization costs	180,238	-
Other current assets	89,054	9,945
Current assets associated with discontinued operations (See Note 2)	1,269,445	892,092
Total Current Assets	2,361,866	6,923,436
NON-CURRENT ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS (See Note 2)		
PROPERTY AND EQUIPMENT, NET	1,336,484	1,424,883
SECURITY DEPOSITS	31,191	21,276
TOTAL ASSETS	\$ 3,739,249	\$ 8,379,303
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 612,044	\$ 275,077
Accrued compensation	213,609	346,833
Accrued expenses	267,405	48,167
Note payable - Paramount BioCapital (See Note 4)	264,623	264,623
Current liabilities associated with discontinued operations (See Note 2)	769,669	1,105,594
TOTAL LIABILITIES	2,127,350	2,040,294
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock; \$0.001 par value: 10,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2006 and December 31, 2005	-	-
Common stock; \$0.001 par value: 100,000,000 shares authorized at September 30, 2006 and December 31, 2005, 46,729,519 shares issued and outstanding at September 30, 2006 and December 31, 2005	46,729	46,729
Additional paid-in capital	27,399,677	26,561,672
Accumulated deficit	(25,834,507)	(20,269,392)
Total Stockholders' Equity	1,611,899	6,339,009
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,739,249	\$ 8,379,303

See accompanying notes to condensed consolidated financial statements.

VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(UNAUDITED)

	For the Three Months Ended September 30, 2006	For the Three Months Ended September 30, 2005	For the Nine Months Ended September 30, 2006	For the Nine Months Ended September 30, 2005
REVENUE	-	-	-	-
COST OF GOODS SOLD	-	-	-	-
GROSS PROFIT	-	-	-	-
OPERATING EXPENSES				
Management and consulting fees	\$ 167,379	\$ 212,159	\$ 171,707	\$ 243,184
Research and development	273,876	-	933,599	-
Selling, general and administrative	504,848	564,225	2,172,519	1,459,607
Depreciation and amortization	1,268	525	3,804	2,149
Total Operating Expenses	947,371	776,909	3,281,629	1,704,940
LOSS FROM CONTINUING OPERATIONS	(947,371)	(776,909)	(3,281,629)	(1,704,940)
INTEREST INCOME, NET	36,246	2,463	85,361	