

VioQuest Pharmaceuticals, Inc.  
Form 10QSB  
August 15, 2005

**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 June 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 0-16686

**VIOQUEST PHARMACEUTICALS, INC.**

(Exact name of issuer as specified in its charter)

Minnesota	58-1486040
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
7 Deer Park Drive, Suite E, Monmouth Junction, NJ	08852
(Address of Principal Executive Offices)	(Zip Code)

(732) 274-0399  
(Issuer's telephone number)

(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

As of August 15, 2005 there were 17,827,924 shares of the issuer's common stock, \$.01 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 Operation" 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," "anticipate," "believe," and "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 continued availability of our chief technology officer, our ability to obtain additional financing, our ability to develop and maintain customer relationships, regulatory developments relating to and the general success of our customers' products, and 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, 2004.

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

**VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS OF JUNE 30, 2005 (UNAUDITED) AND DECEMBER 31, 2004**

	<b>June 30, 2005</b>	<b>December 31,</b>
	<b>(Unaudited)</b>	<b>2004</b>
		<b>(Note 1)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,154,869	\$ 3,065,547
Accounts receivable, net of allowance for doubtful accounts of \$10,000 at June 30, 2005 and \$0 at December 31, 2004, respectively	229,380	318,585
Inventories	379,682	360,147
Prepaid expenses	59,551	64,377
Total Current Assets	1,823,482	3,808,656
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>775,861</b>	<b>493,632</b>
<b>SECURITY DEPOSITS</b>	<b>60,756</b>	<b>31,000</b>
<b>INTELLECTUAL PROPERTY RIGHTS, NET</b>	<b>570,775</b>	<b>543,453</b>
<b>OTHER ASSETS</b>	<b>55,335</b>	<b>—</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,286,209</b>	<b>\$ 4,876,741</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,368,557	\$ 303,392
Accrued expenses	302,426	219,715
Deferred revenue	125,210	563,842
<b>TOTAL LIABILITIES</b>	<b>1,796,193</b>	<b>1,086,949</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$.01 par value, 50,000,000 shares authorized, 17,827,924 shares issued and outstanding at June 30, 2005 and December 31, 2004	178,279	178,279
Additional paid-in capital	11,508,715	11,508,715
Deferred expenses	(316,742)	(462,439)
Accumulated deficit	(9,880,236)	(7,434,763)
Total Stockholders' Equity	1,490,016	3,789,792
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 3,286,209</b>	<b>\$ 4,876,741</b>

See accompanying notes to condensed consolidated financial statements.



**VIOQUEST PHARMACEUTICALS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004**  
**(UNAUDITED)**

	<b>For the Three Months Ended June 30, 2005</b>	<b>For the Three Months Ended June 30, 2004</b>	<b>For the Six Months Ended June 30, 2005</b>	<b>For the Six Months Ended June 30, 2004</b>
<b>REVENUE</b>	\$ 1,502,171	\$ 357,200	\$ 2,099,939	\$ 735,123
<b>COST OF GOODS SOLD (Excluding Depreciation)</b>	1,058,771	294,188	1,455,531	377,249
<b>GROSS PROFIT</b>	443,400	63,012	644,408	357,874
<b>OPERATING EXPENSES</b>				
Management and consulting fees	139,374	124,660	256,722	237,892
Research and development	137,785	244,840	661,798	553,947
Selling, general and administrative	1,250,146	923,729	2,061,040	1,512,053
Depreciation and amortization	68,397	62,608	122,061	92,605
Total Operating Expenses	1,595,702	1,355,837	3,101,621	2,396,497
<b>LOSS FROM OPERATIONS</b>	(1,152,302)	(1,292,825)	(2,457,213)	(2,038,623)
<b>INTEREST INCOME, NET</b>	5,254	11,100	11,740	15,807