VioQuest Pharmaceuticals, Inc.
Form S-1
May 23, 2008

As filed with the Securities and Exchange Commission on May 22, 2008
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

VioQuest Pharmaceuticals, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**2834**	**58-1486040**
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

180 Mount Airy Road, Suite 102
Basking Ridge, NJ 07920
(Address and telephone number of principal executive offices and principal place of business)

Brian Lenz
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.
If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o
If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same

offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filed, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filed," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	x

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1) (2)	Proposed maximum offering price per share (3)	Proposed maximum aggregate offering price (3)	Amount of registration fee
Common stock, par value $0.001 per share	10,413,409	$ .604	$ 6,290,203	$ 247.19

(1) There is also being registered hereunder an indeterminate number of additional shares of common stock as shall be issuable pursuant to Rule 416 to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) The offering price has been estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(o). Our common stock is not traded on any national exchange or unsolidated reporting system and was determined by reference to the price at which shares were recently sold in a private placement. The offering price is a fixed price at which the selling shareholders may sell their shares until our common stock is quoted on the OTC Bulletin Board, at which time the shares may be sold at prevailing market or privately negotiated prices. There is no certainty that a market maker will agree to file the necessary documents with the National Association of Securities Dealers, Inc., which operates the OTC Bulletin Board, for purposes of obtaining a price quotation for our common stock, nor is there any certainty that such an application for quotation will be approved.

(3) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933, determined arbitrarily (please see "Determination of Offering Price").

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Subject to completion, dated May 22, 2008

OFFERING PROSPECTUS

VioQuest Pharmaceuticals, Inc.

10,413,409 Shares

Common Stock

The selling stockholders identified on pages 16-18 of this prospectus are offering on a resale basis a total of 10,413,409 shares of our common stock, including 3,743,146 shares issuable upon the exercise of outstanding warrants. We will not receive any proceeds from the sale of these shares by the selling stockholders.

Our common stock is quoted on the OTC Bulletin Board under the symbol “VOQP.” On May __, 2008, the last sale price for our common stock as reported on the OTC Bulletin Board was $.

The securities offered by this prospectus involve a high degree of risk.
See “Risk Factors” beginning on page 9.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus is truthful or complete. A representation to the contrary is a criminal offense.

The date of this Prospectus is , 2008.

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PROSPECTUS SUMMARY

This summary provides a brief overview of the key aspects of this offering. Because it is only a summary, it does not contain all of the detailed information contained elsewhere in this prospectus or in the documents included as exhibits to the registration statement that contains this prospectus. Accordingly, you are urged to carefully review this prospectus in its entirety.

Our Company

Product Pipeline

VioQuest Pharmaceuticals, Inc. is a biopharmaceutical company focused on the acquisition, development and commercialization of clinical stage drug therapies targeting both the molecular basis of cancer and side effects of cancer treatment. Our lead compound under development is Xyfid™ (1% topical uracil) for the treatment and prevention of Hand-Foot Syndrome ("HFS"), a common and serious side effect of chemotherapy treatments. In parallel, Xyfid is also being developed to treat dry skin conditions and manage the burning and itching associated with various diseases of the skin, or dermatoses. We expect to initiate a Phase IIb program for Xyfid in 2008 for HFS, and are exploring a parallel 510(k) Premarket Notification submission during 2008 for Xyfid to treat various dermatoses. Additionally, we are developing VQD-002 (triciribine phosphate monohydrate or TCN-P), a small molecule anticancer compound that inhibits activation of protein kinase B (PKB or AKT), a key component of a signaling pathway known to promote cancer cell growth and survival as well as resistance to chemotherapy and radiotherapy. VQD-002 is currently in Phase I clinical development for multiple tumor types and we expect to advance VQD-002 into Phase II clinical development during 2008. We are also developing Lenocta™ (sodium stibogluconate), which we previously referred to as VQD-001, a selective, small molecule inhibitor of certain protein tyrosine phosphatases ("PTPs"), such as SHP-1, SHP-2 and PTP1B, with demonstrated anti-tumor activity against a wide spectrum of cancers both alone and in combination with other approved immune activation agents, including IL-2 and interferons. Lenocta is currently in a Phase IIa clinical trial as a potential treatment for melanoma, renal cell carcinoma, and other solid tumors. In addition to its potential role as a cancer therapeutic, sodium stibogluconate has been approved in most of the world for first-line treatment of leishmaniasis, an infection typically found in tropic and sub-tropic developing countries. Based on historical published data and a large observational study by the U.S. Army, data from approximately 400 patients could be utilized to support a New Drug Application ("NDA") with the U.S. Food and Drug Administration ("FDA") in 2008. Lenocta has been granted Orphan Drug status for leishmaniasis. To date, we have not received approval for the sale of any of our drug candidates in any market and, therefore, have not generated any product sales from our drug candidates.

Xyfid™ (1% Topical Uracil)

A pilot clinical study of seven patients has shown topical application of Xyfid to patients' hands and feet to be effective in preventing the recurrence of HFS, the dose limiting effect from the use of Xeloda™ (capecitabine or 5-FU). The FDA has granted Xyfid fast track designation for the prevention of HFS in patients receiving capecitabine for the treatment of advanced metastatic breast cancer. There are no existing treatments or preventions for HFS. The only way to reduce HFS in patients who receive capecitabine or 5-FU is to lower the dosing levels, or completely stop the use, of capecitabine; however, capecitabine dose reductions may diminish chemotherapeutic efficacy in the treatment of life-threatening cancer. We expect to initiate a Phase IIb program for Xyfid™ in the first half of 2008.

We may pursue FDA approval of Xyfid as a medical device pursuant to Section 510(k) of the Food Drug and Cosmetic Act, or FDCA. This process is generally known as 510(k) clearance. Some low risk devices are exempt from this requirement. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously cleared 510(k) device, are placed in Class III, requiring pre-market approval, or PMA approval. When a 510(k) clearance is required, the device sponsor

must submit a premarket notification demonstrating that its proposed device is substantially equivalent to a previously cleared 510(k) device or a device that was in commercial distribution. The evidence required to prove substantial equivalence varies with the risk posed by the device and its complexity. After a device receives 510(k) clearance for a specific intended use, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, design or manufacture, will require a new 510(k) clearance or could require a PMA approval application. We are currently exploring a strategy of pursuing 510(k) clearance as a means of seeking FDA approval of Xyfid. We believe that both Epiceram® and Xclair® provide substantial predicate device equivalence for our 510(k) submission for Xyfid. Our strategy with Xyfid would be based upon the same skin irritant indication as Epiceram®, where we could use our uracil-based product to treat the initial symptoms of HFS, to act as a barrier or protectant to the skin's environment, which is well documented to include erythema and may progress to burning pain with dryness, cracking, desquamation, ulceration and oedema. If we are not successful in obtaining 510(k) clearance for Xyfid, our regulatory strategy for Xyfid would be the more conventional pathway for pharmaceutical products under the FDCA.

VQD-002 (tricirbine phosphate monohydrate)

We are currently evaluating VQD-002 in patients with hyper-activated, phosphorylated AKT in two Phase I/IIa studies, with up to 42 patients at the Moffitt Cancer Center in solid tumors and at the M.D. Anderson Cancer Center in hematological tumors, with particular attention in leukemias. We expect to complete our Phase I/IIa solid and hematologic tumor studies in 2008. We expect to initiate Phase II studies in 2008. VQD-002 is a nucleoside analog that was previously advanced into clinical trials by the National Cancer Institute in the 1980s and early 1990s, and showed compelling anti-cancer activities. In the first quarter of 2008, VQD-002 received orphan drug designation by the FDA for the treatment of multiple myeloma. We filed with the FDA an IND relating to VQD-002, which was accepted in April 2006. Pursuant to this IND, we are currently evaluating the safety, tolerability and activity of VQD-002 and its ability to reduce AKT phosphorylation in our two Phase I/IIa clinical trials.

Lenocta™ (sodium stibogluconate)

We are currently evaluating Lenocta in combination with alpha interferon ("IFN a-2b") in a Phase IIa study, with up to 54-patients at the M.D. Anderson Cancer Center and the University of New Mexico, with advanced malignancies and solid tumors that have been non-responsive in previous cytokine therapy. We expect to complete enrollment in our Phase IIa solid tumor trial in 2008. Lenocta has shown to be an inhibitor of multiple protein tyrosine phosphatases (PTPases), specifically the SRC homology PTPases such as SHP-1, SHP-2 and PTP1B. We filed with the FDA an IND for Lenocta, which the FDA accepted in August 2006, allowing us to commence clinical trials of Lenocta. Potential advantages of Lenocta over existing therapies include Lenocta's long history of use, acceptable toxicity, known safety profiles, and efficacy in preclinical cancer models.

Lenocta is a pentavalent antimonial drug that has been in use for over 50 years in parts of Africa and Asia for the treatment of leishmaniasis (a protozoan disease). According to the World Health Organization, leishmaniasis currently threatens 350 million men, women, and children in 88 countries around the world. This drug is currently being used to treat military personnel serving in parts of the world where leishmaniasis is prevalent, and we are currently in collaboration with the U.S. Army under an executed Cooperative Research and Development Agreement. In the second half of 2006, Lenocta received orphan drug designation by the FDA for the treatment of leishmaniasis.

Overview of Drug Development Status

To date, we have not received approval for the sale of any drug candidates in any market and, therefore, have not generated any revenues from our drug candidates. The successful development of our product candidates is highly uncertain. Product development costs and timelines can vary significantly for each product candidate and are difficult to accurately predict. Various laws and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of each product. The lengthy process of seeking these approvals, and the subsequent compliance with applicable statutes and regulations, require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could materially adversely affect our business.

Assuming we do not encounter any unforeseen safety issues or other during the course of developing our product candidates, we do not expect to complete the development of: Xyfid until approximately 2008 through a 510(k) submission, 2010 for Xyfid through an NDA submission, and 2013 for oncology indications of VQD-002 and Lenocta, if ever. In addition, as we continue the development of our product candidates, our research and development expenses will significantly increase. Accordingly, our success depends not only on the safety and efficacy of our product candidates, but also on our ability to finance the development of these product candidates. Our major sources of working capital have been proceeds from various private financings, primarily private sales of our common stock and other equity securities.

Corporate Information

We were originally formed in October 2000, as a Pennsylvania limited liability company under the name Chiral Quest, LLC. In February 2003, we completed a reverse acquisition of Surg II, Inc., a publicly-held Minnesota shell corporation and were renamed to Chiral Quest, Inc. In August 2004, we then changed our name to VioQuest Pharmaceuticals, Inc. and formed Chiral Quest, Inc. as our wholly-owned subsidiary. In October 2005, we reincorporated under Delaware law by merging into a wholly-owned subsidiary VioQuest Delaware, Inc., incorporated under Delaware law as the surviving corporation and our wholly-owned subsidiary. Immediately following the reincorporation, we acquired Greenwich Therapeutics, Inc., a privately-held, New York City based drug development company, in a merger transaction in which we merged our wholly-owned subsidiary VioQuest Delaware, Inc. with and into Greenwich Therapeutics, with Greenwich Therapeutics remaining as the surviving corporation and our wholly-owned subsidiary. As a result of the acquisition of Greenwich Therapeutics, we acquired the rights to develop and commercialize two oncology drug candidates – Lenocta, and VQD-002.

In July 2007, we sold all of our shares of capital stock of our Chiral Quest subsidiary. Chiral Quest provided innovative chiral products, technology and custom synthesis services to pharmaceutical and final chemical companies in all stages of a products' life cycle.

Lenocta™ is our trademark for our sodium stibogluconate product candidate. Xyfid™ is the trademark for our topical uracil product candidate. All other trademarks and tradenames mentioned in this prospectus are the property of their respective owners. We have applied for rights to the Lenocta and Xyfid trademarks from the U.S. Patent and Trademark Office.

Our executive offices are located at 180 Mount Airy Road, Suite 102, Basking Ridge, New Jersey 07920 and our telephone number is (908) 766-4400. Our Internet site is www.vioquestpharm.com.

Risk Factors

For a discussion of some of the risks you should consider before purchasing shares of our common stock, you are urged to carefully review and consider the section entitled "Risk Factors" beginning on page 9 of this prospectus.

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The Offering

The selling stockholders identified on pages 16-18 of this prospectus are offering on a resale basis a total of 10,413,409 shares of our common stock, as follows:

- 243,397 shares of our common stock issuable at a price of $4.00 per share upon exercise of warrants issued to the investors in our 2007 private placement of our convertible promissory notes;

- 5,774,167 shares of our common stock underlying 3,464.5 shares of our Series A Convertible Preferred Stock convertible at a price of $0.60 per share issued to the investors in our private placement of Series A Convertible Preferred stock;

- 2,887,083 shares of our common stock issuable at a price of $1.00 per share upon the exercise of warrants issued to the investors in our private placement of Series A Convertible Preferred stock;

- 896,096 shares of our common stock underlying 3,405.165 shares of our Series B Convertible Preferred Stock convertible at a price of $3.80 per share as issued to our former note holders upon the conversion of the note's principal and accrued interest into shares of our Series B Convertible Preferred Stock;

- 492,416 shares of our common stock issuable at a price of $0.80 per share upon the exercise of warrants issued to the placement agents in connection with our private placement of Series A Preferred Stock.

- 120,250 shares of our common stock issuable at a price of $4.20 per share upon the exercise of warrants issued to the placement agents in connection with our private placement of our convertible promissory notes.

Common stock offered	10,413,409 shares
Common stock outstanding before the offering[1]	5,461,644 shares
Common stock outstanding after the offering[2]	15,875,053 shares
Common Stock OTC Bulletin Board symbol	VOQP.OB

(1) Based on the number of shares outstanding as of May 19, 2008, not including 2,738,382 shares issuable upon exercise of various warrants and options to purchase common stock.

(2) Assumes the issuance of all shares offered hereby that are issuable upon exercise of warrants.

Recent Developments

Reverse Stock Split

On April 25, 2008, we effected a 1-for-10 reverse stock split of our common stock. Upon the effective time of the split, each shareholder owning 10 shares of pre-split common stock received 1 share of post-split common stock. In lieu of fractional shares, each record holder of securities at the effective time, who would otherwise have been entitled to receive a fractional security is entitled to, upon surrender of such holder's certificates representing pre-split securities, a cash payment (without interest). Pursuant to the reverse stock split, all of our warrants, options, and conversion ratios were adjusted accordingly. Unless otherwise noted in this prospectus, all of the figures for the

number of outstanding shares of common stock and shares of common stock underlying preferred stock, warrants, and options contained herein have been adjusted to reflect the 1-for-10 reverse split.

Note Offering

On June 29, 2007 and July 3, 2007, we issued a series of convertible promissory notes resulting in aggregate gross proceeds of $3.7 million. As a condition to the initial closing of the private placement of our Series A Convertible Preferred Stock, a majority of the principal amount outstanding under these notes agreed to convert all principal, together with accrued interest, into approximately 3,405 shares of our newly-designated Series B Convertible Preferred Stock. Each share of Series B Convertible Preferred Stock is convertible into shares of our common stock at $4.00 per share, or approximately 896,096 shares of common stock in the aggregate.

Offering of Preferred Stock

On March 14, 2008, we issued 765 shares of Series A Convertible Preferred Stock at a price of $1,000 per share resulting in aggregate gross proceeds of $765,000. On April 9, 2008, we issued 2,194.5 shares of Series A Convertible Preferred Stock at a price of $1,000 per share resulting in aggregate gross proceeds of $2.2 million, and reissued the shares originally issued on March 14, 2008. Each share of Series A Convertible Preferred Stock sold is convertible into shares of our common stock at $0.60 per share, or approximately 4.93 million shares of common stock in the aggregate. In addition, two investors elected to convert a portion of the principal and unpaid but accrued interest of their note into 505 shares of Series A Convertible Preferred Stock on the same terms as their purchase of Series A Convertible Preferred Stock. We also issued to investors five-year warrants to purchase, an aggregate of approximately 2.88 million shares of our common stock at an exercise price of $1.00 per share. In connection with the offering, we engaged Paramount as our placement agent. In consideration for the placement agent’s services, we paid an aggregate of approximately $207,000 in commissions to Paramount in connection with the offering. We also paid to Paramount $35,000 as a non-accountable expense allowance. In addition, we issued to Paramount five-year warrants to purchase, an aggregate of approximately 492,416 shares of common stock, which are exercisable at a price of $0.80 per share.

A description of the rights of the Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock may be found below under “Description of Capital Stock.”

RISK FACTORS

Risks Related to Our Business

We urgently require immediate additional financing in order to continue the development of our products and otherwise develop our business operations. Such financing may not be available on acceptable terms, if at all.

Following the completion of our private placement of our Series A Convertible Preferred Stock, we believe that our current capital will be adequate to fund our operations through the third quarter of 2008. However, changes may occur that would consume available capital resources before that time. Our combined capital requirements will depend on numerous factors, including: costs associated with our drug development process, and costs of clinical programs, changes in our existing collaborative relationships, the cost of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights and the outcome of any potentially related litigation or other dispute, acquisition of technologies, costs associated to the development and regulatory approval progress of our drug compounds, costs relating to milestone payments to our licensors, license fees and manufacturing costs, the hiring of additional people in the clinical development and business development areas. We will most likely require additional financing by as early as the third quarter of 2008 in order to continue operations. The most likely source of such financing includes private placements of our equity or debt securities or bridge loans to us from third party lenders, or by potentially sublicensing our rights to our products.

Additional capital that may be needed by us in the future may not be available on reasonable terms, or at all. If adequate financing is not available, we may be required to terminate or significantly curtail our development programs, or enter into arrangements with collaborative partners or others that may require us to relinquish rights to certain of our technologies, or potential markets that we would not otherwise relinquish. Alternatively, we may be required to cease our operations altogether, in which case our stockholders may lose their entire investment in our company.

Our management anticipates incurring losses for the foreseeable future.

Since inception, the Company has incurred an accumulated deficit of $42,513,278 through March 31, 2008. For the three months ended March 31, 2008 and 2007, the Company had losses from continuing operations of $3,080,981 and $2,256,778, respectively, and used $1,060,445 and $1,347,108 of cash in continuing operating activities for the three months ended March 31, 2008 and 2007, respectively. For the three months ended March 31, 2008 and 2007, the Company had a net loss of $3,080,981 and a net loss of $2,518,253 (which included $2,256,778 from continuing operations), respectively. As of March 31, 2008, the Company had a working capital deficit of $2,801,606 and cash and cash equivalents of $305,561. We expect operating losses to continue for the foreseeable future and there can be no assurance that we will ever be able to operate profitably.

We have no meaningful operating history on which to evaluate our business or prospects.

We commenced operations in October 2000 through our former Chiral Quest business, which we sold in July 2007. In August 2004, we determined to become engaged in the drug development business and acquired rights to our first two drug candidates in October 2005 through our acquisition of Greenwich Therapeutics. In March 2007, we acquired the rights to our third drug candidate from Fiordland Pharmaceuticals, Inc. Therefore, we have only a limited operating history on which you can base an evaluation of our business and prospects. Accordingly, our business prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in new and rapidly evolving markets, such as drug development, fine chemical, pharmaceutical and biotechnology markets.

We have not made a required milestone payment to The Cleveland Clinic Foundation pursuant to the Lenocta license agreement.

During the last quarter of 2007, we achieved a milestone that required us to make a milestone payment to The Cleveland Clinic Foundation pursuant to the Lenocta license agreement. We have informed The Cleveland Clinic Foundation of the milestone and to date we have paid two-thirds of the milestone payment and expect to pay the final one-third by the end of June 2008.

Our operating results will fluctuate, making it difficult to predict our results of operations in any future period.

As we develop our business, we expect our operating results to vary significantly from quarter-to-quarter. As a result, quarter-to-quarter comparisons of our operating results may not be meaningful. In addition, due to the fact that we have little or no significant operating history with our new technology, we cannot predict our future revenues or results of operations accurately. Our current and future expense levels are based largely on our planned expenditures.

A small group of persons is able to exert significant control over us.

Dr. Lindsay A. Rosenwald is the chairman and sole owner of Paramount BioCapital, Inc. and such affiliates. Dr. Rosenwald beneficially owns approximately 11.6% of our outstanding common stock, and several trusts for the benefit of Dr. Rosenwald and his family beneficially own 6.6% of our outstanding common stock. Although Dr. Rosenwald does not have the legal authority to exercise voting power or investment discretion over the shares held by those trusts, he nevertheless may have the ability to exert significant influence over us.

From the rights we have obtained to develop and commercialize our drug candidates, we will require significant additional financing, which may not be available on acceptable terms and will significantly dilute your ownership of our common stock.

We will not only require additional financing to develop and bring the drug to market. Our future capital requirements will depend on numerous factors, including:

- the terms of our license agreements pursuant to which we obtain the right to develop and commercialize drug candidates, including the amount of license fees and milestone payments required under such agreements;
- the results of any clinical trials;
- the scope and results of our research and development programs;
- the time required to obtain regulatory approvals;
- our ability to establish and maintain marketing alliances and collaborative agreements; and
- the cost of our internal marketing activities.

We require significant additional capital in the immediate near future to operate our business. The most likely source of such financing includes private placements of our equity or debt securities or bridge loans to us from third party lenders. If adequate funds are not available, we will be required to delay, scale back or eliminate a future drug development program or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to technologies or products that we would not otherwise relinquish. In addition, if we do not receive substantial additional capital in the immediate near future, we may also be required to cease operations altogether, in which case you would likely lose all of your investment.

We will continue to experience significant negative cash flow for the foreseeable future and may never become profitable.

Because drug development takes several years and is extremely expensive, we expect that our drug development subsidiary will incur substantial losses and negative operating cash flow for the foreseeable future, and may never achieve or maintain profitability, even if we succeed in acquiring, developing and commercializing one or more drug candidates. In connection with our proposed drug development business, we also expect to continue to incur

significant operating and capital expenditures and anticipate that our expenses will increase substantially in the foreseeable future as we:

- acquire the rights to develop and commercialize a drug candidate;
- undertake pre-clinical development and clinical trials for drug candidates that we acquire;
- seek regulatory approvals for drug candidates
- implement additional internal systems and infrastructure;
- lease additional or alternative office facilities; and
- hire additional personnel.

Our drug development business may not be able to generate revenue or achieve profitability. Our failure to achieve or maintain profitability could negatively impact the value of our common stock.

If we are not able to obtain the necessary U.S. or worldwide regulatory approvals to commercialize any product candidates that we acquire, we will not be able to sell those products.

We will need FDA approval to commercialize drug candidates in the U.S. and approvals from the FDA equivalent regulatory authorities in foreign jurisdictions to commercialize our product candidates in those jurisdictions. In order to obtain FDA approval of a drug candidate, we will be required to first submit to the FDA for approval an IND, which will set forth our plans for clinical testing of a particular drug candidate.

When the clinical testing for our product candidates is complete, we will then be required to submit to the FDA a New Drug Application, or NDA, demonstrating that the product candidate is safe for humans and effective for its intended use. This demonstration will require significant research and animal tests, which are referred to as pre-clinical studies, as well as human tests, which are referred to as clinical trials. Satisfaction of the FDA's regulatory requirements typically takes many years, depends upon the type, complexity and novelty of the product candidate and requires substantial resources for research, development and testing. The FDA has substantial discretion in the drug approval process and may require us to conduct additional pre-clinical and clinical testing or to perform post-marketing studies. The approval process may also be delayed by changes in government regulation, future legislation or administrative action or changes in FDA policy that occur prior to or during our regulatory review. Delays in obtaining regulatory approvals may:

- delay commercialization of, and our ability to derive product revenues from, a drug candidate;
- impose costly procedures on us; and
- diminish any competitive advantages that we may otherwise enjoy.

Even if we comply with all FDA requests, the FDA may still ultimately reject an NDA. Failure to obtain FDA approval of a drug candidate will severely undermine our business development by reducing our ability to recover the development costs expended in connection with a drug candidate and realize any profit from commercializing a drug candidate.

In foreign jurisdictions, we will be required to obtain approval from the appropriate regulatory authorities before we can commercialize our drugs. Foreign regulatory approval processes generally include all of the risks associated with the FDA approval procedures described above.

Clinical trials are very expensive, time-consuming and difficult to design and implement.

Assuming we are able to acquire the rights to develop and commercialize a product candidate, we will be required to expend significant time, effort and money to conduct human clinical trials necessary to obtain regulatory approval of any product candidate. Human clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. The clinical trial process is also time consuming. We estimate that clinical trials of any product candidate will take at least several years to complete. Furthermore, failure can occur at any stage of the trials, and we could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including:

- unforeseen safety issues;
- determination of dosing issues;
- lack of effectiveness during clinical trials;
- slower than expected rates of patient recruitment;
- inability to monitor patients adequately during or after treatment; and
- inability or unwillingness of medical investigators to follow our clinical protocols.

In addition, we or the FDA may suspend our clinical trials at any time if it appears that we are exposing participants to unacceptable health risks or if the FDA finds deficiencies in our IND submissions or the conduct of these trials.

The results of any clinical trial may not support the results of pre-clinical studies relating to our product candidate, which may delay development of any product candidate or cause us to abandon development altogether.

Even if any clinical trials we undertake with respect to a future product candidate that we acquire are completed as planned, we cannot be certain that their results will support the findings of pre-clinical studies upon which a development plan would be based. Success in pre-clinical testing and early clinical trials does not ensure that later clinical trials will be successful, and we cannot be sure that the results of later clinical trials will replicate the results of prior clinical trials and pre-clinical testing. The clinical trial process may fail to demonstrate that our product candidates are safe for humans and effective for indicated uses. This failure may cause us to delay the development of a product candidate or even to abandon development altogether. Such failure may also cause delay in other product candidates. Any delay in, or termination of, our clinical trials will delay the filing of our NDAs with the FDA and, ultimately, our ability to commercialize our product candidates and generate product revenues.

If physicians and patients do not accept and use our drugs after regulatory approvals are obtained, we will not realize sufficient revenue from such product to cover our development costs.

Even if the FDA approved any product candidate that we acquired and subsequently developed, physicians and patients may not accept and use them. Acceptance and use of the product candidates we acquire (if any) will depend upon a number of factors including:

- perceptions by members of the health care community, including physicians, about the safety and effectiveness of our drugs;
- cost-effectiveness of our product relative to competing products;
- availability of reimbursement for our products from government or other healthcare payers; and
- effectiveness of marketing and distribution efforts by us and our licensees and distributors, if any.

Because our drug development business plan contemplates that substantially all of any future revenues we will realize will result from sales of product candidates that we develop, the failure of any of drugs we acquire and develop to find market acceptance would significantly and adversely affect our ability to generate cash flow and become profitable.

We intend to rely upon third-party researchers and other collaborators who will be outside our control and may not devote sufficient resources to our projects.

We intend to collaborate with third parties, such as drug investigators, researchers and manufacturers, in the development of any product candidate that we acquire. Such third parties, which might include universities and medical institutions, will likely conduct the necessary pre-clinical and clinical trials for a product candidate that we develop. Accordingly, our successful development of any product candidate will likely depend on the performance of these third parties. These collaborators will not be our employees, however, and we may be unable to control the amount or timing of resources that they will devote to our programs. For example, such collaborators may not assign as great a priority to our programs or pursue them as diligently as we would if we were undertaking such programs ourselves. If outside collaborators fail to devote sufficient time and resources to our drug-development programs, or if their performance is substandard, the approval of our FDA applications, if any, and our introduction of new drugs, if any, will be delayed. These collaborators may also have relationships with other commercial entities, some of whom may compete with us in the future. If our collaborators were to assist our competitors at our expense, the resulting adverse impact on our competitive position could delay the development of our drug candidates or expedite the development of a competitor's candidate.

We will rely exclusively on third parties to formulate and manufacture our product candidates.

We do not currently have, and have no current plans to develop, the capability to formulate or manufacture drugs. Rather, we intend to contract with one or more manufacturers to manufacture, supply, store and distribute drug supplies that will be needed for any clinical trials we undertake. If we received FDA approval for any product candidate, we would rely on one or more third-party contractors to manufacture our drugs. Our anticipated future reliance on a limited number of third-party manufacturers will expose us to the following risks:

- We may be unable to identify manufacturers on commercially reasonable terms or at all because the number of potential manufacturers is limited and the FDA must approve any replacement contractor. This approval would require new testing and compliance inspections. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of our products after receipt of FDA approval, if any.

- Our third-party manufacturers might be unable to formulate and manufacture our drugs in the volume and of the quality required to meet our clinical needs and commercial needs, if any.

- Our future contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store and distribute our products.

- Drug manufacturers are subject to ongoing periodic unannounced inspection by the FDA, the DEA, and corresponding state agencies to ensure strict compliance with good manufacturing practice and other government regulations and corresponding foreign standards. We do not have control over third-party manufacturers' compliance with these regulations and standards.

- If any third-party manufacturer makes improvements in the manufacturing process for our products, we may not own, or may have to share, the intellectual property rights to the innovation.

We may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and the FDA must approve any replacement contractor. This approval would require new testing and compliance inspections. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of our products after receipt of FDA approval, if any.

If we are not able to successfully compete against other drug companies, our business will fail.

The market for new drugs is characterized by intense competition and rapid technological advances. If any drug candidate that we develop receives FDA approval, we will likely compete with a number of existing and future drugs and therapies developed, manufactured and marketed by others. Existing or future competing products may provide greater therapeutic convenience or clinical or other benefits for a specific indication than our products, or may offer comparable performance at a lower cost or with fewer side-effects. If our products fail to capture and maintain market share, we may not achieve sufficient product revenues and our business will suffer.

We will be competing against fully integrated pharmaceutical companies and smaller companies that are collaborating with larger pharmaceutical companies, academic institutions, government agencies and other public and private research organizations. Many of these competitors have drug candidates already approved or in development. In addition, many of these competitors, either alone or together with their collaborative partners, operate larger research and development programs and have substantially greater financial resources than we do, as well as significantly greater experience in:

- developing drugs;
- undertaking pre-clinical testing and human clinical trials;
- obtaining FDA and other regulatory approvals of drugs;
- formulating and manufacturing drugs; and
- launching, marketing and selling drugs.

Risks Related to Our Securities

Trading of our common stock is limited, which may make it difficult for you to sell your shares at times at prices that you feel are appropriate.

Trading of our common stock, which is conducted on the OTC Bulletin Board, has been limited. This adversely effects the liquidity of our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and reduction in security analysts' and the media's coverage of us. This may result in lower prices for our common stock than might otherwise be obtained and could also result in a larger spread between the bid and asked prices for our common stock.

Because it is a "penny stock," it will be more difficult for you to sell shares of our common stock.

In addition, our common stock is considered a "penny stock" under SEC rules because it has been trading on the OTC Bulletin Board at a price lower than $5.00. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This document provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser, and obtain the purchaser's written agreement to the purchase. Broker-dealers also must provide customers that hold penny stocks in their accounts with such broker-dealer a monthly statement containing price and market information relating to the penny stock. If a penny stock is sold to you in violation of the penny stock rules, you may be able to cancel your purchase and get your money back. The penny stock rules may make it difficult for you to sell your shares of our stock, however, and because of the rules, there is less trading in penny stocks. Also, many brokers simply choose not to participate in penny-stock transactions. Accordingly, you may not always be able to resell shares of our common stock publicly at times and prices that you feel are appropriate.

Our stock price is, and we expect it to remain, volatile, which could limit investors' ability to sell stock at a profit.

The volatile price of our stock makes it difficult for investors to predict the value of their investment, to sell shares at a profit at any given time, or to plan purchases and sales in advance. A variety of factors may affect the market price of our common stock. These include, but are not limited to:

- announcements of technological innovations or new commercial products by our competitors or us;
- developments concerning proprietary rights, including patents;

- regulatory developments in the United States and foreign countries;
- economic or other crises and other external factors;
- period-to-period fluctuations in our revenues and other results of operations;
- changes in financial estimates by securities analysts; and
- sales of our common stock.

We will not be able to control many of these factors, and we believe that period-to-period comparisons of our financial results will not necessarily be indicative of our future performance.

In addition, the stock market in general, and the market for biotechnology companies in particular, has experienced extreme price and volume fluctuations that may have been unrelated or disproportionate to the operating performance of individual companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

Because we do not expect to pay dividends, you will not realize any income from an investment in our common stock unless and until you sell your shares at profit.

We have never paid dividends on our common stock and do not anticipate paying any dividends for the foreseeable future. You should not rely on an investment in our stock if you require dividend income. Further, you will only realize income on an investment in our shares in the event you sell or otherwise dispose of your shares at a price higher than the price you paid for your shares. Such a gain would result only from an increase in the market price of our common stock, which is uncertain and unpredictable.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus that are forward-looking in nature are based on the current beliefs of our management as well as assumptions made by and information currently available to management, including statements related to the markets for our products, general trends in our operations or financial results, plans, expectations, estimates and beliefs. In addition, when used in this prospectus, the words “may,” “could,” “should,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “predict” and similar expressions and their variants, as they to us or our management, may identify forward-looking statements. These statements reflect our judgment as of the date of this prospectus with respect to future events, the outcome of which are subject to risks, which may have a significant impact on our business, operating results or financial condition. You are cautioned that these forward-looking statements are inherently uncertain. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein. We undertake no obligation to update forward-looking statements. The risks identified under the heading “Risk Factors” in this prospectus, among others, may impact forward-looking statements contained in this prospectus.

USE OF PROCEEDS

We will not receive any proceeds from the resale of any of the shares offered by this prospectus by the selling stockholders.

SELLING STOCKHOLDERS

The following table sets forth the number of shares of the common stock owned by the selling stockholders as of May 15, 2008, and after giving effect to this offering. The percentage indicated for each selling stockholder in the column entitled "percentage beneficial ownership after the offering" assumes the sale of all the shares offered by this prospectus.

Shares Issued Pursuant to Note Offering and Conversion to Series B Convertible Preferred Stock

Selling Stockholder	Shares Beneficially Owned Before Offering	Number of Shares of Common Stock Issuable Upon: Conversion of Series B Convertible Preferred Stock	Warrants +	Percentage Beneficial Ownership After Offering
Neel B. Ackerman and Martha N. Ackerman	110,376 (1)	55,630	13,157	*
Vincent M. Aita	31,009 (2)	2,781	657	*
Jesus A. Anaya	8,591	6,947	1,644	-
Lucille S. Ball Revocable Trust (a)	29,214	23,622	5,592	
Lee P. Bearsch	17,184	13,895	3,289	-
David Benadum	20,486 (3)	5,563	1,315	*
Frank Calcutta	66,710 (4)	41,722	9,868	*
Duane Clarkson	22,340	18,064	4,276	-
Clarkson Trust (b)	46,399	13,895	3,289	-
Cranshire Capital, LP (c)	111,087 (5)	69,478	16,447	*
CSA Biotechnology Fund I, LLC (d)	1,965,014 (6)	216,112	82,236	*
Michael Cushing	17,184	13,895	3,289	-
Ennino DePianto	16,151 (7)	6,947	1,644	*
Praful Desai	32,599 (8)	20,861	4,934	*
Gregg Dovolis	32,599 (8)	20,861	4,934	*
John O. Dunkin	30,804 (3)	13,907	3,289	*
Franz Family Trust (e)	8,597	6,953	1,644	-
Stephen Gerber	34,393	27,815	6,578	-
Daniel E. Greenleaf	189,512 (9)	4,867	1,151	-
Robert Guercio	39,403 (3)	20,861	4,934	*
Robert Joseph	8,591	6,947	1,644	-
Ronald P. Laurain	8,597	6,953	1,644	-
Stephen H. Lebovitz	8,597	6,953	1,644	-
Brian Lenz	53,571 (10)	75	328	*
S. Alan Lisenby	78,806 (11)	41,722	9,868	*
M.H. Yokoyama & J.S. Venuti Family Trust dated 4/95 (f)	4,295	3,473	822	-
Joe Nitti	3,436	2,779	657	-
Thomas & Denise M. Nudo	77,386	62,584	14,802	-
Alan Platner	18,149 (12)	6,947	1,644	*
David Pudelsky & Nancy Pudelsky	21,657 (13)	8,344	1,973	*
Louis R. Reif	54,731 (9)	22,252	5,263	*
Suzanne Schiller	15,401 (7)	6,953	1,644	*

George L. Seward	8,591	6,947	1,644	-
Jerome Shinkay	8,597	6,953	1,644	-
William Silver	15,401 (7)	6,953	1,644	*
Vernon L. Simpson	8,591	6,947	1,644	-
Lucile Slocum	42,635 (4)	22,252	5,263	*
Pershing LLC as Custodian for Howard M. Tanning	84,571 (1)	34,768	8,223	*
Carolyn Taylor	43,463 (14)	27,815	6,578	*
Michael Weiser	200,601 (15)	2,781	657	3.6
Lindsay A. Rosenwald	636,002 (16)	-	12,105	4.0
GunnAllen Financial, Inc.	75,250	-	75,250	-
Harris Lydon	232,895 (17)	-	32,895	-

Shares Issued Pursuant to Private Placement of Series A Convertible Preferred Stock

Selling Stockholder	Shares Beneficially Owned Before Offering	Number of Shares of Common Stock Issuable Upon: Conversion of Series A Convertible Preferred Stock	Number of Shares of Common Stock Issuable Upon: Exercise of Warrants +	Percentage Beneficial Ownership After Offering
AB Capital, L.P. (g)	150,000	100,000	50,000	-
Adams Market Neutral, LLLP (h)	75,000	50,000	25,000	-
Fernando Ahumada	100,000	66,667	33,333	-
Jorge Ahumada	50,000	33,333	16,667	-
Balanced Investment, LLC (i)	187,500	125,000	62,500	-
Alp Benadrete	56,250	37,500	18,750	-
Izzet Benadrete	125,000	83,333	41,667	-
Capretti Grandi, LLC (j)	1,250,000 (18)	833,333	416,667	-
Tim P. Cooper	50,000	33,333	16,667	-
Russell H. Ellison	25,000	16,667	8,333	-
Rafit Eskenazi	170,000	113,333	56,667	-
Steven T. Glass	62,500	41,667	20,833	-
Ben Heller	200,000	133,333	66,667	-
Elliot H. Herskowitz IRA Rollover	125,000	83,333	41,667	-
Neil Herskowitz IRA Rollover	125,000	83,333	41,667	-
High Glen Properties Limited (k)	250,000	166,667	83,333	-
David Jaroslawicz	200,000	133,333	66,667	-
Daniel U. Kelves & BettyAnn Kelves	12,500	8,333	4,167	-
Charles Hartman King	62,500	41,667	20,833	-
CSA Biotechnology Fund II, LLC (l)	1,965,014 (6)	1,666,667	833,333	*
Klaus Kretschmer	500,000	333,334	166,667	-
Nicholas B. Kronwall Trust Dated 11/12/69	25,000	16,667	8,333	-
Brian Lenz	53,571 (9)	16,667	8,333	*
Javier Livas	25,000	16,667	8,333	-
Harris Lydon	232,895 (17)	16,667	183,333	-
Susan and Harry Newton, JTWROS	125,000	83,333	41,667	-
Mario Pasquel and Begona Miranda	25,000	16,667	8,333	-
Neal Polan	62,500	41,667	20,833	-
Elke R de Ramirez	25,000	16,667	8,333	-
Riverside Contracting, LLC (m)	375,000	250,000	125,000	-
Robert Roth	25,000	16,667	8,333	-
Roberto Segovia	22,500	15,000	7,500	-
South Ferry #2 LP (n)	1,250,000	833,333	416,667	-

Starlight Investment Holdings Limited [o]	250,000	166,667	83,333	-
Tokenhouse Trading PTE Ltd. [p]	125,000	83,333	41,667	-
Lindsay A. Rosenwald	636,002 [16]	-	251,666	4.0
Karl Ruggeberg	40,667	-	40,667	-
Justin Welling	1,667	-	1,667	-
Ece Marcelli	23,416	-	23,416	-

+ Warrants listed here are excluded from mention in the footnotes below.
* Less than 1%.
(1) Includes warrant to purchase 10,780 shares.
(2) Includes options to purchase 1,290 shares.
(3) Includes warrant to purchase 3,528 shares.
(4) Includes warrant to purchase 3,920 shares.
(5) Includes warrant to purchase 10,666 shares.
(6) Includes warrant to purchase 416,667 shares. Stockholder is also referenced in the table with respect to the Series A Convertible Preferred Stock.
(7) Includes warrant to purchase 1,764 shares.
(8) Includes warrant to purchase 1,764 shares.
(9) In addition to the shares being registered, represents (i) 8,000 shares owned by stockholder; and (ii) shares issuable upon exercise of options to purchase 175,494 shares.
(10) In addition to the shares being registered, represents: (i) shares issuable upon exercise (at a price of $16.70 per share) of an option to purchase 1,500 shares; (ii) shares issuable upon exercise (at a price of $14.00 per share) of an option to purchase 2,500 shares; (iii) shares issuable upon exercise (at a price of $10.80 per share) of an option, 6,000 shares of which were vested as of January 24, 2008; (iv) shares issuable upon exercise (at a price of $10.30 per share) of an option 6,667 shares of which vested as of November 29, 2007; (v) shares issuable upon exercise (at a price of $8.50 per share) of an option, of which 6,667 shares were vested as of March 31, 2008; (vi) shares issuable upon exercise (at a price of $5.50 per share) of an option, 3,334 shares of which will vest on May 11, 2008; and (vii) 1,500 shares of common stock. Stockholder is also referenced in the table with respect to the Series A Convertible Preferred Stock. Mr. Lenz is our Chief Financial Officer.
(11) Includes warrant to purchase 7,056 shares.
(12) Includes warrant to purchase 2,478 shares.
(13) Includes warrant to purchase 2,940 shares.
(14) Includes warrant to purchase 2,350 shares.
(15) In addition to the shares being registered, represents: (i) 161,206 shares owned by, and 28,000 shares issuable upon the exercise of a warrant; (ii) 1,290 shares issuable upon exercise (at a price of $19.60 per share) of an option which fully vested on October 28, 2006; and (iii) 6,667 shares issuable upon exercise (at a price of $3.80 per share) of an option, which vests as of July 11, 2008. Mr. Weiser is one of our directors.
(16) In addition to the shares being registered, represents: (i) 204,400 shares owned by stockholder; (ii) 128,548 shares issuable upon exercise of warrants; and (iii) 39,283 shares held by Paramount BioSciences, LLC, of which stockholder is the sole member. It does not include shares held by Capretti Grandi as otherwise disclosed in this table.
(17) Stockholder is also referenced in this table with respect to the Series A Convertible Preferred Stock.
(18) Dr. Lindsay Rosenwald is a controlling executive of Capretti Grandi, LLC. Based on a Schedule 13G/A filed on December 31, 2007, and Dr. Rosenwald may also be deemed to beneficially own the following securities (which are not included in the table above for Capretti): (i) 128,548 shares issuable upon the exercise of warrants; and (ii) 39,283 shares held by Paramount BioCapital Investments, LLC of which Dr. Rosenwald is the managing member.

(a) Richard Clarkson, Trustee of the Lucille S. Ball Revocable Trust, has voting and/or dispositive control over the shares held by such selling stockholder.
(b) Richard Clarkson, Trustee of the Clarkson Trust, has voting and/or dispositive control over the shares held by such selling stockholder.
(c) Michael Kopin, President of Downsview Capital, Inc., the General Partner of Cranshire Capital, L.P., has sole voting and/or dispositive control over the shares held by such selling stockholder.
(d) Taylor McElroy, Manager of CSA Biotechnology Fund I, LLC, has voting and/or dispositive control over the shares held by such selling stockholder.

(e) David and Nicole Franz, Trustees of the Franz Family Trust, have voting and/or dispositive control over the shares held by such selling stockholder.
(f) Jaye Venuti and Michael Yokohama, Trustees of the M.H. Yokohama & J.S. Venuti Family Trust, have voting and/or dispositive control over the shares held by such selling shareholder.
(g) Trygue Mikkelsen, Managing Partner of AB Capital, LP, has voting and/or dispositive control over the shares held by such selling shareholder.
(h) Patrick Adams, Managing Partner of Adams Market Neutral, LLLP, has voting and/or dispositive control over the shares held by such selling shareholder.
(i) Alonso Diaz, the Investment Adviser of Balanced Investment, LLC, has voting and/or dispositive control over the shares held by such selling shareholder.
(j) Lindsay A. Rosenwald, the Member Manager of Capretti Grandi, LLC, has voting and/or dispositive control over the shares held by such selling shareholder.
(k) David Ulmer, Vice President of High Glen Properties Limited, has voting and/or dispositive control over the shares held by such selling shareholder.
(l) Madding King, the Managing Member of CSA Biotechnology Fund II, LLC, has voting and/or dispositive control over the shares held by such selling shareholder.
(m) Neil Herskowitz, the Managing Member of Riverside Contracting, LLC, has voting and/or dispositive control over the shares held by such selling stockholder
(n) Morris Wolfson, Portfolio Manager at South Ferry #2, LP, has voting and/or dispositive control over the shares held by such selling stockholder.
(o) David Jenner and Nicola Hodge, Directors of Starlight Investment Holding Limited, have voting and/or dispositive control over the shares held by such selling shareholder.
(p) The following persons share voting and investment control over the shares held by such selling stockholder: Angela Alabons, Rocio Benalcazar, Sonja Beskid, Monique Bhullar, Veronica Boss, Jonathan Boroski, Kay Bower, Ingrid Boyd, Isabelle Cadosch, Anne Davidsson, Angela Delgado, Daniel Des Roches, Juliet Diaz Wiederkehr, Gordana Djurin, Yuko Eggmann-Murakami, Gordana Elliott, Jeremias Fernandes, Raelene Gabrielli, Helen Godwin, Christine Green, Shakera Johnson, Tanya Knowles, Cristina Lepori, Laura Lees, Terence Loh, Tim Parkinson, Gayathri Perera, Cecile Pernet, Marek Ponte, Rita Serena, Lisa Siu, Nina Stanic, Kenton Strachan, Monica Stricker, Rave Thlagarajan, Evelyn Tay, Laura Thompson, Oksana Thorn, Noel Took, Stephen Upton, Oilvija Vencov, Daved Van Heerden, Narae Walks, Steven Weekes, Maria Weigel, Adzam Yosuf, or Jasmina Zivkovic.

PLAN OF DISTRIBUTION

We are registering the shares offered by this prospectus on behalf of the selling stockholders. The selling stockholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices. To the extent any of the selling stockholders gift, pledge or otherwise transfer the shares offered hereby, such transferees may offer and sell the shares from time to time under this prospectus, provided that this prospectus has been amended under Rule 424(b)(3) or other applicable provision of the Securities Act to include the name of such transferee in the list of selling stockholders under this prospectus.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

In connection with the sale of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common

stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering. Upon any exercise of the warrants by payment of cash, however, we will receive the exercise price of the warrants.

The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, provided that they meet the criteria and conform to the requirements of that rule.

The selling stockholders might be, and any broker-dealers that act in connection with the sale of securities will be, deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act, and any commissions received by such broker-dealers and any profit on the resale of the securities sold by them while acting as principals will be deemed to be underwriting discounts or commissions under the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling stockholders to keep the registration statement that includes this prospectus effective until the earlier of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or (2) the date on which the shares may be sold pursuant to Rule 144 of the Securities Act.

Shares Eligible For Future Sale

Upon completion of this offering and assuming the issuance of all of the shares covered by this prospectus that are issuable upon the exercise or conversion of convertible securities, there will be 18,613,435 shares of our common stock issued and outstanding. The shares purchased in this offering will be freely tradable without registration or other restriction under the Securities Act, except for any shares purchased by an "affiliate" of our company (as defined in the Securities Act).

Our currently outstanding shares that were issued in reliance upon the “private placement” exemptions provided by the Securities Act are deemed “restricted securities” within the meaning of Rule 144. Restricted securities may not be sold unless they are registered under the Securities Act or are sold pursuant to an applicable exemption from registration, including an exemption under Rule 144 of the Securities Act.

In general, under Rule 144 as currently in effect, any person (or persons whose shares are aggregated) including persons deemed to be affiliates, whose restricted securities have been fully paid for and held for at least six months from the later of the date of issuance by us or acquisition from an affiliate, may sell such securities in broker's transactions or directly to market makers. Affiliates may only sell in any three month period that number of shares that does not exceed the greater of 1 percent of the then-outstanding shares of our common stock or the average weekly trading volume of our shares of common stock in the over-the-counter market during the four calendar weeks preceding the sale. Sales under Rule 144 are also subject to certain notice requirements and the availability of current public information about our company. After one year has elapsed from the later of the issuance of restricted securities by us or their acquisition from an affiliate, such securities may be sold without limitation by persons who are not affiliates under the rule.

Following the date of this prospectus, we cannot predict the effect, if any, that sales of our common stock or the availability of our common stock for sale will have on the market price prevailing from time to time. Nevertheless, sales by existing stockholders of substantial amounts of our common stock could adversely affect prevailing market prices for our stock.

DESCRIPTION OF CAPITAL STOCK

General

Our certificate of incorporation, as amended to date, authorizes us to issue up to 200,000,000 shares of Common Stock and 10,000,000 shares of preferred stock. As of the date of this prospectus, we have 5,461,644 shares of Common Stock issued and outstanding, 3,464.5 shares of Series A Convertible Preferred Stock issued and outstanding, and 3,405.165 shares of Series B Convertible Preferred Stock issued and outstanding. The transfer agent and registrar for our capital stock is Wells Fargo Bank Minnesota, N.A., St. Paul, Minnesota. On March 13, 2008, we filed a Certificate of Designation with the Secretary of State of the State of Delaware establishing our Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock.

Common Stock

Holders of our Common Stock are entitled to one vote for each share on all matters to be voted on by our stockholders. Holders of our Common Stock do not have any cumulative voting rights. Common stockholders are entitled to share ratably in any dividends that may be declared from time to time on the Common Stock by our Board of Directors from funds legally available for dividends. Holders of Common Stock do not have any preemptive right to purchase shares of Common Stock. There are no conversion rights or sinking fund provisions for our Common Stock.

Description of the Series A Convertible Preferred Stock

Conversion Ratio

We issued an aggregate of 3,464.5 shares of our newly-designated Series A Convertible Preferred Stock (the "Series A Stock") on March 14 and April 9, 2008. The offering price per share of Series A Stock was $1,000. The initial conversion ratio of the Series A Stock was one share of Common Stock for $0.06 (the "Series A Conversion Ratio"). The Series A Conversion Ratio is subject to standard anti-dilution adjustments for corporate events, including but not limited to stock splits, combinations and recapitalizations. Pursuant to our reverse 1-for-10 stock split, the Series A Conversion Ratio has been adjusted to one share of Common Stock for $0.60. The Series A Stock shall convert to Common Stock upon the earlier of (i) the holder's election to convert the Series A Stock and the conversion shall occur at a price equal to the Conversion Ratio, or (ii) the closing sale price of the Common Stock equaling at least $0.38 per

share (or $3.80 per share pursuant to our 1-for-10 reverse stock split), as adjusted for stock splits, combinations, and similar events, for 20 consecutive Trading Days and such conversion shall occur at a price equal to the Conversion Ratio.

Voting Rights

The holders of shares of Series A Stock will vote together with all other holders of our voting stock on all matters submitted to a vote of holders generally, with the holder of each share of Series A Stock being entitled to one vote for each share of Common Stock into which such shares of Series A Stock could then be converted.

Dividend

The Series A Stock shall be entitled to an annual dividend equal to 6% of the applicable issuance price per annum, payable semi-annually in cash or shares of Common Stock, at our option; provided, that the dividend shall only be payable in shares if such shares are registered for resale on an effective registration statement on the date of payment. If we choose to pay any dividend in shares of Common Stock, the price per share for purposes of calculating the number of shares of Common Stock to be issued shall be equal to 90% of the average closing price of the Common Stock for the 20 Trading Days prior to the date that such dividend payment becomes payable. "Trading Days" shall mean any day on which the national securities exchange or quotation service on which the Common Stock is listed or quoted is open for trading in equity securities.

Anti-Dilution

The Series A Stock will be protected against dilution if we effect a subdivision or combination of our outstanding Common Stock or in the event of a reclassification, stock dividend, or other distribution payable in our securities and the Series A Stock has full-ratchet anti-dilution protection, subject to standard exceptions.

Liquidation Preference

In the event of a liquidation, bankruptcy, dissolution or similar proceeding, the holders of the Series A Stock shall rank *pari passu* with the Series B Stock and shall receive an amount equal to 100% of the original Offering Price plus any accrued but unpaid dividends (the "Series A Liquidation Preference"). In the event that we are unable to lawfully pay the Series A Liquidation Preference and Series B Liquidation Preference, the Series A Stock shall receive a pro rata share of the assets with the Series B Stock. After payment of the Series A Liquidation Preference and Series B Liquidation Preference, the Series A Stock shall then be entitled to receive their pro rata share of the remaining assets available for distribution to stockholders on an "as if" converted basis, together with the holders of the Common Stock and any other junior stock.

Redemption Right

In the event that there has not been a voluntary conversion or mandatory conversion of the Series A Stock by July 3, 2009, the holders of Series A Stock shall have a right to require us to repurchase their Series A Stock out of funds lawfully available (the "Series A Redemption Right"). The Series A Redemption Right shall rank *pari passu* with the Series B Redemption Right. The redemption price (the "Series A Redemption Amount" and, together with the Series B Redemption Amount, the "Aggregate Redemption Amount") shall equal the Offering Price (subject to appropriate adjustment in the event of any stock dividends, stock splits, or other similar event), plus any declared and unpaid dividends. The Series A Redemption Right shall terminate upon the closing of a Series B Qualified Financing. To the extent we have insufficient funds as of the date of redemption (the "Redemption Date") to pay the Aggregate Redemption Amount in full, we shall redeem the Series A Stock and the Series B Stock on a pro rata basis.

Description of the Series B Convertible Preferred Stock

Conversion of Bridge Notes to Series B Stock

On March 13, 2008, we converted our outstanding Bridge Notes into our newly-designated Series B Convertible Preferred Stock (the "Series B Stock"). Our former Bridge Note Holders received one share of Series B Stock for each $1,000 of unpaid principal and accrued but unpaid interest on such Holder's Bridge Note (the "Series B Price"). Bridge Note Holders shall receive fractional shares of Series B Stock for any unpaid principal and accrued but unpaid interest in excess of a multiple of $1,000 on such Holder's Bridge Note.

Conversion

Each share of Series B Stock will be convertible, at the option of the Series B holder thereof, at any time and from time to time. The initial conversion ratio of the Series B Stock shall be one share of Common Stock for $0.38, subject to adjustment (the "Series B Conversion Ratio"). The Series B Conversion Ratio shall be subject to standard anti-dilution adjustments for corporate events, including but not limited to stock splits, combinations and recapitalizations. Pursuant to our 1-for-10 reverse stock split, the Series B Conversion Ratio is now one share of Common Stock for $3.80.

The Series B Stock shall convert into Common Stock automatically upon the earlier of: (i) the Closing Sale Price of the Common Stock equaling at least $0.38 per share (or $3.80 per share pursuant to our 1-for-10 reverse stock split),as adjusted for stock splits, combinations and similar events) for twenty (20) consecutive Trading Days and shall convert at such price; (ii) the final closing of a Series B Qualified Financing, or (iii) the Sale of the Company that does not occur in connection with Series B Qualified Financing.

A "Series B Qualified Financing" means our next equity financing (or series of related equity financings) in which we receive at least $7,000,000 in gross aggregate proceeds resulting (before brokers' fees or other transaction related expenses, and excluding any such proceeds resulting from this Offering or any transaction arising hereunder).

In the event of the final closing of a Series B Qualified Financing, each share of Series A Stock and Series B Stock shall be converted to the equity security, or the securities convertible or exchangeable into equity securities, offered in such financing on the terms and conditions set forth in the Series B Qualified Financing and at a price equal to the lesser of (a) the lowest price paid per security in the Series B Qualified Financing, or (b) $0.60 per security (as adjusted for stock splits, combinations, and similar events).

A "Sale of the Company" means a transaction (whether by merger, consolidation, sale or transfer of our capital stock or otherwise) with one or more non-affiliates, pursuant to which such party or parties acquire (i) our capital stock possessing the voting power to elect a majority of our board of directors; or (ii) all or substantially all of our assets determined on a consolidated basis; provided, however, that a transaction (or series of related transactions) pursuant to which the then-existing holders of our capital stock immediately prior to such transaction (or series of related transactions) continue to own, directly or indirectly, a majority of the outstanding shares of our capital stock or such other resulting, surviving or combined company resulting from such transaction (or series of related transactions) shall not be deemed to be a "Sale of the Company." The price per share with respect to an automatic conversion of the Series B Stock triggered by a Sale of the Company will be equal to the quotient obtained by dividing (x) the value of the aggregate consideration (as defined in the Certificate of Designation of the Series A Convertible Preferred Stock and Series B Convertible Preferred Stock of VioQuest Pharmaceuticals, Inc.) received in such Sale of the Company less any of our indebtedness then outstanding by (y) the number of shares of Common Stock then outstanding on a fully diluted basis (not including conversion of the then outstanding shares Series B Stock or exercise of the then outstanding warrants issued to the Bridge Note Holders in connection with their purchase of Bridge Notes).

Series B Redemption Right

In the event that there has not been a voluntary conversion or mandatory conversion of the Series B Stock by July 3, 2009, the holders of Series B Stock shall have a right to require us to repurchase their Series B Stock out of funds lawfully available (the "Series B Redemption Right"). The Series B Redemption Right shall rank *pari passu* with the Series A Redemption Right. The redemption price (the "Series B Redemption Amount") shall equal the Series B Price (subject to appropriate adjustment in the event of any stock dividends, stock splits, or other similar event), plus any declared and unpaid dividends. To the extent we have insufficient funds as of Redemption Date to pay the Aggregate Redemption Amount in full, we shall redeem the Series A Stock and the Series B Stock on a pro rata basis.

Voting Rights

The Series B Stock holders will only have those voting rights as set forth in Delaware General Corporation Law.

Dividend

The shares of Series B Stock shall be entitled to a dividend, payable in cash or shares of Common Stock at our option, equal to (i) 8% per annum of the Series B Price, commencing on the closing date of the Offering, and accruing through July 3, 2008, (ii) 12% per annum for the year beginning on July 4, 2008 and ending on July 3, 2009, and (iii) thereafter the shares of Series B Stock shall be entitled to a dividend equal to 16% per annum. If we choose to pay any dividend in shares of Common Stock, the dividend shall be payable in shares of Common Stock only if such shares are registered for resale on an effective registration statement on the date of payment. If we choose to pay any dividend in shares of Common Stock, the price per share for purposes of calculating the number of shares of Common Stock to be issued shall be equal to 90% of the average closing price of the Common Stock for the twenty (20) Trading Days prior to the date that such dividend payment becomes payable.

Anti-Dilution

The Series B Stock will be protected against dilution if we effect a subdivision or combination of our outstanding Company Common Stock or in the event of a reclassification, stock dividend, or other distribution payable in our securities.

Liquidation Preference

In the event of a liquidation, bankruptcy, dissolution or similar proceeding, the holders of the Series B Stock shall rank *pari passu* with the Series A Stock and shall receive an amount equal to 100% of the Series B Price plus any accrued but unpaid dividends (the "Series B Liquidation Preference"). In the event that we are unable to lawfully pay the Series B Liquidation Preference and the Series A Liquidation Preference, the Series B Stock shall receive a pro rata share of the assets with the Series A Stock.

Warrants and Options

As of the date of this prospectus, we have 6,481,528 shares of common stock reserved for issuance under outstanding warrants and options. The exercise prices applicable to our outstanding warrants and options ranges from $0.80 to $19.60 per share, and have a weighted average exercise price of $4.62.

Market for Common Stock

Since April 30, 2008, our common stock has traded on the OTC Bulletin Board under the symbol "VOQP.OB." Prior to April 30, 2008, our common stock traded under the symbol "VQPH.OB." The following table lists the high and low sale price for our common stock as quoted by the OTC Bulletin Board during each quarter within the last two completed fiscal years and the quarter ended December 31, 2007, as adjusted pursuant to our 1-for-10 reverse stock split. These quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not represent actual transactions.

Quarter Ended	High	Low
March 31, 2006	8.50	8.10
June 30, 2006	8.00	7.70
September 30, 2006	6.50	6.00
December 31, 2006	5.30	4.30
March 31, 2007	7.50	4.50
June 30, 2007	6.40	3.60
September 30, 2007	5.50	2.50

December 31, 2007	3.70	0.90
March 31, 2008	2.00	0.50

On May 19, 2008, the closing sale price of our common stock was $0.55.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our results of operations and financial condition in conjunction with the financial statements contained in this prospectus beginning at page F-1. This discussion 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. Investors should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties inherent in future events, particularly those risks identified in the "Risk Factors" section of this prospectus, and should not unduly rely on these forward looking statements.

Overview

We are a biopharmaceutical company focused on the acquisition, development and commercialization of clinical stage drug therapies targeting both the molecular basis of cancer and side effects of cancer treatment. Our lead compound under development is Xyfid (1% topical uracil) for the treatment and prevention of Hand-Foot Syndrome ("HFS"), a common and serious side effect of chemotherapy treatments. In parallel, Xyfid is also being developed to treat dry skin conditions and manage the burning and itching associated with various diseases of the skin, or dermatoses. We expect to initiate a Phase IIb program for Xyfid in 2008 for HFS, and are exploring a parallel 510(k) Premarket Notification submission during 2008 for Xyfid to treat various dermatoses. Additionally, we are developing VQD-002 (triciribine phosphate monohydrate or TCN-P), a small molecule anticancer compound that inhibits activation of protein kinase B (PKB or AKT), a key component of a signaling pathway known to promote cancer cell growth and survival as well as resistance to chemotherapy and radiotherapy. VQD-002 is currently in Phase I clinical development for multiple tumor types and we expect to advance VQD-002 into Phase II clinical development during 2008. We are also developing Lenocta (sodium stibogluconate), which we previously referred to as VQD-001, a selective, small molecule inhibitor of certain protein tyrosine phosphatases ("PTPs"), such as SHP-1, SHP-2 and PTP1B, with demonstrated anti-tumor activity against a wide spectrum of cancers both alone and in combination with other approved immune activation agents, including IL-2 and interferons. Lenocta is currently in a Phase IIa clinical trial as a potential treatment for melanoma, renal cell carcinoma, and other solid tumors. In addition to its potential role as a cancer therapeutic, sodium stibogluconate has been approved in most of the world for first-line treatment of leishmaniasis, an infection typically found in tropic and sub-tropic developing countries. Based on historical published data and a large observational study by the U.S. Army, data from approximately 400 patients could be utilized to support a New Drug Application ("NDA") with the U.S. Food and Drug Administration ("FDA") in 2008. Lenocta has been granted Orphan Drug status for leishmaniasis. To date, we have not received approval for the sale of any of our drug candidates in any market and, therefore, have not generated any product sales from our drug candidates.

Through our drug development business, we acquire, develop, and intend to commercialize novel drug therapies targeting both the molecular basis of cancer and side effects of treatment. Through our acquisition of Greenwich Therapeutics, Inc. in October 2005, we obtained the rights to develop and commercialize two oncology drug candidates - Lenocta and VQD-002. We hold our rights to Lenocta and VQD-002, pursuant to license agreements with The Cleveland Clinic Foundation and the University of South Florida Research Foundation, respectively. In March 2007, the Company acquired license rights to develop and commercialize Xyfid. The Company's rights to Xyfid are governed by a license agreement with Asymmetric Therapeutics, LLC and Onc Res, Inc., as assigned to the Company by Fiordland Pharmaceuticals, Inc. These licenses give us the right to develop, manufacture, use, commercialize, lease, sell and/or sublicense Lenocta, VQD-002 and Xyfid.

Xyfid™ (1% uracil topical)

VioQuest has been developing Xyfid for the treatment and prevention of palmar-plantar erythrodysesthesia (PPE), also known as hand-foot syndrome (HFS), a relatively common dose-limiting side effect of cytotoxic chemotherapy -

most frequently fluoropyrimidines, such as continuous infusion 5-fluorouracil (5-FU), and the oral 5-FU prodrug capecitabine (Xeloda® by Roche). Fluoropyrimidines are among the most commonly used cancer chemotherapeutics nearly 50 years after their introduction. Fluoropyrimidines, alone or in combination therapy, are commonly given for cancers of the head and neck, breast, cervix, and gastrointestinal tract.

There are currently no treatments or preventative agents for HFS, which is characterized by the progressive redness and cracking of the hands and feet. The severity of HFS is typically defined by three grade levels: Grade 1: numbness, tingling, painless swelling; Grade 2: painful discomfort, swelling; Grade 3: ulceration, blistering, severe pain and discomfort, unable to work or perform activities of daily living. Up to 60% of all capecitabine patients experience HFS and up to 20% experience severe HFS (Grade 3). According to the prescribing information for capecitabine, if grade 2 or 3 HFS occurs, administration of capecitabine should be interrupted until the event resolves or decreases in intensity to grade 1. Following grade 3 HFS, subsequent doses of capecitabine should be decreased.

Uracil, the active ingredient in Xyfid, is a naturally occurring substrate for enzymes, such as thymidine phosphorylase (TP) and and dihydropyrimidine dehydrogenase (DPD), that metabolize fluoropyrimidines into toxic metabolites. Addition of uracil to systemic fluoropyrimidine treatment regimens, such as tegafur-uracil, or UFT, is well-established to significantly diminish the incidence of HFS. Whereas such combination products have been licensed in Japan and much of Europe, they have not been approved for use in the United States due, in part, to FDA questions regarding the demonstrable non-inferiority of the combination drug compared with fluoropyrimidines alone.

In contrast to systemic exposure, topical application of uracil would potentially allow for the treatment and prevention of HFS without compromising the efficacy of systemic fluoropyrimidine therapy. In a small pilot study, Xyfid has been effective at preventing the both the incidence and recurrence of dose limiting HFS when applied topically.

VioQuest is considering parallel regulatory paths for two separate indications for Xyfid:

510(k) Premarket Notification

During March 2008, we signed an agreement with Medical Device Consultants, Inc. (MDCI) for MDCI to assist us in obtaining clearance to market Xyfid pursuant to Section 510(k) of the Food, Drug and Cosmetic Act, or FDCA, and in particular, the “premarket notification” provisions of Section 510(k). To qualify for 510(k) premarket notification, a product must be substantially equivalent to another device that is legally marketed in the U.S. A device is substantially equivalent if, in comparison to a predicate it:

- has the same intended use as the predicate; and
- has the same technological characteristics as the predicate.

A claim of substantial equivalence does not mean the new and predicate devices must be identical. Substantial equivalence is established with respect to intended use, design, energy used or delivered, materials, chemical composition, manufacturing process, performance, safety, effectiveness, labeling, biocompatibility, standards, and other characteristics, as applicable.

We believe that Xyfid may be substantially equivalent to several predicate devices designed to improve dry skin conditions and to relieve and to manage the burning and itching associated with various dermatoses including atopic dermatitis, irritant contact dermatitis, radiation dermatitis and other dry skin conditions, by maintaining a moist wound and skin environment.

New Drug Application (NDA) Process

A pilot clinical study in patients has demonstrated that topical application of Xyfid to the hands and feet may be effective in preventing the recurrence of dose limiting HFS. On this basis, an investigational new drug application (IND) was submitted and accepted by the FDA. Subsequently, Xyfid was granted fast track designation for the prevention of HFS in patients receiving capecitabine for the treatment of advanced metastatic breast cancer.

Pursuant to this IND, we expect to evaluate the safety, tolerability and activity of Xyfid and its ability to reduce the incidence of HFS. We are considering a 30-patient Phase IIb study in breast cancer patients receiving capecitabine that could begin during 2008. The outcome of the Phase IIb study could support plans for registration of Xyfid under the NDA process. Xyfid has been awarded fast-track status by the FDA in this setting.

VQD-002 (triciribine phosphate monohydrate)

VQD-002, a tricyclic nucleoside that inhibits the activation of AKT, has demonstrated anti-tumor activity against a wide spectrum of cancers in preclinical and clinical studies. Amplification, overexpression, or activation of AKT, also named protein kinase B, have been detected in a number of human malignancies, including prostate, breast, ovarian, colorectal, pancreatic, and hematologic cancers. Activation of AKT is associated with cell survival, malignant transformation, tumor invasiveness, and chemo-resistance, while inhibition of AKT activity has been shown to cause cell death. These attributes make AKT an attractive target for cancer therapy.

VQD-002 was first synthesized in 1971 and identified as an antineoplastic agent. Phase I clinical trials on VQD-002 proved that its safety and side effects were dose dependent. However, as a single drug in Phase II trials, VQD-002 failed to show efficacy against advanced breast, colon, and lung cancer even at very high doses.

A few years ago, researchers at Moffitt Cancer Center found that VQD-002 inhibits AKT activation and has antitumor activity as a single agent against tumors with activated AKT. Inhibition of AKT activation plays a key role in VQD-002's antitumor activity. Thus, Phase I trials of VQD-002 have been initiated for tumors with activated AKT using much lower doses of VQD-002 than those previously used that caused toxicity.

During October 2007, preclinical study results were published demonstrating that combining VQD-002 with trastuzumab (Herceptin® by Genentech) may be a clinically applicable strategy to overcome trastuzumab resistance, particularly that caused by loss of PTEN, a tumor suppressor protein. Trastuzumab resistance is a clinically devastating problem and this study suggests a rational improvement to trastuzumab-based therapy, which could directly affect the clinical management of breast cancer patients in general and particularly those with PTEN-deficient tumors.

During January 2008, preclinical study results were published demonstrating that VQD-002 disrupts a specific signaling pathway associated with chemoresistance and cancer cell survival in ovarian cancer. The preclinical study results indicate that VQD-002 could play a role in reversing drug resistance in ovarian cancer for patients treated with chemotherapy in the years ahead.

In our current Phase I solid tumor study, VQD-002 was administered intravenously over a 28-day cycle on days 1, 8, and 15. Cohorts of 3 patients received escalating doses of VQD-002 at 15, 25, 35, and 45 mg/m2. Patients had progressive disease despite receiving a median of 3 prior treatment regimens (range 1-4). Preliminary Phase I data from this solid tumor study demonstrated that VQD-002 was well tolerated; one melanoma subject had stable disease for 8 months.

In our Phase I hematological malignancies study, VQD-002 was administered intravenously over a 28-day cycle on days 1, 8, and 15. Cohorts of 3 patients received escalating doses of VQD-002 at 15, 25, 35, 45 and 55 mg/m2. Enrollment to higher doses is ongoing, which we are currently at 65 mg/m2. Patients had progressive disease despite receiving a median of 3 prior treatment regimens (range 1-4). Interim results of a Phase I trial in hematologic malignancies demonstrate that VQD-002 is well-tolerated and shows signs of clinical activity in patients with advanced leukemias. The Phase I trial is designed to assess the safety, tolerability and pharmacokinetics of VQD-002 and to establish a recommended Phase II dose for further studies among patients. In results presented to date, a total of 38 patients have been enrolled at two clinical sites. Twenty-nine patients are evaluable for toxicity and response, six patients are evaluable for toxicity only, and three patients are not evaluable.

Preliminary results from this trial show that patients with relapsed, refractory acute myeloid leukemia, or AML, experienced a decrease in peripheral blood myeloblasts, a measure of clinical activity. In particular, four patients treated at the 25 mg/m2 or 35 mg/m2 dose level of VQD-002 experienced up to 50 percent reductions in peripheral blast cells. Additional hematological improvements included six patients achieving major improvements in platelet

count lasting up to 36 days and seven patients achieving major improvements in neutrophil count lasting up to 40 days while on therapy. VQD-002 was well-tolerated at the doses studied.

We filed with the FDA an IND relating to VQD-002, which was accepted in April 2006. Pursuant to this IND, we are currently evaluating the safety, tolerability and activity of VQD-002 in two Phase I clinical trials, including one at the Moffitt Cancer Center in up to 42 patients with hyper-activated, phosphorylated AKT in solid tumors and a second clinical trial, with up to 40 patients, at the M.D. Anderson Cancer Center and the Moffitt Cancer Center in hematological tumors, with particular attention in leukemias. We expect to complete our Phase I studies in 2008. During 2008, the FDA granted orphan drug designation to VQD-002 for the treatment of multiple myeloma. We expect to advance VQD-002 into Phase II clinical development during 2008.

Lenocta™ (sodium stibogluconate)

Lenocta is a selective, small molecule inhibitor of certain protein tyrosine phosphatases (PTPs), such as SHP-1, SHP-2 and PTP1B, with demonstrated anti-tumor activity against a wide spectrum of cancers both alone and in combination with other approved immune activation agents, including IL-2 and interferons. PTPs are a family of proteins that regulate signal transduction pathways in cells and have been implicated in a number of diseases including cancer, diabetes, and neurodegeneration.

Lenocta has been shown to have anti-proliferative activity against a broad number of tumor cell lines, including melanoma and renal cell lines. Pre-clinical work in nude mice with cancer xenografts has shown that Lenocta can control malignancies in vivo as well. These effects were seen whether used as part of a combination therapy with existing treatments, including interferon and interleukin-2, or alone. In addition, preclinical data also suggests that monotherapy with Lenocta may be useful to treat certain other tumor types, including prostate cancer.

The preclinical data suggests that Lenocta utilizes multiple modes of action, including having a direct effect on cancer cells, as well as generally enhancing the body's immune system. These multiple modes of action, along with Lenocta's known historical toxicity profile, demonstrate that Lenocta is a potentially attractive drug candidate to evaluate as an anti-cancer agent.

Phase I data from our combination trial of Lenocta and alpha interferon ("IFN a-2b") demonstrated pharmacodynamic activity in some solid tumors as demonstrated by increases in the activities of natural killer cells, CD8 and type II dendritic cells, and two patients with ocular melanoma (1) and adenocystic carcinoma (1) have remained stable by Response Evaluation Criteria in Solid Tumors, or RECIST, on first assessment. There have been seventeen subjects evaluable for response.

A complete treatment cycle is for six weeks, with week 1 the patient is intravenously dosed with Lenocta for five days as a monotherapy, week 2 the patient is dosed with Lenocta and IFN a-2b, week 3 is a rest period, weeks 4 and 5 the patient is dosed with Lenocta and IFN a-2b, and then there is a week rest before a subsequent cycle is initiated. Patients have been given five different dose cohorts: 400 mg/m2, 600 mg/m2, 900 mg/m2, 1350 mg/m2 and a dose reduced cohort of 1125 mg/m2. Lenocta with IFN a-2b has been well tolerated at doses up to 900 mg/m2. We plan to initiate an expansion phase for 20 patients to have twelve subjects evaluable for response at a dose of 900 mg/m2.

We filed with the FDA an IND for Lenocta, which the FDA accepted in August 2006, allowing us to commence clinical trials of Lenocta. Lenocta is currently being studied at the M.D. Anderson Cancer Center and the University of New Mexico in a Phase IIa corporate-sponsored clinical trial in combination with IFN a-2b in up to 54-patients with melanoma, renal cell carcinoma, and other solid tumors that have been non-responsive in previous cytokine therapy. In November 2007, we dosed our first patient in our Phase IIa solid tumor study. We expect to complete enrollment in our Phase IIa solid tumor study in 2008. The Phase IIa trial has been designed to evaluate the clinical efficacy and biological effectiveness of Lenocta at the highest tolerable does in combination with IFN a-2b in patients with advanced-stage solid tumors.

Additional Potential Indication of Lenocta

As we continue to develop Lenocta for indications primarily used for an oncology drug candidate, we are also in the process of evaluating its potential development as a treatment for leishmaniasis. According to the World Health Organization, leishmaniasis currently threatens 350 million men, women and children in 88 countries around the world. The leishmaniases are parasitic diseases with a wide range of clinical symptoms, including skin ulcers, partial or total destruction of the mucus membrane and irregular bouts of fever, substantial weight loss, swelling of the spleen and liver, and anaemia (occasionally serious). In collaboration with the U.S. Army, through an executed Cooperative Research and Development Agreement, we are evaluating the potential development of Lenocta in the treatment of

leishmaniasis. Lenocta was granted orphan drug designation by the FDA in the second half of 2006 for the treatment of leishmaniasis. The Company has also convened an advisory board to evaluate the potential submission of an NDA to the FDA for Lenocta for the treatment of leishmaniasis in 2008.

Overview of Drug Development Status

To date, we have not received approval for the sale of any drug candidates in any market and, therefore, have not generated any revenues from our drug candidates. The successful development of our product candidates is highly uncertain. Product development costs and timelines can vary significantly for each product candidate and are difficult to accurately predict. Various laws and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of each product. The lengthy process of seeking these approvals, and the subsequent compliance with applicable statutes and regulations, require the expenditure of substantial resources. Any failure by us to obtain, or any delay in obtaining, regulatory approvals could materially adversely affect our business.

Developing pharmaceutical products is a lengthy and very expensive process. Assuming we do not encounter any unforeseen safety issues during the course of developing our product candidates, we do not expect to complete the development of a product candidate until approximately 2008 for the treatment of leishmaniasis, 2008 for Xyfid through a 510(k) submission, 2010 for Xyfid through an NDA submission, and 2013 for oncology indications of VQD-002 and then 2013 for oncology indications of Lenocta, if ever. In addition, as we continue the development of our product candidates, our research and development expenses will significantly increase. To the extent we are successful in acquiring additional product candidates for our development pipeline, our need to finance further research and development will continue to increase. Accordingly, our success depends not only on the safety and efficacy of our product candidates, but also on our ability to finance the development of these product candidates. Our major sources of working capital have been proceeds from various private financings, primarily private sales of our common stock and other equity securities.

Research and development expenses consist primarily of salaries and related personnel costs, fees paid to consultants and outside service providers for clinical development, legal expenses resulting from intellectual property protection, business development and organizational affairs and other expenses relating to the acquiring, design, development, testing, and enhancement of our product candidates, including milestone payments for licensed technology. We expense our research and development costs as they are incurred.

Results of Operations - For the Three Months Ended March 31, 2008 vs. March 31, 2007

Continuing Operations

The Company has had no revenues from its continuing operations through March 31, 2008.

Research and development, or R&D, expenses for the three months ended March 31, 2008 were $979,094 as compared to $1,368,811 during the three months ended March 31, 2007. R&D expense consists of clinical development costs, milestone license fees, maintenance fees paid to our licensing institutions, outside manufacturing costs, outside clinical research organization costs, regulatory and patent filing costs associated with our three oncology compounds, Lenocta, VQD-002 and Xyfid.

The following table sets forth the research and development expenses per compound, for the periods presented.

	Three Months Ended March 31,		
	2008	2007	Cumulative amounts during development
Lenocta	$ 285,330	$ 456,525	$ 3,165,324
VQD-002	530,613	477,624	3,663,633
Xyfid	163,151	434,662	958,018
Total	$ 979,094	$ 1,368,811	$ 7,786,975

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The following table sets forth the research and development expenses for the three months ended March 31, 2008 by expense category, for our three oncology compounds.

	Drug Candidate			
	Lenocta	VQD-002	Xyfid	Three Months Ended March 31, 2008
Clinical Research Costs	$ 160,759	$ 217,708	$ 104,293	$ 482,760
Labor Costs	64,403	167,448	25,761	257,612
Regulatory / Legal Fees	51,118	132,907	20,447	204,472
Licensing / Milestone Fees	8,750	6,250	-	15,000
Other	300	6,300	12,650	19,250
Total	$ 285,330	$ 530,613	$ 163,151	$ 979,094

The following table sets forth the research and development expenses for the three months ended March 31, 2007 by expense category, for our three oncology compounds.

	Drug Candidate			
	Lenocta	VQD-002	Xyfid	Three Months Ended March 31, 2007
Clinical Research Costs	$ 182,497	$ 329,474	$ -	$ 511,971
Labor Costs	137,227	77,227	-	214,454
Regulatory / Legal Fees	76,864	60,048	37,490	174,402
Licensing Fees	8,752	6,250	369,588	384,590
Other	51,185	4,625	27,584	83,394
Total	$ 456,525	$ 477,624	$ 434,662	$ 1,368,811

The decrease in R&D expenses for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 is primarily attributable to fees incurred during the three months ended March 31, 2007 in acquiring the worldwide license to certain patents for Xyfid. In addition, there was a reduction in clinical research costs, offset by increased labor costs and regulatory and legal fees related to our oncology drug candidates: VQD-002, Lenocta and Xyfid. Our R&D expense for the first quarter 2008 is primarily composed of outside clinical research organization costs of $482,760, employee costs of $257,612 and outside regulatory and legal fees of $204,472, which have been allocated to each of our three pharmaceutical product candidates. To conserve funds, we will continue to complete our current ongoing Phase I and Phase II studies for VQD-002 and Lenocta, respectively, however we will not initiate any new clinical studies unless and until we receive additional funding. We expect R&D spending to increase over the remainder of the year as we continue our existing clinical development programs and incur costs related to license fees, manufacturing of our products, regulatory costs, and the hiring of additional people in the clinical development area.

General and administrative, or G&A, expenses for the three months ended March 31, 2008 were $690,339 as compared to $913,651 during the three months ended March 31, 2007. This decrease in G&A expenses for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 was primarily due to having

fewer employees which resulted in reduced employee and non-employee director stock option expense in accordance with SFAS 123R as a result of forfeitures, a reduction of bonus expenses over prior year, no recruitment expenses and no employment agency fees.

Interest expense, net of interest income for the three months ended March 31, 2008 was $1,411,548 as compared to interest income, net of interest expense for the three months ended March 31, 2007 of $25,684. Interest expense for the three months ended March 31, 2008 was primarily composed of interest expenses recorded upon the extinguishment of the Bridge Notes of $1,399,524 and dividends payable on mandatorily redeemable convertible preferred stock of $14,947, which was offset by interest income of $2,923.

Our loss from continuing operations for the three months ended March 31, 2008 was $3,080,981 as compared to $2,256,778 for the three months ended March 31, 2007. The increased loss from continuing operations for the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 was attributable primarily to interest expenses recorded upon the extinguishment of the Bridge Notes, offset by decreased R&D and G&A expenses. The decrease in R&D expenses were related to fees incurred during the three months ended March 31, 2007 in acquiring the worldwide license to certain patents for Xyfid. In addition, there was a reduction in clinical research costs, offset by increased labor costs and regulatory and legal fees related to our oncology drug candidates: Lenocta, VQD-002 and Xyfid. The decrease in G&A expenses were primarily due to having fewer employees which resulted in reduced employee and non-employee director stock option expense in accordance with SFAS 123R as a result of forfeitures and workforce reductions, a reduction of bonus expenses and lower recruitment and employment agency fees.

Discontinued Operations

Our loss from discontinued operations for the three months ended March 31, 2008 and 2007 was $0 and $261,475, respectively. Their were no discontinued operations for the three months ended March 31, 2008 due to the sale of Chiral Quest to Chiral Quest Acquisition Corp. during the third quarter of 2007.

Results of Operations – Years Ended December 31, 2007 vs. 2006

Continuing Operations

We had no revenues from our continuing operations through December 31, 2007.

In-process research and development, or (“IPR&D”) costs for the year ended December 31, 2007 was $963,225 as compared to $0 for the year ended December 31, 2006. IPR&D costs are attributed to shares and warrants issued to shareholders of Greenwich Therapeutics, Inc. that were placed in escrow to be released based upon the achievement of certain milestones. See Note 4 for a complete discussion of the agreement. On October 12, 2007, 2,997,540 shares and 700,001 warrants were released from escrow following the conclusion of a Phase I clinical trial pursuant to an investigational new drug application (“IND”) accepted by the U.S. Food and Drug Administration (“FDA”) for Lenocta. The costs are comprised of $805,054 related to the calculated value of 2,997,540 shares of our common stock issued to Greenwich Therapeutics’ shareholders valued at $0.27 per share ($0.27 per share value was based upon the average stock price of our common stock a few days before and a few days subsequent to the October 12, 2007 event) and $158,171 related to the calculated value of 700,001 warrants issued to Greenwich Therapeutics’ shareholders using the Black-Scholes option pricing model.

Research and development, or (“R&D”), expenses for the year ended December 31, 2007 were $4,988,145 as compared to $1,819,736 for the year ended December 31, 2006. R&D is attributed to clinical development costs, milestone license fees, maintenance fees provided to the licensors, outside manufacturing costs, outside clinical research organization costs, in addition to regulatory and patent filing costs associated with our drug candidates Lenocta, VQD-002 and Xyfid.

The following table sets forth the research and development expenses per compound, for the periods presented.

	Years ended December 31,		
	2007	2006	Cumulative amounts during development
Lenocta	$ 2,056,598	$ 823,396	$ 2,879,994

VQD-002	2,136,680	996,340	3,133,020
Xyfid	794,867	-	794,867
Total	$ 4,988,145	$ 1,819,736	$ 6,807,881

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The following table sets forth the research and development expenses for the year-ended December 31, 2007 by expense category, for our three oncology compounds.

	Drug Candidate			
	Lenocta	VQD-002	Xyfid	Year-ended December 31, 2007
Clinical Research Costs	$ 766,332	$ 894,582	$ 43,181	$ 1,704,095
Labor Costs	285,540	598,375	138,221	1,022,136
Regulatory / Legal Fees	431,947	345,522	47,817	825,286
Licensing / Milestone Fees	381,806	25,000	369,588	776,394
Other	190,973	273,202	196,060	660,235
Total	$ 2,056,598	$ 2,136,681	$ 794,867	$ 4,988,146

The following table sets forth the research and development expenses for the year-ended December 31, 2006 by expense category, for our three oncology compounds.

	Drug Candidate			
	Lenocta	VQD-002	Xyfid	Year-ended December 31, 2006
Clinical Research Costs	$ 220,780	$ 233,126	$ -	$ 453,906
Labor Costs	192,554	192,554	-	385,108
Regulatory / Legal Fees	255,594	189,194	-	444,788
Licensing Fees	64,164	141,666	-	205,830
Other	90,304	239,800	-	330,104
Total	$ 823,396	$ 996,340	$ -	$ 1,819,736

The increase in R&D for the year ended December 31, 2007, is a result of acquiring Xyfid in March 2007 and advancing our clinical studies in 2007. Additionally, we incurred year-over-year increases in clinical research organization costs of $1,250,000, employee related costs of $637,000, licensing and milestone fees of $570,000 and outside regulatory and legal fees of $380,000. The increase in licensing and milestone fees was due in part to licensee fees for the acquisition of Xyfid for $300,000 in March 2007 and licensee fees for the first dosing of a patient in the first Phase IIa clinical trial for Lenocta in December 2007 for $300,000, offset by licensee fees for receiving acceptance of our Investigational New Drug Application filing for VQD-002 for $100,000 in April 2006. We expect R&D spending related to our existing product candidates to continue to significantly increase over the next several years as we expand our clinical trials.

General and administrative, or (“G&A”), expenses for the year ended December 31, 2007 were $3,791,089 as compared to $3,461,529 during the year ended December 31, 2006. This increase in G&A expenses was due in part to severance benefits due to the former Chief Executive Officer of approximately $200,000, employment agency fees related to the appointment of the President and Chief Executive Officer of approximately $120,000, additional spending to ensure compliance with Section 404 of the Sarbanes-Oxley Act of 2002 of approximately $64,000 and additional spending on professional fees and rent for the Basking Ridge, New Jersey headquarters, offset by a decrease in SFAS No. 123R expense of approximately $476,000 related to the expiration of unvested options of the former President and Chief Executive Officer.

Interest expense, net of interest income for the year ended December 31, 2007 was $1,126,273 as compared to interest income, net of interest expense of $105,695 for the year ended December 31, 2006. Interest expense for the year

ended December 31, 2007 was primarily composed of interest on the Bridge Notes issued in June and July 2007 of approximately $1,195,615, which was offset by interest income of approximately $74,000. The decrease in interest income for the year ended December 31, 2007 is attributed to having a lower cash balance throughout 2007. Interest income received during the year ended December 31, 2006 was approximately $122,000, which was offset by interest expense of approximately $16,000 for debt owed to Paramount BioSciences, LLC., which was assumed as part of the October 2005 acquisition of Greenwich Therapeutics. The debt was repaid in July 2007.

Our loss from continuing operations for the year ended December 31, 2007 was $10,628,048 as compared to $5,175,570 for the year ended December 31, 2006. The increased loss from continuing operations for the year ended December 31, 2007 as compared to the year ended December 31, 2006 was attributable to higher in-process research and development costs related to shares and warrants released from escrow and issued to Greenwich Therapeutics, R&D costs related to our drug development efforts, including outside clinical research organization costs, employee related costs, regulatory and legal fees, maintenance and licensing fees provided to the institutions we licensed Lenocta and VQD-002 from and acquisition fees of Xyfid, paid to the licensor in 2007. Additionally, G&A expense increased as a result of accruing for severance benefits due to the former President and Chief Executive Officer, employment agency fees related to the appointment of our recently appointed President and Chief Executive Officer in November 2007, additional spending to ensure compliance with Section 404 of the Sarbanes-Oxley Act of 2002, additional spending on professional fees, increased rent for the Basking Ridge, New Jersey headquarters, offset by a decrease in SFAS No. 123R expense related to the expiration of unvested options of the former President and Chief Executive Officer.

Discontinued Operations

Our loss from discontinued operations for the year ended December 31, 2007 was $263,693 as compared to $3,095,594 for the year ended December 31, 2006. The decreased loss from discontinued operations for the year ended December 31, 2007 as compared to December 31, 2006 was primarily attributable to the sale of Chiral Quest to CQAC for total cash consideration of approximately $1,700,000 in July 2007. As a result of this transaction, we reported a gain on sale of $438,444. Additionally, the decreased loss from 2007 compared to 2006, is attributed to a partial year of operations during 2007, versus an entire year of operations for 2006.

Liquidity and Capital Resources

Since inception, the Company has incurred an accumulated deficit of $42,513,278 through March 31, 2008. For the three months ended March 31, 2008 and 2007, the Company had losses from continuing operations of $3,080,981 and $2,256,778, respectively, and used $1,060,445 and $1,347,108 of cash in continuing operating activities for the three months ended March 31, 2008 and 2007, respectively. For the three months ended March 31, 2008 and 2007, the Company had a net loss of $3,080,981 and a net loss of $2,518,253 (which included $2,256,778 from continuing operations), respectively. As of March 31, 2008, the Company had a working capital deficit of $2,801,606 and cash and cash equivalents of $305,561. The Company has incurred negative cash flow from operating activities since its inception. The Company has spent, and expects to continue to spend, substantial amounts in connection with executing its business strategy, including planned development efforts relating to the Company’s drug candidates, clinical trials and other research and development efforts. As a result, we have insufficient funds to cover our current obligations or future operating expenses. To conserve funds, we will continue to complete our current ongoing Phase I and Phase II studies for VQD-002 and Lenocta, respectively, however we will not initiate any new clinical studies unless and until we receive additional funding. Our current resources are inadequate to continue to fund operations; therefore, we will need to raise capital by the end of the third quarter of 2008 if not sooner. Furthermore, based upon the amount of capital we are required to raise by the end of the third quarter of 2008 to continue operations, we may need to raise additional capital before then to continue to fund our operations at our desired pace throughout 2008, by selling shares of our equity securities or issuing debt, or by potentially sublicensing our rights to our products. These matters raise substantial doubt about the ability of the Company to continue as a going concern.

On March 14, 2008, we received gross proceeds of $765,000 from the sale of Series A Convertible Preferred Stock. Our cash and cash equivalents at March 31, 2008 reflect the remaining cash proceeds to the Company from this transaction. On April 9, 2008, we received gross proceeds of $2,194,500 from a second sale of Series A Convertible Preferred Stock.

Management anticipates that our capital resources will be adequate to fund its operations into the third quarter of 2008. Additional financing or potential sublicensing of our rights to our product(s) will be required during the third quarter of 2008 in order to continue to fund operations. The most likely sources of additional financing include the private sale of the Company's equity or debt securities, including bridge loans to us from third party lenders. Our working capital requirements will depend upon numerous factors, which include the progress of its drug development and clinical programs, including associated costs relating to milestone payments, maintenance and license fees, manufacturing costs, patent costs, regulatory approvals and the hiring of additional employees.

Additional capital that is urgently needed by us may not be available on reasonable terms, or at all. If adequate financing is not available, we may be required to terminate or significantly curtail or cease its operations, or enter into arrangements with collaborative partners or others that may require us to relinquish rights to certain of its technologies, or potential markets that we would not otherwise relinquish.

Contractual Obligations

License with The Cleveland Clinic Foundation. We have an exclusive, worldwide license agreement with CCF for the rights to develop, manufacture, use, commercialize, lease, sell and/or sublicense Lenocta. We are obligated to make an annual license maintenance payment until the first commercial sale of Lenocta, at which time we are no longer obligated to pay the maintenance fee. In addition, the license agreement requires us to make payments in an aggregate amount of up to $4.5 million to CCF upon the achievement of certain clinical and regulatory milestones. In November 2007, we achieved a milestone obligation to CCF, from the dosing of our first patient in our Phase IIa clinical trial. Should Lenocta become commercialized, we will be obligated to pay CCF an annual royalty based on net sales of the product. In the event that we sublicense Lenocta to a third party, we will be obligated to pay CCF a portion of fees and royalties received from the sublicense. We hold the exclusive right to negotiate for a license on any improvements to Lenocta and have the obligation to use all commercially reasonable efforts to bring Lenocta to market. We have agreed to prosecute and maintain the patents associated with Lenocta or provide notice to CCF so that it may so elect. The license agreement shall automatically terminate upon Greenwich's bankruptcy and upon the date of the last to expire claim contained in the patents subject to the license agreement. The license agreement may be terminated by CCF, upon notice with an opportunity for cure, for our failure to make required payments or our material breach, or by us, upon thirty day's written notice.

License with the University of South Florida Research Foundation, Inc. We have an exclusive, worldwide license agreement with USF for the rights to develop, manufacture, use, commercialize, lease, sell and/or sublicense VQD-002. Under the terms of the license agreement, we have agreed to sponsor research involving VQD-002 annually for the term of the license agreement. In addition, the license agreement requires us to make payments in an aggregate amount of up to $5.8 million to USF upon the achievement of certain clinical and regulatory milestones. Should a product incorporating VQD-002 be commercialized, we are obligated to pay to USF an annual royalty based on net sales of the product. In the event that we sublicense VQD-002 to a third party, we are obligated to pay USF a portion of fees and royalties received from the sublicense. We hold a right of first refusal to obtain an exclusive license on any improvements to VQD-002 and have the obligation to use all commercially reasonable efforts to bring VQD-002 to market. We have agreed to prosecute and maintain the patents associated with VQD-002 or provide notice to USF so that it may so elect. The license agreement shall automatically terminate upon our bankruptcy or upon the date of the last to expire claim contained in the patents subject to the license agreement. The license agreement may be terminated by USF, upon notice with an opportunity for cure, for our failure to make required payments or our material breach, or by us, upon six month's written notice.

License with with Asymmetric Therapeutics, LLC and Onc Res, Inc., assigned by Fiordland Pharmaceuticals, Inc. We have an exclusive license agreement with Asymmetric and Onc Res, as assigned by Fiordland for the rights to develop, manufacture, use, commercialize, lease, sell and/or sublicense Xyfid. In consideration for the rights under the license agreement, we paid to the licensor an aggregate $300,000 for license related fees, and incurred approximately $37,000 for patent prosecution costs. In addition, we paid to a third party finder a cash fee of $20,000 and a 5-year warrant to purchase 30,000 shares of our common stock at an exercise price of $5.00 per share, as adjusted for the 1-for-10 reverse stock split. The right to purchase the shares under the warrant vests in three equal installments of 100,000 each, with the first installment being immediately exercisable, and the remaining two installments vesting upon the achievement of certain clinical development and regulatory milestones relating to Xyfid. We recognized approximately $50,000 of expense in the first quarter of 2007 based upon the immediate vesting of the first 100,000 options. In consideration of the license, we are required to make payments upon the achievement of various clinical development and regulatory milestones, which total up to $6.2 million in the aggregate. The license agreement further requires us to make payments of up to an additional $12.5 million in the aggregate upon the achievement of various commercialization and net sales milestones. We will also be obligated to pay a royalty on net sales of the licensed product. We have agreed to prosecute and maintain the patents associated with Xyfid or provide notice to Asymmetric and/or Onc Res so that it may so elect. The license agreement shall automatically terminate upon our bankruptcy or upon the date of the last to expire claim contained in the patents subject to the license agreement. The license

agreement may be terminated by Asymmetric, upon notice with an opportunity for cure, for our failure to make required payments or our material breach, or by us, upon thirty day's written notice.

The following table summarizes our long-term contractual obligations at December 31, 2007:

		Payments due by period			
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations					
Convertible Promissory Notes Obligations (1) (3)	$ 3,700,000	$ 3,700,000	$ -	$ -	$ -
Continuing Operating Lease Obligations (2)	416,500	101,500	315,000	-	