UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended March 31, 2000

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number 000-14242

CELSION CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	52-1256615
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
10220-I Old Columbia Road, Columbia, Maryland	21046-1705
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (410) 290-5390

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of March 31, 2000, the Registrant had outstanding 60,639,686 shares of Common Stock, $.01 par value.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CELSION CORPORATION

BALANCE SHEETS

March 31, 2000 and September 30, 1999

ASSETS

	3/31/2000	9/30/99
Current assets:		
Cash and cash equivalents	$ 9,619,276	$ 1,357,464
Accounts receivable	11,824	1,812
Inventories	22,059	22,059
Prepaid expenses	193,139	3,520
Other current assets	75,400	39,203
Total current assets	9,921,698	1,424,058
Property and equipment - at cost:		
Furniture and office equipment	256,681	203,156
Laboratory and shop equipment	47,983	47,983
	304,664	251,139
Less accumulated depreciation	234,041	224,874
Net value of property and equipment	70,623	26,265
Other assets:		
Patent licenses (net of amortization)	100,446	108,361
Total other assets	100,446	108,361
Total assets	$10,092,767	$ 1,558,684

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY

	3/31/2000	9/30/1999
Current liabilities:		
Accounts payable - trade	$233,090	$130,792
Notes payable-related parties	0	10,000
Notes payable-other	114,778	114,778
Current Portion of Capital Leases	1,143	1,292
Accrued interest payable - related parties	0	13,800
Accrued interest payable - other	155,373	155,373
Accrued compensation	0	91,009
Other accrued liabilities	93,940	88
Total current liabilities	598,324	517,132
Long term liabilities:		
Long term debt	-	-
Total long-term liabilities	3,939	4,427
Total liabilities	602,263	521,559
Stockholders equity:		
Capital stock - $.01 par value ; 100,000,000 shares authorized, 60,639,686 and 53,370,498 issued and outstanding for 3/31/2000 and 9/30/1999, respectively.	606,397	533,705
Preferred stock - $1,000 par value, 4,853 and 0 shares issued and outstanding for 3/31/2000 and 9/30/1999, respectively.	4,852,500	-
Preferred Stock Dividend to be distributed	80,875	-
Additional paid-in capital	27,849,008	22,403,622
Accumulated deficit	(23,898,276)	(21,900,202)
Total stockholders' equity	9,490,504	1,037,125
Total liabilities and shareholders equity	$10,092,767	$1,558,684

See accompanying notes.

CELSION CORPORATION
STATEMENTS OF OPERATIONS
(Unaudited)

	Six Months Ended March 31, 2000	1999
Revenue:		
Hyperthermia sales and parts	$ 3,465	--
Total revenue	3,465	--
Cost of sales	--	--
Gross profit	3,465	--
Operating expenses:		
Selling, general and administrative	$ 1,232,837	$ 646,301
Research and development	755,774	463,629
Total operating expenses	1,988,611	1,109,930
(Loss) Income from operations	(1,985,141)	(1,109,930)
Other income	68,441	--
Interest expense	(499)	(50,964)
(Loss) Income before income taxes	(1,917,199)	(1,160,894)
Income taxes	--	--
Net (loss) income	(1,917,199)	(1,160,894)
Net (loss) income per common share (basic)	($ 0.03)	($ 0.03)
Weighted average shares outstanding	55,120,781	42,257,300

See accompanying notes.

CELSION CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended March 31, 2000	Six Months Ended March 31, 1999
Cash flows from operating activities:		
Net (loss) income	$ (1,917,199)	$ (1,160,894)
Noncash items included in net (loss) income:		
Loss in investment fund	--	--
Depreciation and amortization	17,082	14,246
Bad debt expense	--	--
Net changes in:		
Accounts receivable	(10,012)	(150)
Inventories	--	--
Prepaid expenses	(189,619)	57,931
Other current assets	(36,197)	--
Accounts payable-trade	102,298	(337,704)
Accrued interest payable - related parties	--	233
Accrued interest payable - other	(13,800)	(108,074)
Accrued compensation	(91,009)	137,731
Other accrued liabilities and deferred revenue	93,852	9,665
Net cash (used) provided by operating activities	(2,044,604)	(1,387,016)
Cash flows from investing activities:		
Purchase of property and equipment	(53,525)	--
Net cash provided (used) by investing activities	(53,525)	--
Cash flows from financing activities:		
Payment on notes payable (net)	(10,000)	(154,041)
Payment on capital leases (net)	(638)	(542)
Proceeds of stock issuances	10,370,579	1,678,768
Net cash provided by financing activities	10,359,941	1,524,185
Net increase (decrease) in cash	8,261,812	137,169
Cash at beginning of period	1,357,464	54,920
Cash at end of the period	$ 9,619,276	$ 192,089

See accompanying notes.

CELSION CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The accompanying unaudited financial statements, of Celsion Corporation (the "Company"), have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring accruals considered necessary for a fair presentation, have been included in the accompanying unaudited financial statements. Operating results for the six months ended March 31, 2000 are not necessarily indicative of the results that may be expected for the full year ending September 30, 2000. For further information, refer to the consolidated financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1999.

Note 2. Common Stock Outstanding and Per Share Information

For the quarters ended March 31, 2000 and 1999, per share data is based on the weighted average number of shares of Common Stock outstanding. Outstanding warrants and options which can be converted into Common Stock are not included as their effect is antidilutive.

Note 3. Inventories

Inventories are carried at the lower of actual cost or market, and cost is determined using the average cost method. The components of inventories on March 31, 2000 and September 30, 1999 are as follows:

	March 31, 2000	September 30, 2000
Materials	$5,059	$5,059
Finished products	17,000	17,000
	$22,059	$22,059

Parts held in inventory as of March 31, 2000 are held as replacements and spares for occasional repair of older systems sold in previous years.

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIALCONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Statements and terms such as "expect", "anticipate", "estimate", "plan", "believe" and words of similar import, regarding the Company's expectations as to the development and effectiveness of its technology, the potential demand for its products, and other aspects of its present and future business operations, constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, the Company cannot guarantee that actual results will not differ materially from its expectations. Factors which could cause actual results to differ from expectations include, but are not limited to, those referred to in the following paragraph and in the discussion under "Liquidity and Capital Resources."

General

Since inception, the Company has incurred substantial operating losses. The Company expects operating losses to continue and possibly increase in the near term and for the foreseeable future as it continues its product development efforts, conducts clinical trials and undertakes marketing and sales activities for new products. The Company's ability to achieve profitability is dependent upon its ability successfully to integrate new technology into its thermotherapy systems, conduct clinical trials, obtain governmental approvals, and manufacture, market and sell its new products. Major obstacles facing the Company over the last several years have included inadequate funding, a negative net worth, and the slow development of the thermotherapy market due to technical shortcomings of the thermotherapy equipment available commercially. The Company has not continued to market its older thermotherapy system, principally because of the system's inability to provide heat treatment for other than surface and sub-surface tumors, and has concentrated its efforts on a new generation of thermotherapy products.

The operating results of the Company have fluctuated significantly in the past on an annual and a quarterly basis. The Company expects that its operating results will fluctuate significantly from quarter to quarter in the future and will depend on a number of factors, many of which are outside the Company's control.

Results of Operations

Comparison of Six Months Ended March 31, 2000 and Six Months Ended March 31, 1999

Product sales for the six months ended March 31, 2000 were only $3,465 as compared to none for the same period in 1999. The limited revenue in the current period resulted from a parts reorder for older, previously sold equipment. Product revenues are not expected until development of equipment incorporating the Company's new technologies is completed and such equipment is clinically tested and receives necessary approvals from governmental regulatory agencies.

Research and development expense increased by 63% to $755,774 for the current period from $463,629 for the six months ended March 31, 1999. The increase of $292,145 in 2000 expenditure levels was attributable to the issuance of shares of Common Stock issued to Duke University under a license agreement for thermoliposome technology, research on thermoliposome technology during the period, and expenditures for its Phase I breast cancer trials at Harbor UCLA Medical Center and Columbia Hospital during the period ended March 31, 2000. The Company's expenditures levels for its ongoing BPH trials were consistent with expenditures in the year earlier. The Company expects expenditures on research and development expenses to increase for the remainder of the fiscal year as it completes Phase I of the BPH clinical trials and begins Phase II clinical trials for its breast cancer and BPH treatment systems.

Selling, general and administrative expense increased by 91% to $1,232,837 for the six months ended March 31, 2000, from $646,301 for the comparable earlier period. The increase of approximately $586,000 was due primarily to increased legal and financial services associated with the Company's recent securities offerings and technology licensing and to increased public relations activities.

Due mainly to the increase in the expenditures listed above for the six months ending March 31, 2000, the loss from operations for the period rose by $756,305 to ($1,917,199) from $(1,160,894) in the prior year.

Liquidity and Capital Resources

Since inception, the Company's expenses have significantly exceeded its revenues, resulting in an accumulated deficit of $23,898,276 at March 31, 2000. The Company has incurred negative cash flows from operations since its inception, and has funded its operations primarily through the sale of equity securities. As of March 31, 2000, the Company had cash of $9,619,276 and total current assets of $9,921,698 compared with current liabilities of $598,324, resulting in a working capital surplus of $9,323,374. As of September 30, 1999, the Company had $1,357,464 in cash and total current assets of $1,424,058 compared with current liabilities of $517,132, which resulted in a working capital surplus of $902,499 at fiscal year-end. Net cash used in the Company's operating activities was $2,044,604 for the six months ending March 31, 2000. The increase in working capital is due to the closing of a private placement offering on January 31, 2000 netting the Company approximately $4,200,000 and exercise of warrants (primarily Series 700 and 800) during the period netting the Company $5,467,118.

The Company does not have any bank financing arrangements and has funded its operations in recent years primarily through private placement offerings. For all of fiscal year 2000, the Company expects to expend a total of about $4 million for breast cancer and BPH clinical testing and for corporate overhead, which will be funded from its current resources. The foregoing amounts are estimates based upon assumptions as to the availability of funding, the scheduling of institutional clinical research and testing personnel, the timing of clinical trials and other factors, not all of which are fully predictable. Accordingly, estimates and timing concerning projected expenditures and programs are subject to change.

The Company's dependence on raising additional capital will continue at least until the Company is able to begin marketing its new technologies. The Company's future capital requirements and the adequacy of its financing depend upon numerous factors, including the successful commercialization of the thermotherapy systems, progress in its product development efforts, progress with preclinical studies and clinical trials, the cost and timing of production arrangements, the development of effective sales and marketing activities, the cost of filing, prosecuting, defending and enforcing intellectual property rights, competing technological and market developments, and the development of strategic alliances for the marketing of its products. The Company will be required to obtain such funding through equity or debt financing, strategic alliances with corporate partners and others, or through other sources not yet identified. The Company does not have any committed sources of additional financing, and cannot guarantee that additional funding will be available on acceptable terms, if at all. If adequate funds are not available, the Company may be required to delay, scale-back or eliminate certain aspects of its operations or attempt to obtain funds through arrangements with collaborative partners or others that may require the Company to relinquish rights to certain of its technologies, product candidates, products or potential markets.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Change in Securities

During the quarter ended March 31, 2000, the Company issued the following securities without registration under the Securities Act of 1933, as amended (the "Securities Act"):

1. The Company issued a total of 6,366,392 shares of Common Stock upon the exercise of outstanding options and warrants, including Series 700 and 800 warrants which were called for redemption, for total cash consideration of $5,467,118, an average exercise price of $0.86 per share. The shares issued to the holders of such options and warrants consisted of restricted stock endorsed with the Company's standard restricted stock legend, with a stop transfer instruction recorded by the transfer agent. Accordingly, the Company views the shares issued as exempt from registration under Sections 4(2) and/or 4(6) of the Securities Act.

2. During the current quarter, the Company sold 4,852.5 shares of a new Series A 10% Convertible Preferred Stock ("Preferred Stock") at a price of $1,000 per share, to investors in a private placement offering (the "Offering"). The Offering was made through a placement agent ("Placement Agent") which is a broker-dealer member of the National Association of Securities Dealers, and shares of Preferred Stock were sold only to accredited investors under Regulation D promulgated by the Securities and Exchange Commission. The Company received net proceeds of $4,231,675 from the Offering.

3. On February 14, 2000 the Company's Board of Directors declared a Preferred Stock dividend to the holders of its Series A Preferred Stock as of March 31, 2000 at the annual rate of 10% per share. As provided under the terms of issuance of the Series A Preferred Stock, which will result in the issuance of 80.875 shares of the Company's Series A Preferred Stock valued at $1,000 per share during the next quarter.

4. On January 13, 2000 the Company granted 35,000 shares of its Common Stock to various members of its newly formed Business Advisory Board.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Securities Holders

None.

Item 5. Other Information

During the quarter ended March 31, 2000, John Mon, who is a director and has acted as the Company's principal operating officer, Secretary and Treasurer, agreed to enter into a formal three-year employment arrangement with the Company, effective as of February 15, 2000, which will provide for an annual salary of $100,000 plus cost-of-living increases and for incentive options which are exercisable upon the achievement of various corporate milestones. This option exercise prices are based upon the average closing price of the Company's Common Stock during the last ten trading days of January 2000, with step-ups which will result in an exercise range between $2.75 and $3.45 per share.

Also, the Company has been taking steps to increase its key personnel resources. In addition to adding administrative assistants, the Company has been negotiating with candidates (including a current member of its Board of Directors) for executive-level positions in medical and pharmaceutical product development and in medical systems engineering. Proposed formal agreements are under consideration and it is expected that at least two new executives will join the Company during the third fiscal quarter.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

11. Computation of per share earnings.

(b) Reports on Form 8-K.

Form 8-K was filed on February 3, 2000, reporting on the completion of a recent private placement financing and a related capitalization change, new executive employment agreements and commencement of clinical trials. No financial statements were filed with the Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: May 5, 2000

CELSION CORPORATION
(Registrant)

By: /s/Spencer J. Volk

Spencer J. Volk
President and Chief Executive Officer

By: /s/John Mon

John Mon
Treasurer and Chief Accounting Officer

EXHIBIT 11

CELSION CORPORATION

COMPUTATION OF EARNINGS PER SHARE

	Six Months Ended March 31, 2000	1999
Net (loss) income	($1,917,199)	($1,160,894)
Net (loss) income per common share*	($0.03)	($0.03)
Weighted average shares outstanding	55,120,781	42,257,300

* Common stock equivalents have been excluded from the calculation of net loss per share as their inclusion would be anti-dilutive.

5

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SEP-30-2000
JAN-01-2000
MAR-31-2000
9619276
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11824
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22059
9921698
304664
234041
10092767
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