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 December 31, 1999

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 December 31, 1999, the Registrant had outstanding 54,188,294 shares of Common Stock, $.01 par value.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Index to Financial Statements

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CELSION CORPORATION

BALANCE SHEETS

December 31, 1999 and September 30, 1999

ASSETS

	12/31/99	9/30/99
Current assets:		
Cash and cash equivalents	$ 766,989	$1,357,464
Accounts receivable	6,080	1,812
Inventories	22,059	22,059
Prepaid expenses	195,807	3,520
Other current assets	93,009	39,203
Total current assets	1,083,945	1,424,058
Property and equipment - at cost:		
Furniture and office equipment	208,525	203,156
Laboratory and shop equipment	47,983	47,983
	256,508	251,139
Less accumulated depreciation	228,640	224,874
Net value of property and equipment	27,868	26,265
Other assets:		
Patent licenses (net of amortization)	104,403	108,361
Total other assets	1,036,216	1,558,684
Total assets	$1,216,216	$ 330,738

See accompanying notes.

LIABILITIES AND STOCKHOLDERS' EQUITY

	12/31/1999	9/30/1999
Current liabilities:		
Accounts payable - trade	$ 48,455	$ 130,792
Notes payable-related parties	0	10,000
Notes payable-other	114,778	114,778
Current Portion of Capital Leases	1,327	1,292
Accrued interest payable - related parties	0	13,800
Accrued interest payable - other	155,373	155,373
Accrued compensation	55,116	91,009
Other accrued liabilities	26,121	88
Total current liabilities	401,170	517,132
Long term liabilities:		
Long term debt	--	--
Total long-term liabilities	4,119	4,427
Total liabilities	405,289	521,559
Stockholders= equity:		
Capital stock - $.01 par value; 100,000,000 shares authorized, 54,188,294 and 53,370,498 issued and outstanding for 12/31/1999 and 9/30/1999, respectively	541,883	533,705
Additional paid-in capital	23,003,919	22,403,622
Accumulated deficit	(22,734,865)	(21,900,202)
Total stockholders'(deficit) equity	810,927	1,037,125
Total liabilities and shareholders= equity	$ 1,216,216	$ 1,558,684

See accompanying notes.

CELSION CORPORATION
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31, 1999	1998
Revenue:		
Hyperthermia sales and parts	--	--
Total revenue	--	--
Cost of sales	--	--
Gross profit (loss)	--	--
Operating expenses:		
Selling, general and administrative	$ 486,465	$ 357,577
Research and development	355,578	167,101
Total operating expenses	842,043	524,679
(Loss) Income from operations	(842,043)	(524,679)
Loss in investment fund	--	--
Other(expense) income	7,691	--
Interest expense	(311)	(23,314)
(Loss) Income before income taxes	(834,663)	(547,993)
Income taxes	--	--
Net (loss) income	(834,663)	(547,993)
Net (loss)income per common share (basic)	($ 0.016)	($ 0.014)
Weighted average shares outstanding	53,833,784	40,595,255

See accompanying notes.

CELSION CORPORATION
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended December 31, 1999	1998
Cash flows from operating activities:		
Net (loss) income	$ (834,663)	$ (547,993)
Noncash items included in net (loss) income:		
Loss in investment fund	--	--
Depreciation and amortization	7,723	7,182
Bad debt expense	--	--
Net changes in:		
Accounts receivable	(4,268)	--
Inventories	--	--
Prepaid expenses	(192,286)	31,931
Other current assets	(53,807)	--
Accounts payable-trade	(82,336)	90,540
Accrued interest payable - related parties	--	233
Accrued interest payable - other	(13,800)	20,246
Accrued compensation	(35,893)	68,346
Other accrued liabilities and deferred revenue	26,033	22,288
Net cash (used) provided by operating activities	(1,183,297)	(307,226)
Cash flows from investing activities:		
Purchase of property and equipment	(5,369)	--
Net cash provided (used) by investing activities	(5,369)	--
Cash flows from financing activities:		
Payment on notes payable (net)	(10,000)	(55,000)
Payment on capital leases (net)	(274)	(181)
Proceeds of stock issuances	608,466	407,600
Net cash provided by financing activities	598,191	352,419
Net increase (decrease) in cash	(590,475)	45,193
Cash at beginning of period	1,357,464	54,921
Cash at end of the period	$ 766,989	$ 100,114

See accompanying notes.

CELSION CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements, which include the accounts 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 three months ended December 31, 1999 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 December 31, 1999 and 1998, 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 12/31/1999 and 9/30/1999 are as follows:

Parts held in inventory as of December 31, 1999 are held as replacements and spares for occasional repair of older systems sold in previous years

	12/31/1999	9/30/1999
Materials	$5,059	$5,059
Work - in - process	-	-
Finished products	17,000	17,000
	$22,059	$22,059

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 Three Months Ended December 31, 1999 and Three Months Ended December 31, 1998

There were no product sales for the three months ended December 31, 1999 and 1998. 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 113% to $355,579 for the current period from $167,101 for the three months ended December 31, 1998. The increase in 1999 expenditure levels was mainly due to a charge of $149,428, representing shares of Common Stock issued to Duke University under a license agreement for Duke University's thermoliposome technology, entered into on November 10, 1999. The Company also expended $36,298 in the current quarter to begin its Phase I breast cancer trials at Harbor UCLA Medical Center and Columbia Hospital during the period ended December 31, 1999. 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 36% to $486,465 for the three months ended December 31, 1999, from $357,577 for the comparable earlier period. The increase was due to the following additional expenses in the 1999 periods: incentive stock issued in compliance with the Company's obligations under an employment agreement, valued on the Company's books at $75,000, and consulting fees and expenses paid in the form of shares of Common Stock issued to various consultants for public relations and financial and strategic planning services, in an aggregate amount of $60,000.

Due mainly to the increase in the expenditures listed above for the three months ending December 31, 1999, the loss from operations for the period rose by $286,670 to ($834,663) from $(547,993) 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 $22,734,865 at December 31, 1999. 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 December 31, 1999, the Company had cash of $766,989 and total current assets of $1,083,945 compared with current liabilities of $401,170, resulting in a working capital surplus of $682,775. 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 $1,183,297 for the three months ending December 31, 1999.

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. 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 expects to meet its funding needs for fiscal year 2000 through a private placement offering to accredited investors under Regulation D. The offering was consummated on January 31, 2000, and netted the Company approximately $4.2 million.

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.

Year 2000 Compliance

The Company instituted procedures and changes to prepare for potential Y2K problems, as disclosed in earlier reports. To date Celsion has not had any Y2K related problems, and all internal systems have functioned properly since the beginning of the year 2000. All key vendors have not had any problems that the Company is aware of, and all of the Company's orders for components have been filled. At this time, Celsion's management does not foresee significant Y2K risks resulting from its dealings with vendors or suppliers.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Change in Securities

During the first quarter of the fiscal year ended December 31, 1999, the Company issued the following securities without registration under the Securities Act of 1933, as amended (the "Securities Act"):

1. During the current quarter, the Company issued a total of 374,498 shares to nine consultants for services in connection with public relations and financial and strategic planning. These services were valued at $342,162. The shares issued to the these consultants were 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. The Company issued a total of 167,500 shares of Common Stock upon the exercise of certain outstanding options and warrants, for total cash consideration of $41,875, an average exercise price of $0.25 per share. The shares issued to the holders of such options and warrants were 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.

3. During the current quarter, the Company issued 100,000 shares of Common Stock to its President and CEO, Spencer J. Volk, as required under his employment arrangements with the Company. At the request of the Company, Mr. Volk had previously deferred the receipt of 400,000 shares which were due to him under his earlier employment agreement. In November 1999, in lieu of the issuance of such shares, the Company granted Mr. Volk an option to purchase 400,000 shares of restricted Common Stock at a price equal to two-thirds of the average closing price of Common Stock during the prior three trading days (which closing price amounted to approximately $0.75 per share) and the Company agreed to issue the 100,000 shares of Common Stock. The shares issued were 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.

4. During the current quarter, the Company issued 175,798 shares of Common Stock to Duke University, in lieu of a cash payment, pursuant to the terms and conditions of a license agreement with Duke University, dated November 10, 1999. The shares were valued at $149,428, and 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.

Item 3. Defaults upon Senior Securities

None.

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

None.

Item 5. Other Information

On February 7, 2000, the Company issued a call for redemption of its Series 700 and Series 800 Warrants, which enable the holders thereof to purchase shares of Common Stock at prices of $1.00 and $0.90 per share, respectively. The Series 700 Warrants relate to a total of 2,583,000, and the Series 800 Warrants relate to a total of 2,610,000 shares of Common Stock. The Company anticipates that a substantial number of Series 700 and Series 800 Warrants will be exercised since the redemption price for such Warrants is equal to only $0.01 per share.

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: February 14, 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

	Three Months Ended December 31,	
	1999	1998
Net (loss) income	$ (834,663)	$ (547,993)
Net (loss) income per common share*	$ (0.016)	$ (0.014)
Weighted average shares outstanding	53,833,784	40,595,255

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

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SEP-30-1999
OCT-01-1999
DEC-31-1999
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22059
1083945
256508
228640
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