

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2004

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number: 001-16133

DEL CATH SYSTEMS, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware

06-1245881

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

1100 Summer Street, 3rd Floor, Stamford, CT 06905

(Address of Principal Executive Offices)

(203) 323-8668

(Issuer's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last
Report)

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

As of July 30, 2004, there were 11,597,311 shares of the Issuer's common stock, \$0.01 par value, issued and outstanding.

Transitional Small Business Disclosure Format (check one): Yes ___ No X

DEL CATH SYSTEMS, INC.

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Delcath Systems, Inc.
(A Development Stage Company)
Balance Sheet
(Unaudited)
June 30, 2004

Assets	June 30, 2004

Current assets:	
Cash and cash equivalents	\$ 1,671,633
Certificate of deposit	3,017,321
Interest receivable	25,651
Prepaid insurance	41,066

Total current assets	4,755,671
Furniture and fixtures, net	11,291
Due from affiliate	24,000

Total assets	\$ 4,790,962
	=====
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable and accrued expenses	\$ 524,400

Total current liabilities	524,400

Stockholders' equity	
Common stock	115,973
Additional paid-in capital	25,390,964
Deficit accumulated during development stage	(21,240,375)

Total stockholders' equity	4,266,562

Total liabilities and stockholders' equity	\$ 4,790,962
	=====

See accompanying notes to condensed financial statements

Delcath Systems, Inc.
(A Development Stage Company)
Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative From Inception (August 5, 1988) to June 30, 2004
	2004	2003	2004	2003	
Costs and expenses:					
General and administrative expenses	\$ 278,644	\$ 184,355	\$ 507,288	\$ 421,788	\$ 6,518,334
Research and development costs	584,334	359,177	1,072,174	660,006	14,081,670
	-----		-----		-----
Total costs and expenses	862,978	543,532	1,579,462	1,081,794	20,600,004
	-----		-----		-----
Operating loss	(862,978)	(543,532)	(1,579,462)	(1,081,794)	(20,600,004)
Other income (expense):					
Interest income	36,353	6,917	43,303	14,538	1,029,707
Interest expense	-	-	-	-	(171,473)
	-----		-----		-----
Net loss	\$ (826,625)	\$ (536,615)	\$ (1,536,159)	\$ (1,067,256)	\$ (19,741,770)
	=====		=====		=====
Common share data:					
Basic and diluted loss per share	\$ (0.07)	\$ (0.09)	\$ (0.14)	\$ (0.21)	
	=====		=====		
Weighted average number of shares of common stock outstanding	11,520,573	6,141,455	10,663,100	5,135,763	
	=====		=====		

See accompanying notes to condensed financial statements

DELCATH SYSTEMS, INC.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,		Cumulative from inception (August 5, 1988) to June 30, 2004
	2004	2003	
Cash flows from operating activities:			
Net loss	\$ (1,536,159)	\$ (1,067,256)	\$(19,741,770)
Adjustments to reconcile net loss to net cash used in operating activities			
Stock option compensation expense	-	-	2,520,170
Stock and warrant compensation expense issued for consulting services	-	-	236,286
Depreciation expense	2,496	2,496	28,662
Amortization of organization costs	-	-	42,165
Changes in assets and liabilities:			
Decrease (increase) in prepaid expenses	6,434	61,001	(41,066)
(Increase) decrease in interest receivable	(11,380)	4,445	(25,652)
Due from affiliate	-	-	(24,000)
Increase in accounts payable and accrued expenses	264,200	247,751	524,399
Net cash used in operating activities	(1,274,409)	(751,563)	(16,480,806)
Cash flows from investing activities:			
Purchase of furniture and fixtures	-	(5,029)	(39,953)
Purchase of short-term investments	(2,000,000)	(2,000,000)	(6,917,321)
Proceeds from maturities of short-term investments	1,014,575	370,000	3,914,575
Organization costs	-	-	(42,165)
Net cash used in investing activities	(985,425)	(1,635,029)	(3,084,864)
Cash flows from financing activities:			
Deferred costs in connection with a proposed financing transaction	-	238,571	-
Net proceeds from sale of stock and exercise of stock options and warrants	3,617,852	2,750,632	20,082,976
Repurchases of outstanding common stock	-	-	(51,103)
Dividends paid	-	-	(499,535)
Proceeds from short-term borrowings	-	-	1,704,964
Net cash provided by financing activities	3,617,852	2,989,203	21,237,302
Increase in cash and cash equivalents	1,358,018	602,611	1,671,633
Cash and cash equivalents at beginning of period	313,615	1,063,650	-
Cash and cash equivalents at end of period	\$ 1,671,633	\$ 1,666,261	\$ 1,671,633
Cash paid for interest	\$ -	\$ -	\$ 171,473
Supplemental disclosure of non-cash activities:			
Conversion of debt to common stock	\$ -	\$ -	\$ 1,704,964
Common stock issued for preferred stock dividends	\$ -	\$ -	\$ 999,070
Conversion of preferred stock to common stock	\$ -	\$ -	\$ 24,167
Common stock issued as compensation for stock sale	\$ -	\$ -	\$ 510,000

See accompanying notes to condensed financial statements

Delcath Systems, Inc.
(A Development Stage Company)

Notes to Condensed Financial Statements

Note 1: Description of Business

Delcath Systems, Inc. (the "Company") is a development stage company which was founded in 1988 for the purpose of developing and marketing a proprietary drug delivery system capable of introducing, and removing, high dose chemotherapy agents to a diseased organ system while greatly inhibiting their entry into the general circulation system. It is hoped that the procedure will result in a meaningful treatment for cancer. In November 1989, the Company was granted an IDE (Investigational Device Exemption) and an IND status (Investigational New Drug) for its product by the FDA (Food and Drug Administration). The Company is seeking to complete clinical trials in order to obtain separate FDA premarket approvals for the use of its delivery system using doxorubicin and melphalan, chemotherapeutic agents, to treat inoperable tumors in the liver.

Note 2: Basis of Presentation

The accompanying financial statements are unaudited and have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America. Certain information and footnote disclosures normally included in the Company's annual financial statements have been condensed or omitted. The interim financial statements, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair statement of the results for the interim periods ended June 30, 2004 and 2003 and cumulative from inception (August 5, 1988) to June 30, 2004.

The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the fiscal year. These interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2003, which are contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003 as filed with the Securities and Exchange Commission.

Note 3: Research and Development Costs

Research and development costs include the costs of materials, personnel, outside services and applicable indirect costs incurred in development of the Company's proprietary drug delivery system. All such costs are charged to expense when incurred.

Note 4: Sale of Common Stock and Warrants

During the six months ended June 30, 2004, the Company received net proceeds of \$233,291 as 266,505 of the 2003 Warrants were exercised along with the 20,265 warrants the Company issued in a private placement in 2002.

In March 2004 the Company completed the sale of 1,197,032 shares of its common stock and the issuance of warrants to purchase 299,258 common shares at \$3.01 per share in a private placement to institutional and accredited investors. The Company received net proceeds (after accrued registration costs of \$47,500) of \$2,672,595 in this transaction and agreed to register the shares of common stock and the shares issuable upon exercise of the warrants under the Securities Act of 1933.

In April 2004 the Company completed an additional private placement of 290,457 shares of common stock and an aggregate of 72,614 warrants to purchase shares of its common stock, under the same terms and conditions

as those sold in March 2004 for which it received net proceeds of \$646,421. The Company also received net proceeds of \$80,119 upon the exercise of some of the Representative Unit Purchase Warrants that were issued to underwriters as part of the 2003 public offering.

The following table sets forth changes in stockholders' equity during the six months ended June 30, 2004:

	Common Stock, \$0.01 Par Value Outstanding		Additional Paid in Capital	Deficit Accumulated During Development Stage	Total
	No. of shares	Amount			
Balance at December 31, 2003	9,744,632	\$97,446	\$21,777,065	\$(19,704,216)	\$2,170,295
Sale of common stock and warrants in March 2004, net of related costs	1,197,032	11,970	2,660,625		2,672,595
Sale of common stock and warrants in April 2004, net of related costs	290,457	2,905	643,516		646,421
Exercise of 2002 Warrants	20,265	203	26,547		26,750
Exercise of 2003 Warrants	266,505	2,665	203,876		206,541
Exercise of 2003 Representative's Unit Warrants	78,420	784	79,335		80,119
Net loss for six months ended June 30, 2004				(1,536,159)	(1,536,159)
Balance at June 30, 2004	11,597,311	\$115,973	\$25,390,964	\$(21,240,375)	\$4,266,562

Note 5: Stock Option Plan

The Company has historically accounted for its employee stock option plans in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. As such, compensation expense is recorded on the date of grant only if the current fair market value of the underlying stock exceeds the exercise price.

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 also allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income (loss) and pro forma earnings (loss) per share disclosures for employee stock option grants as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure required by SFAS No. 123.

Following the methodology of SFAS No. 123 regarding compensation costs based on the fair value for all employee stock option grants, the net loss and net loss per share for the three and six months ended June 30, 2004 and 2003 would have been increased to the pro forma amounts indicated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	-----		-----	
Net loss, as reported	\$ (826,625)	\$ (536,615)	\$ (1,536,159)	\$ (1,067,256)
Stock-based employee compensation expense included in net loss, net of related tax effects	0	0	0	0
Stock-based employee compensation determined under the fair value based method, net of related tax effects	(25,392)	(14,432)	(50,783)	(31,410)
	-----	-----	-----	-----
Pro forma net loss	(852,017)	(551,047)	(1,586,942)	(1,098,666)
	=====	=====	=====	=====
Loss per share (basic and diluted):				
As reported	\$ (0.07)	\$ (0.09)	\$ (0.14)	\$ (0.21)
Pro forma	(0.07)	(0.09)	(0.15)	(0.21)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(a) Plan of Operation

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements which are subject to certain risks and uncertainties that can cause actual results to differ materially from those described. Factors that may cause such differences include, but are not limited to, uncertainties relating to our ability to successfully complete Phase III clinical trials and secure regulatory approval of our current or future drug-delivery system and uncertainties regarding our ability to obtain financial and other resources for any research, development and commercialization activities. These factors, and others, are discussed from time to time in our filings with the Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update or revise these forward-looking statements to reflect events or circumstances after the date they are made.

OVERVIEW

Since our founding in 1988 by a team of physicians, we have been a development stage company engaged primarily in developing and testing the Delcath system for the treatment of liver cancer. A substantial portion of our historical expenses have been for the development of our medical device, the clinical trials of our product and the vigorous pursuit of patents worldwide, which now total nine. We expect to continue to incur significant losses from expenditures for product development, clinical studies, securing patents, regulatory activities, manufacturing and establishment of a sales and marketing organization without any significant revenues. Without an FDA-approved product and commercial sales, we will continue to be dependent upon existing cash and the sale of equity or debt to fund future activities. While the amount of future net losses and the time required to reach profitability are uncertain, our ability to generate significant revenue and become profitable will depend on our success in commercializing our device.

We have entered into arrangements with the Sydney Melanoma Unit of the University of Sydney, Sydney Cancer Centre to recruit patients for a Phase III study of the Delcath drug delivery system using doxorubicin to treat malignant melanoma that has spread to the liver and these trials have been started. We are currently treating and recruiting patients and are in discussions with other sites worldwide.

During 2001, we initiated the clinical trial of the system for isolated liver perfusion using the chemotherapy agent, melphalan. The Phase I clinical trial at the National Cancer Institute ("NCI") marked an expansion in the potential labeled usage beyond doxorubicin, the chemotherapy agent used in our initial clinical trials. Enrollment of new patients by the NCI in the Phase I trial using melphalan was completed in 2003 and enrolled patients will continue to be followed.

NCI and the Company prepared clinical trial protocols for Phase II trials using melphalan, based on the data collected in the Phase I study. The Phase II studies are expected to begin during 2004.

Based on recommendations by a panel of leading medical oncologists and surgeons convened by the Company, the Company has drafted a Phase I protocol to treat non-operable colorectal cancer in the liver with a high-dose hepatic infusion of melphalan combined with systemic administration of a conventional dose of irinotecan. This protocol, which is being reviewed by several major hospitals, will be the first time high-dose targeted therapy is combined with a lower dose of a systemic therapy. The trial is expected to start in 2005.

Over the next 12 months, we expect to continue to incur substantial expenses related to the research and development of our technology, including Phase III clinical trials using doxorubicin with the Delcath system and Phase I and II clinical trials using melphalan with the Delcath system. Additional funds, when and if

available, will be committed to pre-clinical and clinical trials for the use of other chemotherapy agents with the Delcath system for the treatment of liver cancer, and the development of additional products and components. We will also continue efforts to qualify additional sources of the key components of our device in an effort to further reduce manufacturing costs and minimize dependency on a single source of supply.

Liquidity and Capital Resources

We believe that our available funds will be sufficient to meet our anticipated needs for working capital and capital expenditures at least through 2004. The Company is not projecting any capital expenditures that will significantly affect the Company's liquidity during the next 12 months. The Company has recently hired two additional employees to assist with regulatory affairs and product development.

Our future liquidity and capital requirements will depend on numerous factors, including the progress of our research and product development programs, including clinical studies; the timing and costs of making various United States and foreign regulatory filings, obtaining approvals and complying with regulations; the timing and effectiveness of product commercialization activities, including marketing arrangements overseas; the timing and costs involved in preparing, filing, prosecuting, defending and enforcing intellectual property rights; and the effect of competing technological and market developments.

The Company's future results are subject to substantial risks and uncertainties. We have operated at a loss for our entire history and we may never achieve consistent profitability. We expect to require additional working capital in the future and such working capital may not be available on acceptable terms, if at all. In addition, we may need additional capital in the future to fully implement our business strategy.

During the six months ended June 30, 2004, the Company had stock issuances together with exercises of previously issued warrants. Please see Note 4 to the June 30, 2004 Condensed Financial Statements included in Part I of this filing and incorporated herein by reference for a complete description of such issuances together with receipt of proceeds. We plan to use the net proceeds to fund, in part, the Phase III clinical trial using doxorubicin and the Phase II clinical trial at NCI using melphalan.

Application of Critical Accounting Policies

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Certain accounting policies have a significant impact on amounts reported in the financial statements. A summary of those significant accounting policies can be found in Note 1 to the Company's financial statements contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003 as filed with the Securities and Exchange Commission. The Company has not adopted any significant new accounting policies during the six months ended June 30, 2004.

(b) Management's Discussion and Analysis of Financial Condition and Results of Operations

Not Applicable.

Item 3. CONTROLS AND PROCEDURES

Based on an evaluation of the Company's disclosure controls and procedures performed by the Company's Chief Executive Officer and its Chief Financial Officer as of the end of the period covered by this report, the Company's Chief Executive Officer and its Chief Financial Officer concluded that the Company's disclosure controls and procedures have been effective.

As used herein, "disclosure controls and procedures" means controls and other procedures of the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms issued by the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer or officers and its principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Since the date of the evaluation described above, there were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

PART II Other Information

Item 2. CHANGES IN SECURITIES AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

(a) Not applicable

(b) Not applicable

(c) On April 1, 2004, the Company sold an aggregate of 290,457 shares of its Common Stock and an aggregate of 72,614 warrants to purchase shares of its Common Stock. The sales of these securities were made in transactions exempt from registration under Rule 506 under the Securities Act of 1933, as amended, to purchasers each of whom qualified as an "accredited investor" within the meaning of Rule 501 thereunder. The aggregate offering price for the securities sold was \$700,000. There were no underwriting costs associated with this transaction. Additionally, a portion of the Representative's Unit Purchase Warrants issued to

underwriters as part of the 2003 public offering of our securities were exercised in May 2004 and June 2004 by those underwriters. 78,420 shares of the Company's Common Stock were issued together with a similar number of warrants. We received proceeds of \$80,119 and no underwriting costs were associated with these transactions.

The warrants issued to the purchasers and to the placement agent for shares sold in both March 2004 and April 2004 have an exercise price per share of \$3.01, subject to adjustment under certain circumstances and have a term expiring on March 19, 2009. The Company has filed a Registration Statement on Form S-3 covering, among other things, the resale of the shares sold in the offering and of the shares that might be issued upon exercise of the warrants. Commencing one year after the effective date of the registration statement, the Company has the right to redeem all or a portion of the warrants if certain conditions are met, including that the average per share market value of the Company's Common Stock for the twenty trading days immediately prior to the notice of redemption has been more than \$6.02.

(d) Not applicable

(e) Not applicable

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On June 15, 2004, the Company held its 2004 Annual Meeting of Stockholders. At the meeting, the stockholders voted on (i) the election of one Class I director of the Company to hold office until the Annual Meeting of Stockholders in 2007 and until his successor is duly elected and qualified; (ii) an amendment to the Company's certificate of incorporation to increase the authorized number of shares of Common Stock, par value \$0.01 per share, from 35 million to 70 million; and (iii) the approval of the Company's 2004 Stock Incentive Plan.

The stockholders voted 9,109,807 shares in favor of electing Daniel Isdamer to serve as a Class I director and withheld authority to vote 181,362 shares. The term of office of each of M. S. Koly and Samuel Herwshkowitz, M.D. as Class II directors will continue until the Annual Meeting of Stockholders in 2005. The term of office of each of Mark A. Corigliano and Victor Nevins as Class III directors will continue until the Annual Meeting of Stockholders in 2006.

On the proposal to approve the amendment of the Company's certificate of incorporation to increase to 70 million the number of shares of Common Stock, par value \$0.01, that the Company is authorized to issue, 8,887,272 shares were voted in favor of approval of the amendment, 377,542 shares were voted against approval of the amendment and 28,365 shares abstained from voting on the proposal.

On the proposal to approve the Company's 2004 Stock Incentive Plan, 2,781,973 shares were voted in favor of approval, 363,777 shares were voted against approval and 28,692 shares abstained from voting on the proposal.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

3(i) Amended and Restated Certificate of Incorporation, as amended to June 16, 2004.

10 Delcath Systems, Inc. 2004 Stock Incentive Plan (incorporated by reference to Exhibit B to the Company's definitive Proxy Statement dated April 29, 2004).

31.1 Certification by Chief Executive Officer Pursuant to Rule 13a-14.

31.2 Certification by Chief Financial Officer Pursuant to Rule 13a-14.

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K.

During the quarter for which this Quarterly Report on Form 10-KSB is filed, the Company did not file any reports on Form 8-K.

Signatures

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

DELCATH SYSTEMS, Inc.
(Registrant)

August 12, 2004

/s/ PAUL M. FEINSTEIN

Paul M. Feinstein
Chief Financial Officer (on behalf
of the registrant and as the
principal financial and accounting
officer of the registrant)

EXHIBIT INDEX

- 3(i) Amended and Restated Certificate of Incorporation, as amended to June 16, 2004.
- 10 Delcath Systems, Inc. 2004 Stock Incentive Plan (incorporated by reference to Exhibit B to the Company's definitive Proxy Statement dated April 29, 2004).
- 31.1 Certification by Chief Executive Officer Pursuant to Rule 13a-14.
- 31.2 Certification by Chief Financial Officer Pursuant to Rule 13a-14.
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
DELCATH SYSTEMS, INC.

DELCATH SYSTEMS, INC. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

FIRST: The name of the Corporation is "Delcath Systems, Inc." and the Corporation was incorporated upon the filing of its original certificate of incorporation on August 5, 1988.

SECOND: The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended by deleting the first paragraph of Article FOURTH in its entirety and replacing it with the following:

"FOURTH: The total number of all classes of shares of stock which the Corporation shall have authority to issue is forty-five million (80,000,000) shares, consisting of ten million (10,000,000) shares of Preferred Stock with a par value of \$.01 per share, and seventy million (70,000,000) shares of Common Stock with a par value of \$0.01 per share."

THIRD: This Amendment to the Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware by the unanimous vote of the Board of Directors of the Corporation and by a majority of the outstanding stock entitled to vote, and a majority of the outstanding stock of each class entitled to vote as a class, voted in favor of the amendment at the annual meeting of stockholders of the Corporation held on June 15, 2004.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by M. S. Koly, its President and Chief Executive Officer, as of June 15, 2004. The undersigned acknowledges pursuant to Section 103 of the General Corporation Law of the State of Delaware that he executed this Certificate as the free act and deed of the Corporation and that all facts stated herein are true.

DELCATH SYSTEMS, INC.

By: /s/ M. S. KOLY

M. S. Koly
President and Chief Executive Officer

CERTIFICATE OF AMENDMENT
OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
DELCATH SYSTEMS, INC.

DELCATH SYSTEMS, INC. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

FIRST: The name of the Corporation is "Delcath Systems, Inc." and the Corporation was incorporated upon the filing of its original certificate of incorporation on August 5, 1988.

SECOND: The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended by deleting the first paragraph of Article FOURTH in its entirety and replacing it with the following:

"FOURTH: The total number of all classes of shares of stock which the Corporation shall have authority to issue is forty-five million (45,000,000) shares, consisting of ten million (10,000,000) shares of Preferred Stock with a par value of \$.01 per share, and thirty-five million (35,000,000) shares of Common Stock with a par value of \$.01 per share."

THIRD: This Amendment to the Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware by the unanimous vote of the Board of Directors of the Corporation and by a majority of the outstanding stock entitled to vote, and a majority of the outstanding stock of each class entitled to vote as a class, voted in favor of the amendment at a special meeting held on January 31, 2003 for that purpose.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by M. S. Koly, its President and Chief Executive Officer, as of January 31, 2003. The undersigned acknowledges pursuant to Section 103 of the General Corporation Law of the State of Delaware that he executes this Certificate as the free act and deed of the Corporation and that all facts stated herein are true.

DELCATH SYSTEMS, INC.

By: /s/ M. S. Koly

M. S. Koly
President and Chief Executive
Officer

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
DELCATH SYSTEMS, INC.

FIRST: The name of the corporation is Delcath Systems, Inc.

SECOND: The address, including street, number, city and county of the registered office of the Corporation in the State of Delaware is 229 South State Street, City of Dover, County of Kent; and the name of the registered agent of the Corporation in the State of Delaware at such address is the Corporation Service Company.

THIRD: The nature of the business and the purposes to be conducted and promoted by the Corporation shall be to conduct any lawful business, to promote any lawful purpose, and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of all classes of shares of stock which the corporation shall have authority to issue is twenty-five million (25,000,000) shares, consisting of ten million (10,000,000) shares of Preferred Stock with a par value of \$.01 per share, and fifteen million (15,000,000) shares of Common Stock with a par value of \$.01 per share, amounting in the aggregate to two hundred and fifty thousand dollars (\$250,000).

The designation and powers, rights and preferences, and the qualifications, limitation, or restrictions with respect to each class or series of such class of the stock of the Corporation shall be as determined by resolution of the Board of Directors from time to time.

FIFTH: The corporation is to have perpetual existence.

SIXTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation, and regulation of the powers of the Corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

1. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors shall be determined by affirmative vote of a majority of the Board of Directors, but shall be not less than three (3).

2. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The term of the initial Class I directors shall terminate on the date of the 2001 annual meeting of stockholders; the term of the initial Class II directors shall terminate on the date of the 2002 annual meeting of stockholders and the term of the Class III directors shall terminate on the date of the 2003 annual meeting of stockholders. At each annual meeting of stockholders beginning in 2001, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease in directorships shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional directors of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. Directors shall hold office until the annual meeting for the year in which their terms expire and until their successors shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. A majority of total directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, any vacancy on the Board of Directors, however resulting, may be filled only by the affirmative vote of a majority of the remaining directors then in office even if less than a quorum. Any director elected to fill a vacancy shall hold office for a term that shall coincide with the remaining term of that class.

3. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and features of such directorships shall be governed by the terms of this Certificate of Incorporation or the resolution or resolutions adopted by the Board of Directors applicable thereto, and such directors so elected shall not be divided into classes pursuant to this Article unless expressly provided by such terms.

4. Subject to the rights, if any, of the holders of shares of Preferred Stock then outstanding, any or all of the directors of the Corporation may be removed from office at any time, with or without cause, by affirmative vote of two-thirds of the directors then in office or for cause only by the affirmative vote of the holders of at least eighty percent (80%) of the outstanding stock of the Corporation then entitled to vote generally for the election of directors, considered for purposes of this Article as one class.

5. The power to adopt, amend, or repeal the By-Laws of the Corporation may be exercised by the affirmative vote of a majority of the Board of Directors of the Corporation. In addition, the By-Laws may be amended by the stockholders, except that Articles II, III, IV, V, VI and IX of the By-Laws shall not be altered, amended or repealed by the stockholders, and no provision inconsistent therewith shall be adopted by the stockholders, without the affirmative vote of at least eighty percent (80%) of the outstanding stock of the Corporation entitled to vote thereon.

6. The Board of Directors shall have the power, when considering a tender offer or merger or acquisition proposal, to take into account any and all factors that the Board of Directors determines to be relevant, including, but not limited to the following:

(a) the interests of the Corporation's stockholders, including the possibility that these interests might be best served by the continued independence of the Corporation;

(b) whether the proposed transaction might violate federal or state laws;

(c) not only the consideration being offered in the proposed transaction, in relation to the then current market price for the outstanding capital stock of the Corporation, but also to the market price for the capital stock of the Corporation over a period of years, the estimated price that might be achieved in a negotiated sale of the Corporation as a whole or in part or through orderly liquidation, the premiums over market price for the securities of other corporations in similar transactions, current political, economic and other factors bearing on securities prices and the Corporation's financial condition and future prospects; and

(d) the social, legal and economic effects upon employees, suppliers, customers, creditors and others having similar relationships with the Corporation, upon the communities in which the Corporation conducts its business and upon the economy of the state, region and nation.

7. The holders of shares of any class having the right to cast 10% or more of the votes which may be cast on any matter at a meeting of stockholders shall have the right to call a special meeting of stockholders by delivering to the President or Secretary of the Corporation a notice demanding that a special meeting be called as soon as practicable after the delivery of such notice.

SEVENTH: No person serving as a director of the Corporation shall be personally liable to the Corporation or its stockholders for breach of his or her fiduciary duty as a director; provided, however, that the foregoing shall not eliminate or limit the liability of a director of the Corporation (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

EIGHTH: The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify (and advance expenses to) any and all persons who it shall have power to indemnify (and advance expenses to) under said section from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said section, and the indemnification and advancement provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

NINTH: Annual meetings of the stockholders shall be held on the date set in the Corporation's By-Laws. Any stockholder who desires to present a proposal or other matter or to nominate any person for election to the Board of Directors at an annual meeting of stockholders shall be entitled to present such proposal, matter or nomination at the annual meeting only if such stockholder notifies the Corporation, in writing, signed by the stockholder or stockholders submitting the notice, addressed to the Secretary of the Corporation, describing in detail the proposal or other matter to be presented and, in the case of nomination of a director, specifically identifying the person or persons such stockholder is nominating, sent by and delivery, overnight delivery or certified mail, return receipt requested, and such notice is received by the Secretary or President of the Corporation not less than one hundred and twenty (120) calendar days before the date of the Corporation's proxy statement released to the stockholders in connection with the previous year's annual meeting. In the event the Corporation did not hold an annual meeting the previous year, or if the date of the current year's annual meeting has been changed by more than thirty (30) calendar days from the date of the previous year's meeting, such notice must be received by the Secretary or President not less than sixty (60) days before the date set for the current year's meeting.

TENTH: From time to time any of the provisions of this certificate of incorporation may be amended, altered, or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this certificate of incorporation are granted subject to the provision of this Article TENTH, except that Articles SIXTH, SEVENTH, EIGHTH, NINTH and this Article TENTH shall not be altered, amended or repealed and no provision inconsistent therewith shall be adopted without the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all the stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

IN WITNESS WHEREOF, DELCATH SYSTEMS, INC. has caused this Amended and Restated Certificate of Incorporation to be executed and acknowledged by M. S. Koly, its President and CEO this ____ day of _____, 2000.

DELCATH SYSTEMS, INC.

BY: _____
M. S. Koly, President and CEO

CERTIFICATION

BY PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO RULE 13a-14

I, M. S. Koly, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Delcath Systems, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted as permitted by Exchange Act Release No. 47986];

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ M. S. KOLY

M. S. Koly
Chief Executive Officer
(Principal executive officer)

August 12, 2004

CERTIFICATION

BY PRINCIPAL FINANCIAL OFFICER

PURSUANT TO RULE 13a-14

I, Paul M. Feinstein, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Delcath Systems, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Omitted as permitted by Exchange Act Release No. 47986];

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ PAUL M. FEINSTEIN

Paul M. Feinstein
Chief Financial Officer
(Principal financial officer)

August 12, 2004

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES -OXLEY ACT OF 2002

In connection with the Quarterly Report of DELCATH SYSTEMS, INC. (the "Company") on Form 10-QSB for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. S. Koly, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C.ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 12, 2004

/s/ M. S. KOLY

M. S. Koly
Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES - OXLEY ACT OF 2002

In connection with the Quarterly Report of DELCATH SYSTEMS, INC. (the "Company") on Form 10-QSB for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul M. Feinstein, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 12, 2004

/s/ PAUL M. FEINSTEIN

Paul M. Feinstein
Chief Financial Officer