SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended March 31, 2002

[ ] 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

DELCATH 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 X No

As of May 9, 2002, there were 4,146,997 shares of the Issuer's Common Stock, $.01 par value, issued and outstanding, and 1,200,000 warrants expiring October 18, 2005 each with a right entitling the holder to purchase one share of the Issuer's Common Stock for $6.60. Transitional Small Business Disclosure Format (check one): Yes No X

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DELCATH SYSTEMS, INC.

(A Development Stage Company)

Balance Sheet

(Unaudited)

Assets	March 31, 2002
Current assets:	
Cash and cash equivalents	$ 1,224,921
Certificate of deposit	1,552,232
Interest receivable	18,326
Prepaid insurance	47,667
Total current assets	2,843,146
Furniture and fixtures, net	18,162
Due from affiliate	24,000
Total assets	$ 2,885,308
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable and accrued expenses	$ 232,808
Total current liabilities	232,808
Stockholders' equity (note 2):	
Preferred stock, $.01 par value: 10,000,000 shares authorized; no shares issued and outstanding	--
Common stock, $.01 par value; 15,000,000 shares authorized; 3,903,816 shares issued and outstanding	39,038
Additional paid-in capital	18,835,160
Deficit accumulated during development stage	(16,221,698)
Total stockholders' equity	2,652,500
Total liabilities and stockholders' equity	$ 2,885,308

See accompanying notes to financial statements.

DELCATH SYSTEMS, INC.

(A Development Stage Company)

Statements of Operations
(Unaudited)

	Three months ended 3/31/2002	Three months ended 3/31/2001	Cumulative from inception (August 5, 1988) to March 31, 2002
Costs and expenses:			
Legal, consulting and accounting fees	$ 322,016	$ 422,294	$ 6,347,271
Compensation and related expenses ...	165,174	122,978	5,990,047
Other operating expenses	111,607	123,076	3,078,631
Total costs and expenses	598,797	668,348	15,415,949
Operating loss	(598,797)	(668,348)	(15,415,949)
Interest income	23,858	76,771	864,329
Interest expense	--	(12,632)	(171,473)
Net loss	$ (574,939)	$ (604,209)	$(14,723,093)
Common share data:			
Basic and diluted loss per share	$ (0.15)	$ (0.15)	
Weighted average number of basic and diluted common shares outstanding	3,903,816	3,903,852	

See accompanying notes to financial statements.

DELCATH SYSTEMS, INC.

(A Development Stage Company)

Statements of Cash Flows

(Unaudited)

	Three months ended 3/31/2002	Three months ended 3/31/2001	Cumulative from inception (August 5, 1988) to March 31, 2002
Cash flows from operating activities:			
Net loss	$ (574,939)	$ (604,209)	(14,723,093)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock option compensation expense	--	--	2,520,170
Stock and warrant compensation expense	--	198,000	236,286
Depreciation expense	1,734	1,140	16,498
Amortization of organization costs	--	--	42,165
Decrease (increase) in prepaid expenses	22,000	25,835	(47,667)
(Increase) decrease in interest receivable	(17,270)	23,802	(18,326)
Due from affiliate	--	--	(24,000)
Increase (decrease) in accounts payable and accrued expenses	56,728	(574,921)	232,808
Net cash used in operating activities	(511,747)	(930,353)	(11,765,159)
Cash flows from investing activities:			
Purchase of furniture and fixtures	(6,400)	(7,792)	(34,660)
Purchase of short-term investments	(1,552,232)	--	(2,582,232)
Proceeds from maturities of short-term investments	--	--	1,030,000
Organization costs	--	--	(42,165)
Net cash used in investing activities	(1,558,632)	(7,792)	(1,629,057)
Cash flows from financing activities:			
Net proceeds from sale of stock and exercise of stock options and warrants	--	--	13,413,708
Dividends paid	--	--	(499,535)
Proceeds from short-term borrowings	--	--	1,704,964
Net cash provided by financing activities	--	--	14,619,137
(Decrease) increase in cash and cash equivalents	(2,070,379)	(938,145)	1,224,921
Cash and cash equivalents at beginning of period	3,295,300	5,803,577	--
Cash and cash equivalents at end of period	$ 1,224,921	$ 4,865,432	$ 1,224,921
Cash paid for interest	$ --	$ 1,294	$ 171,473
Supplemental 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
Common stock, options and warrants issued as compensation for consulting services	$ --	$ 198,000	$ 236,286

See accompanying notes to financial statements.

Delcath Systems Inc.
(A Development Stage Company)

Notes to Financial Statements

Note 1: Description of Business

Delcath Systems, Inc. (the "Company") is a development stage company that 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 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 Investigational Device Exemption ("IDE") and an Investigational New Drug ("IND") status for its product by the Food and Drug Administration ("FDA"). The Company is seeking to complete clinical trials in order to obtain FDA pre-marketing approval for the use of its delivery system using doxorubicin, a chemotherapeutic agent, to treat malignant melanoma that has spread to the liver.

Note 2: Basis of Presentation

The accompanying financial statements are unaudited and have been prepared by the Company in accordance with generally accepted accounting principles. 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 (including normal recurring accruals) necessary for a fair statement of the results for the interim periods ended March 31, 2002 and 2001 and cumulative from inception (August 5, 1988) to March 31, 2002.

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, 2001, which are contained in the Company's Form 10-KSB and Form 10-KSB/A as filed with the Securities and Exchange Commission on March 12, 2002 and April 5, 2002, respectively.

Note 3: Development Expenses

The Company considers that substantially all of its efforts are directed toward development of its propriety drug delivery system, and to activities in support of such development. Such development expenses for the three months ended March 31, 2002 amounted to $444,967.

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 any of our current or future drug-delivery systems, and uncertainties regarding our ability to obtain financial and other resources for our research, development and commercial activities. These factors, and others, are discussed from time to time in the Company's 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 and the clinical trials of our product, and the vigorous pursuit of patents worldwide, which now total ten. We expect to continue to incur significant losses from costs for product development, clinical studies, securing patents, regulatory activities, manufacturing and establishment of a sales and marketing organization without any significant revenues. A detailed description of the cash used to fund historical operations is in the financial statements and the notes thereto. 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 over at least the next three years. 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.

During 2001, Delcath initiated the clinical trial of the system for isolated liver perfusion using the chemotherapeutic agent, melphalan. The Phase I trial at the National Cancer Institute ("NCI") marks an expansion in the potential labeled usage beyond doxorubicin, the chemotherapeutic agent used in our initial clinical trials. The patent protection for the Delcath technology was also expanded in 2001, with the issuance of a U. S. patent for the system for isolated kidney perfusion. Similar applications are pending in several foreign countries.

In efforts to find additional potential investors and raise the profile of the Company within the investment community, management continued to speak to potential investors and investment analysts at a series of meetings in several major U. S. cities and Europe during the first quarter of 2002. Management expects to continue scheduling such meetings in the second half of 2002.

The contracted manufacture and assembly of the commercial grade Delcath system kit was completed in 2001, with the first human use kits shipped to NCI for use in the clinical trials. We 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.

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 clinical trials using melphalan with the Delcath system. Additional funds, when 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.

In January 2002, we announced that the New York University School of Medicine plans to proceed with the FDA approved Phase III study using doxorubicin with the Delcath system. In April 2002, we announced that the Sydney Melanoma Unit of The University of Sydney's Sydney Cancer Centre plans to proceed with a Phase III study using doxorubicin the Delcath System. The NYU trial is pending approval by their Institutional Review Board. Both trials are pending budget approval by the respective institution. If these trials receive the required approvals and proceed to accrue patients, the studies will involve a portion of the total of the 122 patients that are required by the FDA to participate in the Phase III trials at several institutions. We cannot estimate the starting date or duration of either trial.

Liquidity and Capital Resources

We currently anticipate that our available funds will be sufficient to meet our anticipated needs for working capital and capital expenditures through at least the next 12 months. The Company is not projecting any capital expenditures that will significantly affect the Company's liquidity or the hiring of additional employees during the next 12 months. Our cash and cash equivalents and short term investments balance at March 31, 2002 was $2,777,153.

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. The Company has operated at a loss for its entire history and there can be no assurance of it ever achieving consistent profitability. The Company had working capital at March 31, 2002 of $2,610,338. The Company expects to require additional working capital in the future and there can be no assurance that such working capital will be available on acceptable terms, if at all. In addition, the Company may need additional capital in the future to fully implement its business strategy as set forth herein.

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

Not Applicable.

PART II
OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

(a) - (c) Not applicable.

(d) The effective date of our first registration statement, filed on Form SB-2 under the Securities Act of 1933 (no. 333-39470) relating to our initial public offering of our Common Stock, was October 19, 2000. Net proceeds to Delcath were approximately $5.4 million. From the time of receipt through March 31, 2002, approximately $2,680,000 of the net proceeds were expended as shown in the table below. The remaining net proceeds are being held in temporary investments in short-term commercial paper.

	Actual through March 31, 2002
Research and development:	
Phase III clinical trials using the Delcath system with doxorubicin	$1,673,000
Phase I clinical trials using the Delcath system with melphalan	$ 278,000
Research and development stage clinical trials for other chemotherapy agents	$ 78,000
Repayment of indebtedness	$ 270,000
Working capital and general corporate purposes	$ 381,000
Total	$2,680,000

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

None.

(b) Reports on Form 8-K.

The Company did not file any Current Report on Form 8-K during the quarter ended March 31, 2002.

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)

Date: May 15, 2002

/s/ Thomas S. Grogan

Thomas S. Grogan
Chief Financial Officer (on behalf of the registrant and as the Principal Financial Officer of the registrant)