U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1996

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT
For the transition period from to

Commission file number 0-26918

CYTOCLONAL PHARMACEUTICS INC.
(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware	75-2402409
(State or Other jurisdiction of incorporation or Organization)	(I.R.S. Employer Identification Number)

9000 Harry Hines Boulevard, Suite 330, Dallas, Texas 75235
(Address of Principal Executive Offices)

(214)-353-2922
(Issuer's Telephone Number, Including Area Code)

(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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 7,687,932 shares of common stock, $.01 par value, outstanding as of August 9, 1996.

Transitional Small Business Disclosure Format (check one):

Yes No X

CYTOCLONAL PHARMACEUTICS INC

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Item 1. Financial Statements

CYTOCLONAL PHARMACEUTICS INC.
(a development stage company)

BALANCE SHEETS

ASSETS	December 31, 1995	June 30, 1996 (unaudited)
Current assets:		
Cash	$5,442,000	$4,290,000
Prepaid expenses and other current assets	31,000	40,000
Total current assets	5,473,000	4,330,000
Equipment, net	60,000	88,000
Patent rights, less accumulated amortization of $312,000 and $350,000	938,000	900,000
Investment in joint venture - at equity	39,000	27,000
Other assets	5,000	5,000
T O T A L	$6,515,000	$5,350,000

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable and accrued expenses	235,000	390,000
Royalties payable	1,250,000	1,250,000
Total liabilities	1,485,000	1,640,000
Stockholders' equity:		
Preferred stock - $.01 par value, 10,000,000 shares authorized; 1,268,787 and 1,276,458 shares of Series A convertible preferred issued and outstanding at December 31, 1995 and June 30, 1996, respectively (liquidation value $3,172,000 and $3,192,000 at December 31, 1995 and June 30, 1996, respectively)	13,000	13,000
Common Stock - $.01 par value, 30,000,000 shares authorized: 7,563,500 and 7,682,714 shares issued and outstanding at December 31, 1995 and June 30, 1996, respectively	76,000	77,000
Additional paid-in capital	13,903,000	13,902,000
Deficit accumulated during the development stage	(8,962,000)	(10,282,000)
Total Stockholders' Equity	5,030,000	3,710,000
T O T A L	$6,515,000	$5,350,000

</TABLE>

CYTOCLONAL PHARMACEUTICS INC.
(a development stage company)

STATEMENT OF OPERATIONS
(unaudited)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,		September 11, 1991 (inception) through June 30,
	1995	1996	1995	1996	1996
<S>	<C>	<C>	<C>	<C>	<C>
Operating Expenses:					
Research and development	$286,000	$390,000	$599,000	$729,000	$5,460,000
General and administrative	262,000	327,000	615,000	707,000	4,503,000
	548,000	717,000	1,214,000	1,436,000	9,963,000
Other (Income) expenses:					
Interest (income)	(4,000)	(54,000)	(5,000)	(116,000)	(319,000)
Interest expense	123,000		223,000		559,000
	119,000	(54,000)	218,000	(116,000)	240,000

NET (LOSS)	($667,000)	($663,000)	($1,432,000)	($1,320,000	($10,203,000)
Net loss per common share	($0.14)	($0.10)	($0.30)	($0.19)	
Weighted average number of shares outstanding	5,367,415	7,636,785	5,367,415	7,603,193	

</TABLE>

CYTOCLONAL PHARMACEUTICS INC.
(a development stage company)

STATEMENTS OF CASH FLOWS
(unaudited)

<TABLE>
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	Six Months Ended June 30,		September 11, 1991 (Inception) through June 30,
	1995	1996	1996
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net (loss)	($1,432,000)	($1,320,000)	($10,203,000)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:			
Depreciation and amortization	56,000	57,000	511,000
Amortization of debt discount	106,000		269,000
Amortization of debt costs	235,000		554,000
Value assigned to warrants and options			16,000
Equity in loss of joint venture	11,000	12,000	205,000
Changes in operating assets and liabilities:			
(Increase) decrease in other assets	1,000	(9,000)	(49,000)
Increase in accounts payable and accrued expenses	324,000	155,000	390,000
Net cash (used in) operating activities	(699,000)	(1,105,000)	(8,307,000)
Cash flows from investing activities:			
Purchase of equipment		(47,000)	(168,000)
Investment in joint venture			(233,000)
Net cash (used in) investing activities		(47,000)	(401,000)
Cash flows from financing activities:			
Net proceeds from sales of preferred and common stock			13,750,000
Proceeds from bridge loans, net of expenses	758,000		2,684,000
Deferred registration costs	(203,000)		
Repayment of bridge loans			(3,238,000)
Principal payments of equipment notes			(76,000)
Dividends paid			(122,000)
Net cash provided by financing activities	555,000		12,998,000

NET (DECREASE) IN CASH		(144,000)	(1,152,000)	4,290,000
Cash at beginning of period		395,000	5,442,000	
CASH AT END OF PERIOD		$251,000	$4,290,000	4,290,000

</TABLE>

CYTOCLONAL PHARMACEUTICS INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 1996
(unaudited)

(1) Financial Statement Presentation

The unaudited financial statements of Cytoclonal Pharmaceutics Inc. (the "Company") herein have been prepared pursuant to the rules and regulations of the Securities and exchange Commission(SEC) and, in the opinion of management, reflect all adjustments (consisting only of normal recurring accruals) necessary to present fairly the results of operations for the interim periods presented. Certain information and footnote disclosures normally included in financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to such rules and regulations. However, management believes that the disclosures are adequate to make the information presented not misleading. These financial statements and the notes thereto should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1995. The results for the interim periods are not necessarily indicative of the results for the full fiscal year.

(2) New Agreements

In February 1996, the Company entered into two license agreements with the Regents of the University of California, granting to the Company exclusive rights to: (1) a pending patent, entitled Inhibition of Cyst Formation by Cytoskeletal Specific Drugs that makes use of various drugs, one of which is Taxol and (2) technology in the field of Pharmacological Treatment of Polycystic Kidney Disease. Pursuant to the agreements, the Company paid license issue fees and must pay yearly license maintenance fees until the Company is commercially selling a product based on the technology, at which time a royalty based on net sales will be due.

In July 1996, the Company entered into an agreement with the Washington State University Research Foundation ("WSURF") whereby the Company received an exclusive, world-wide license to technology related to genes for enzymes in the biosynthetic pathway for Taxol. The Company is required to pay WSURF a yearly license fee as well as royalties on commercial sales.

(3) R & D Agreement Extended

The June 1992, agreement between the Company and the University of Texas at Dallas ("UTD") has been extended through May 1998. Pursuant to the amended agreement, UTD performs certain research and development activities relating to anti-sense compounds and related technology for use in humans as therapeutic and diagnostic products.

(4) Stock Option Plan

In April 1996, the Board of Directors of the Company adopted the Cytoclonal Pharmaceutics Inc. 1996 Stock Option Plan (the 1996 Plan) subject to shareholder approval. The 1996 Plan, which was approved by a majority of shareholders on June 3, 1996, provides for 750,000 shares of common stock to be reserved for issuance to officers, employees, consultants and advisors of the Company. Each Director of the Company was granted 50,000 options to purchase shares at an exercise price of $4.125 per share. As of August 10, 1996, 550,000 shares are available for future grant and options to acquire 200,000 remain outstanding under the 1996 Plan. The Plan provides for the grant of incentive stock options intended to qualify as such under Section 422 of the Internal Revenue Code of 1986, as amended, and nonstatutory stock options which do not so qualify.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cytoclonal Pharmaceutics Inc. (the "Company") was organized and commenced operations in September 1991. The Company is in the development stage, and its efforts have been principally devoted to research and development activities and organizational efforts, including the development of products for the treatment of cancer and infectious diseases, recruiting its scientific and management personnel and advisors and raising capital.

The Company's plan of operation for the next 12 months will consist of research and development and related activities aimed at:

- further increasing the Taxol yield from the Fungal Taxol Production System using alternative fermentation technologies, inducers, media and strain improvements using Taxol specific genes.
- further development of a diagnostic test using the LCG gene and related MAb to test in vitro serum, tissue or respiratory aspirant material for the presence of cells which may indicate a predisposition to, or early sign of, lung or other cancers.
- developing a humanized antibody specific for the protein associated with the LCG gene and, if successful, submission of an IND for clinical trials.
- testing the TNF-PEG technology as an anti-cancer agent in animal studies.
- further development of proprietary vectors which have been constructed for the expression of specific proteins that may be utilizable for vaccines for different diseases.
- initiating animal studies of IL-T and IL-P and, if successful, submission of an IND for clinical trials.
- continuing the funding of the research on anti-sense technology currently being conducted at the University of Texas at Dallas and testing of an idealized anti-sense algorithm under development.
- development of technology licensed from the University of California, Los Angeles for taxol treatment of polycystic kidney disease.
- making modest improvements to the Company's laboratory facilities.
- hiring approximately three additional research technicians and a financial vice president.

- seeking to establish strategic partnerships for the development, marketing, sales and manufacturing of the Company's proposed products.

The actual research and development and related activities of the Company may vary significantly from current plans depending on numerous factors, including changes in the cost of such activities from current estimates, the results of the Company's research and development programs, the results of clinical studies, the timing of regulatory submissions, technological advances, determinations as to commercial potential and the status of competitive products. The focus and direction of the Company's operations will also be dependent upon the establishment of collaborative arrangements with other companies, the availability of financing and other factors.

For the period from April 1, 1996 to June 30, 1996, the Company incurred a net loss $663,000 compared to a net loss of $667,000 for the same period in 1995. For the period from January 1, 1996 to June 30, 1996, the Company incurred a net loss of $1,320,000. The Company incurred a net loss of $1,432,000 for the six months ended June 30, 1995. The decrease from the previous year was attributable to an increase in interest income generated from the proceeds of the Company's initial public offering of November 1995 and a decrease in interest expense, partially offset by an increase in research and development expenses and general and administrative expenses. The Company expects to incur additional losses in the foreseeable future.

The Company incurred general and administrative expenses of $262,000 and $327,000 for the three months ended June 1995 and June 1996, respectively and $615,000 and $707,000 for the six months ended June 1995 and June 1996, respectively. The increase was attributable to increased public relations and technology marketing costs, legal and professional fees and travel expenses, as well as, to the acquisition of Directors and Officers liability insurance.

The Company incurred research and development expenses of $286,000 and $390,000 for the three months ended June 1995 and June 1996, respectively and $599,000 and $729,000 for the six months ended June 1995 and June 1996, respectively. The increase was attributable to an increase in the purchase of laboratory supplies, an increase in research salaries and an increase in license fees paid.

The Company believes that the net proceeds remaining from its initial public offering of November 1995 will be sufficient to finance the Company's plan of operation for approximately 18 months. There can be no assurance that the Company will generate sufficient revenues to fund its operations after such period or that any required financings will be available, through bank borrowings, debt or equity offerings, or otherwise, on acceptable terms or at all.

PART II -- OTHER INFORMATION

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

On June 3, 1996, the stockholders of the Company held their annual meeting in Dallas, Texas. The holders of 5,320,197 shares of Common Stock and 643,573 shares of Preferred Stock were present or represented by proxy and, accordingly, a quorum was present and matters were voted on as follows:

a. The following persons were re-elected directors of the Company:

<TABLE>
<CAPTION>

	Common Stock		Preferred Stock	
	For	Against	For	Against
<S>	<C>	<C>	<C>	<C>
Arthur P. Bollon, Ph.D.	5,285,547	34,650	629,606	13,967
Ira J.Gelb, M.D.	5,285,547	34,650	629,606	13,967
Irwin C. Gerson	5,285,547	34,650	629,606	13,967
Walter M. Lovenberg, Ph.D.	5,285,547	34,650	629,606	13,967

</TABLE>

b. The vote to ratify the 1996 Stock Option Plan passed. Votes totaling 4,230,030 shares Common Stock and 567,808 shares Preferred Stock were in favor of the ratification, 120,850 shares Common Stock and 63,560 shares Preferred Stock were against it, and 27,150 shares Common Stock and 12,205 shares Preferred Stock abstained.

c. The vote to ratify the reappointment of Richard A.Eisner & Company as independent auditors for the year ending December 31, 1996 also passed. Votes totaling 5,288,097 shares Common Stock and 631,368 shares Preferred Stock were in favor of the ratification, 7,700 shares Common Stock and 6,987 shares Preferred Stock were against it, and 24,400 shares Common Stock and 5,218 shares Preferred Stock abstained.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 11 Computation of per share earnings

(b) Reports on Form 8-K - None

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.

CYTOCLONAL PHARMACEUTICS INC.

Date: August 14, 1996 /s/ Daniel M. Shusterman

Daniel M. Shusterman
Vice President of Operations,
Treasurer and Chief Financial
Officer

Exhibit 11

CYTOCLONAL PHARMACEUTICS INC.

COMPUTATION OF NET (LOSS) PER COMMON SHARE (2)
(unaudited)

<TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1996	1995	1996
<S>	<C>	<C>	<C>	<C>
Net (loss)	($667,000)	($663,000)	($1,432,000)	($1,320,000)
Add cumulative preferred dividend	(79,000)	(80,000)	(159,000)	(160,000)
NET (LOSS) USED FOR COMPUTATION	($746,000)	($743,000)	($1,591,000)	($1,480,000)
Weighted average number of common shares outstanding	5,220,000	7,636,785	5,220,000	7,603,193
Shares issuable upon exercise of stock options and warrants, net of shares assumed to be repurchased (1)	147,415	0	147,415	0
Shares used for computation	5,367,415	7,636,785	5,367,415	7,603,193
Net (loss) per common share	($0.14)	($0.10)	($0.30)	($0.19)

</TABLE>

Notes and Assumptions:

(1) The Company issued common stock and common stock equivalents for consideration below the initial public offering price of $5.00. Consequently, in accordance with Staff Accounting Bulletin 83 (during the periods covered by statements of operation included in the registration statement) the following methodology was used in determining weighted average shares outstanding:

Stock issued in a one year period immediately prior to the offering was treated as outstanding for the entire period and repurchase of shares using the treasury stock method at an offering price of $5.00.

(2) Adjusted to reflect retroactively, a 1 for 2.5 reverse stock split effected on August 2, 1995.

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