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 MARCH 31, 1998

[ ] 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 JURISDICATION 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: 9,677,546 SHARES OF COMMON STOCK, $.01 PAR VALUE, OUTSTANDING AS OF MAY 7, 1996.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE):

YES NO X
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CYTOCLONAL PHARMACEUTICS INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CYTOCLONAL PHARMACEUTICS INC.
(A DEVELOPMENT STAGE COMPANY)

BALANCE SHEETS

ASSETS	DECEMBER 31, 1997	MARCH 31, 1998 (UNAUDITED)
Current assets:		
Cash and cash equivalents	$ 1,849,000	$ 1,142,000
Prepaid expenses and other current assets	35,000	39,000
Total current assets	1,884,000	1,181,000
Equipment, net	127,000	143,000
Patent rights, less accumulated amortization of $463,000 and $482,000	787,000	768,000
Other assets	4,000	4,000
T O T A L	$ 2,802,000	$ 2,096,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	460,000	557,000
Current portion of royalties payable	94,000	94,000
Total current liabilities	554,000	651,000

Royalties payable less current portion	1,125,000	1,094,000
Total liabilities	1,679,000	1,745,000
Stockholders' equity:		
Preferred stock - $.01 par value, 10,000,000 shares authorized; 934,563 and 971,410 shares of Series A convertible preferred issued and outstanding at December 31, 1997 and March 31, 1998, respectively (liquidation value $2,336,000 and $2,429,000 at December 31, 1997 and March 31, 1998, respectively)	9,000	10,000
Common Stock - $.01 par value, 30,000,000 shares authorized: 8,793,998 and 8,862,284 issued and outstanding at December 31, 1997 and March 31, 1998, respectively	88,000	88,000
Additional paid-in capital	16,130,000	16,147,000
Deficit accumulated during the development stage	(15,104,000)	(15,894,000)
Total Stockholders' Equity	1,123,000	351,000
T O T A L	$ 2,802,000	$ 2,096,000

</TABLE>

CYTOCLONAL PHARMACEUTICS INC.
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>

	THREE MONTHS ENDED MARCH 31,		SEPTEMBER 11, 1991 (INCEPTION) THROUGH MARCH 31,
	1997	1998	1998
<S>	<C>	<C>	<C>
Operating Expenses:			
Research and development	$ 322,000	$ 360,000	$ 8,136,000
General and administrative	447,000	447,000	7,661,000
	769,000	807,000	15,797,000
Other (Income) expenses:			
Interest (income)	(32,000)	(19,000)	(545,000)
Interest expense	1,000	2,000	563,000
	(31,000)	(17,000)	18,000
NET (LOSS)	$ (738,000)	$ (790,000)	$(15,815,000)
Basic and diluted loss per common share	$ (0.10)	$ (0.10)	-
Weighted average number of shares outstanding-basic and diluted loss per share	7,934,488	8,840,000	-

</TABLE>

CYTOCLONAL PHARMACEUTICS INC.
(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>

	THREE MONTHS ENDED MARCH 31,		SEPTEMBER 11, 1991 (INCEPTION) THROUGH MARCH 31,
	1997	1998	1998
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net (loss)	$ (738,000)	$ (790,000)	$(15,815,000)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:			
Depreciation and amortization	28,000	31,000	716,000
Amortization of debt discount	-	-	269,000
Amortization of debt costs	-	-	554,000
Value assigned to warrants and options	12,000	-	321,000
Equity in loss of joint venture	6,000	-	232,000
Changes in:			
Other assets	(3,000)	(4,000)	(47,000)
Accounts payable and accrued expenses	22,000	125,000	557,000
Net cash (used in) operating activities	(673,000)	(638,000)	(13,213,000)
Cash flows from investing activities:			
Purchase of equipment	(28,000)	(56,000)	(296,000)
Investment in joint venture	-	-	(233,000)
Net cash (used in) investing activities	(28,000)	(56,000)	(529,000)
Cash flows from financing activities:			
Net proceeds from sales of preferred and common stock	-	-	13,750,000
Proceeds from exercise of options and warrants	-	18,000	1,448,000
Proceeds from bridge loans, net of expenses	-	-	2,684,000
Repayment of bridge loans	-	-	(3,238,000)
Principal payments of equipment notes	-	-	(76,000)
Dividends paid	-	-	(122,000)
Payment of royalties	-	(31,000)	(62,000)
Proceeds from exercise of unit purchase option	500,000	-	500,000
Net cash provided by (used in) financing activities	500,000	(13,000)	14,884,000
NET INCREASE (DECREASE) IN CASH	(201,000)	(707,000)	1,142,000
Cash at beginning of period	2,858,000	1,849,000	-
CASH AT END OF PERIOD	$2,657,000	$1,142,000	$ 1,142,000

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CYTOCLONAL PHARMACEUTICS INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 1998
(unaudited)

(1) FINANCIAL STATEMENT PRESENTATION

The unaudited financial statements of Cytoclonal Pharmaceutics Inc., a Delaware corporation (the "Company"), included herein have been prepared in accordance with the rules and regulations promulgated by the Securities and

Exchange Commission 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, 1997. The results for the interim periods are not necessarily indicative of the results for the full fiscal year.

(2) LOSS PER COMMON SHARE

In 1997, the Financial Accounting Standards Board issued Statement No. 128 "Earnings Per Share". Statement No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of option, warrants and convertible securities. Dilutive earnings per share is very similar to the previously reported fully diluted earnings per share. In accordance with Statement No. 128, which was adopted by the Company in 1997, basic and diluted net loss per common share is based on the net loss increased by dividends on preferred stock divided by the weighted average number of common shares outstanding during the year. No effect has been given to outstanding options, warrants or convertible preferred stock in the diluted computation as their effect would be antidilutive.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH, AND IS QUALIFIED IN ITS ENTIRETY BY, THE FINANCIAL STATEMENTS AND THE NOTES THERETO INCLUDED IN THIS REPORT. THIS DISCUSSION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT INVOLVE SUBSTANTIAL RISKS AND UNCERTAINTIES. WHEN USED IN THIS REPORT, THE WORDS "ANTICIPATE," "BELIEVE," "ESTIMATE," "EXPECT" AND SIMILAR EXPRESSIONS AS THEY RELATE TO THE COMPANY OR ITS MANAGEMENT ARE INTENDED TO IDENTIFY SUCH FORWARD-LOOKING STATEMENTS. THE COMPANY'S ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS COULD DIFFER MATERIALLY FROM THOSE EXPRESSED IN, OR IMPLIED BY, THESE FORWARD-LOOKING STATEMENTS. HISTORICAL OPERATING RESULTS ARE NOT NECESSARILY INDICATIVE OF THE TRENDS IN OPERATING RESULTS FOR ANY FURTHER PERIOD.

Cytoclonal Pharmaceutics Inc., a Delaware corporation (the "Company"), was duly 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 development of the Paclitaxel production from the Fungal Paclitaxel Production System using fermentation technologies, strain improvements and utilizing Paclitaxel-specific genes.

- further development of the Paclitaxel treatment of polycystic kidney disease, a potential new Paclitaxel indication.

- further development of a diagnostic test using the patented 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.

- further analysis of TNF-PEG technology as an anti-cancer agent in animal studies.

- testing proprietary vectors which have been constructed for the expression of specific proteins that may be utilizable for vaccines for different diseases.

- further development of the anti-sense technology currently being conducted at the University of Texas at Dallas.

- developing a humanized antibody or peptide specific for the protein associated with the LCG gene and, if successful, submission of an IND for clinical trials.

- making modest improvements to the Company's laboratory facilities.

- hiring 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 January 1, 1998 to March 31, 1998, the Company incurred a net loss of $790,000. The Company expects to incur additional losses in the foreseeable future.

The Company incurred a net loss of $738,000 for the three months ended March 31, 1997. The increase from the previous year was attributable to increased operating expenses and decreased interest income.

The Company incurred general and administrative expenses of $447,000 and $447,000 for the three months ended March 1997 and March 1998, respectively.

The Company incurred research and development expenses of $322,000 and $360,000 for the three months ended March 1997 and March 1998, respectively. The increase was attributable to increased funding for the program at Washington State University, partially offset by a decrease in lab supply costs.

The Company believes that the net proceeds from its initial public offering of November 1995, the exercise of the placement agent purchase options in February 1997, and the net procceds of approximately $4,750,000 from the private placement in April and May 1998 will be sufficient to finance the Company's plan of operation through the end of 1999. 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 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

In January and March 1998, the Company issued 94,680 shares of Series A Preferred Stock as full payment of the dividend due on the Series A Preferred Stock for the year ended December 31, 1997 to the holders of such preferred stock. Such issuance was pursuant to Section 3(a)(9) promulgated under the Securities Act of 1993, as amended, based on the fact that it involved an exchange by the issuer exclusively with its existing security-holders and no commission or other remuneration was paid or given directly or indirectly for

soliciting such exchange.

In April and May 1998, the Company completed a private placement of an aggregate of 671,035 shares of Common Stock and 335,540 Class E Warrants (each of which warrants upon exercise entitles the holder thereof to one share of Common Stock). The private placement, which was placed by Janssen/Meyers Associates, LLP, was made solely to 75 accredited investors in reliance upon Regulation D of the Securities Act of 1933. The gross proceeds of such placement was $5,633,675 on which the placement agent received commissions of $563,368 and a nonaccountable expense allowance of $169,010 plus accountable expenses. In addition, the Placement Agent received options to acquire an aggregate of 201,315 shares of Common Stock.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 11 Computation of net (loss) per share
Exhibit 27 Financial Data Schedule

(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: May 15, 1998 /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
(unaudited)

<TABLE>

	THREE MONTHS ENDED MARCH 31, 1997	THREE MONTHS ENDED MARCH 31, 1998
<S>	<C>	<C>
Net (loss)	$(738,000)	$(790,000)
Add cumulative preferred dividend	(78,000)	(61,000)
NET (LOSS) USED FOR COMPUTATION	$(816,000)	$(851,000)
Weighted average number of common shares outstanding - basic and diluted loss per share	7,934,000	8,849,000
Basic and diluted loss per common share	$(0.10)	$(0.10)

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