UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 20, 2014

CELSION CORPORATION
(Exact name of registrant as specified in its Charter)

Delaware	**001-15911**	**52-1256615**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

997 Lenox Drive, Suite 100, Lawrenceville, NJ 08648-2311
(Address of principal executive offices) (Zip Code)

(609) 896-9100
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

As reported in the Current Report on Form 8-K filed on June 20, 2014 (the “Original 8-K”), Celsion Corporation, a Delaware corporation (“Celsion”), completed the acquisition of substantially all of the assets of Egen, Inc., an Alabama corporation (“EGEN”), on June 20, 2014, pursuant to the Asset Purchase Agreement dated as of June 6, 2014, by and between Celsion and EGEN (the “Purchase Agreement”). CLSN Laboratories, Inc., a Delaware corporation and a wholly-owned subsidiary of Celsion (“CLSN Laboratories”), acquired all of EGEN’s right, title and interest in and to substantially all of the assets of EGEN, including cash and cash equivalents, patents, trademarks and other intellectual property rights, clinical data, certain contracts, licenses and permits, equipment, furniture, office equipment, furnishings, supplies and other tangible personal property. In addition, CLSN Laboratories assumed certain specified liabilities of EGEN, including the liabilities arising out of the acquired contracts and other assets relating to periods after the closing date.

The total purchase price for the asset acquisition is up to $44.4 million, including potential future payments of up to $30.4 million contingent upon achievement of certain earnout milestones set forth in the Purchase Agreement (“Earnout Payments”). At the closing, Celsion paid approximately $3.0 million in cash after the expense adjustment and issued 2,712,188 shares of its common stock to EGEN. The shares of Common Stock were issued in a private transaction exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof. In addition, 670,070 shares of Common Stock were held back by Celsion at the closing and are issuable to EGEN on or after August 2, 2016 pending certain potential adjustments for expenses or in relation to EGEN’s indemnification obligations under the Purchase Agreement.

The Earnout Payments of up to $30.4 million will become payable, in cash, shares of Common Stock or a combination thereof, at Celsion’s option, as follows:

- $12.4 million will become payable upon achieving certain specified development milestones relating to an EGEN-001 ovarian cancer study to be conducted by Celsion or its subsidiary;
- $12.0 million will become payable upon achieving certain specified development milestones relating to an EGEN-001 glioblastoma multiforme brain cancer study to be conducted by Celsion or its subsidiary; and
- up to $6.0 million will become payable upon achieving certain specified development milestones relating to the TheraSilence® technology acquired from EGEN in the acquisition.

Celsion's obligations to make the Earnout Payments will terminate on the seventh anniversary of the closing date.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, a copy of which was filed as Exhibit 2.1 to Celsion’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and is incorporated herein by reference.

This Amendment No. 1 on Form 8-K/A (“Amendment No. 1”) amends Items 9.01 (a) and (b) of the Original 8-K in its entirety to provide the information required by Item 9.01 of Form 8-K. Amendment No. 1 is being filed solely to provide, as Exhibits 99.1 through 99.4 hereto, (i) the financial statements of EGEN as of and for the year ended June 30, 2013 and for the period from March 2, 2002 (date of inception) to June 30, 2013, together with the independent auditors’ report, (ii) the financial statements of EGEN as of and for the year ended June 30, 2012, together with the independent auditors’ report, (iii) the unaudited financial statements of EGEN as of March 31, 2014 and for the three and nine months ended March 31, 2014 and 2013, and (iii) the unaudited pro forma condensed combined financial statements as of and for the three months ended March 31, 2014 and for Celsion’s fiscal year ended December 31, 2013. No other modification to the Original 8-K is being made by Amendment No. 1.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

Item 9.01(a) of the Original 8-K is hereby amended in its entirety as follows:

The financial statements of EGEN as of and for the year ended June 30, 2013 and for the period from March 2, 2002 (date of inception) to June 30, 2013, together with the independent auditors’ report, are attached hereto as Exhibit 99.1 and are incorporated herein by reference.

The financial statements of EGEN as of and for the year ended June 30, 2012, together with the independent auditors’ report, are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

The unaudited condensed financial statements of EGEN as of March 31, 2014 and 2013 and for the three and nine month periods ended March 31, 2014 and 2013 are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

(b) Pro Forma Financial Information.

Item 9.01(b) of the Original 8-K is hereby amended in its entirety as follows:

The unaudited pro forma condensed combined financial statements as of and for the three months ended March 31, 2014, and for Celsion's fiscal year ended December 31, 2013 are attached hereto as Exhibit 99.4 and are incorporated herein by reference.

(d) Exhibits.

Exhibit	**Description**
23.1	Consent of Anglin, Reichmann, Snellgrove & Armstrong P.C.
99.1	Financial statements of Egen, Inc. as of and for the year ended June 30, 2013 and for the period from March 2, 2002 (date of inception) to June 30, 2013, together with the independent auditors' report
99.2	Financial statements of Egen, Inc. as of and for the year ended June 30, 2012, together with the independent auditors' report
99.3	Unaudited condensed financial statements of Egen, Inc. as of March 31, 2014 and 2013 and for the three and nine month periods ended March 31, 2014 and 2013
99.4	Unaudited Pro Forma Condensed Combined Financial Statements

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 hereunto duly authorized.

CELSION CORPORATION

Dated: August 25, 2014

By: /s/ Jeffrey W. Church
Jeffrey W. Church
Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
23.1	Consent of Anglin, Reichmann, Snellgrove & Armstrong P.C.
99.1	Financial statements of Egen, Inc. as of and for the year ended June 30, 2013 and for the period from March 2, 2002 (date of inception) to June 30, 2013, together with the independent auditors' report
99.2	Financial statements of Egen, Inc. as of and for the year ended June 30, 2012, together with the independent auditors' report
99.3	Unaudited condensed financial statements of Egen, Inc. as of March 31, 2014 and 2013 and for the three and nine month periods ended March 31, 2014 and 2013
99.4	Unaudited Pro Forma Condensed Combined Financial Statements

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

The Board of Directors
Celsion Corporation
Lawrenceville, New Jersey

We consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-183286) and the Registration Statements on Form S-8 (Nos. 333-183288, 333-145680, 333-139784, 333-116435 and 333-67508) of Celsion Corporation of (i) our report dated January 30, 2014 (except for Note 13, as to which the date is June 6, 2014), with respect to the financial statements of Egen, Inc. as of and for the year ended June 30, 2013 and for the period from March 2, 2002 (date of inception) to June 30, 2013, and (ii) our report dated June 16, 2014, with respect to the financial statements of Egen, Inc. as of and for the year ended June 30, 2012, each included in Amendment No. 1 to the Current Report of Celsion Corporation on Form 8-K/A filed with the Securities and Exchange Commission on August 25, 2014.

/s/ *Anglin, Reichmann, Snellgrove & Armstrong P.C.*
Huntsville, Alabama
August 25, 2014

Exhibit 99.1

EGEN, INC.
(A DEVELOPMENT STAGE COMPANY)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013,
AND THE PERIOD FROM
MARCH 2, 2002 (DATE OF INCEPTION)
TO JUNE 30, 2013

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Anglin·Reichmann·Snellgrove & Armstrong P.C.

Certified Public Accountants & Business Advisors

MEMBER: American Institute of Certified Public Accountants • AICPA Private Companies Practice Section • Employee Benefit Plan and Governmental Audit Quality Centers • Alabama Society of Certified Public Accountants • CPAmerica, International

Gary S. Anglin, CPA
Jay A. Reichmann, CPA
James C. Snellgrove, Jr., CPA
Stephen E. Armstrong, CPA
Tracy L. Sams, CPA, CVA
Kandy E. Gardner, CPA
Todd B. McAdams, CPA
Melissa D. Jose, CPA
Ryan J. Campbell, CPA
N. Scott Hand, CPA
Brandon C. Smith, CPA
Katherine J. Bradford, CPA
Jason L. Miller, CPA
Luke C. Kinzer, CPA, CFE
Thomas G. Hallin, CPA, CFE
Carol E. Smith, CPA
Leah N. DellaCalce, CPA
T. Sloane Southern, CPA
Christopher D. Taylor, CPA
Brittany B. Harris, CPA
Michelle A. Jenkins, CPA
Nathan A. Edwards, CPA
Jeremy D. Mosteller, CPA
Katie B. Teichmiller, CPA

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
EGEN, Inc.
Huntsville, Alabama

We have audited the accompanying financial statements of EGEN, Inc. (a development stage company), which comprise the balance sheet as of June 30, 2013, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the year then ended and for the period from March 2, 2002 (inception), to June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

305 QUALITY CIRCLE • HUNTSVILLE, ALABAMA 35806 • PHONE (256) 533-1040 • FAX (256) 539-1942 • www.anglincpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EGEN, Inc. as of June 30, 2013, and the results of its operations and its cash flows for the year then ended and from March 2, 2002 (inception), to June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 of the financial statements, the 2013 financial statements have been restated to correct errors.

Sincerely,

Anglin Reichmann Snellgrove & Armstrong P.C.

CERTIFIED PUBLIC ACCOUNTANTS

January 30, 2014
(Except for Note 13, as to
which the date is June 6, 2014)

EGEN, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET
AS OF JUNE 30, 2013

ASSETS

Current Assets	
Cash and cash equivalents	$ 379,454
Accounts receivable	34,674
Investments	2,715,648
Prepaid expenses	373
Total Current Assets	3,130,149
Property and Equipment	
Computer equipment	145,857
Equipment	667,263
Automobiles	21,778
Facilities	3,000
Intellectual property	779,335
	1,617,233
Less accumulated depreciation and amortization	1,108,983
Total Property and Equipment, net	508,250
Other Assets	
Patents not in service	631,651
Deposits	3,570
Total Other Assets	635,221
Total Assets	$ 4,273,621

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable	$ 87,132
Accrued leave	102,824
Total Current Liabilities	189,956
Stockholders' Equity	
Preferred stock, $0.01 par value, 8,000,000 shares authorized, 3,500,000 shares designated, 3,275,000 issued and outstanding:	
Series A preferred stock, $0.01 par value, 1,500,000 shares designated, 1,275,000 shares issued and outstanding, liquidation preference of $6,375,000	12,750
Series B preferred stock, $0.01 par value, 2,000,000 shares designated, issued and outstanding, liquidation preference of $12,000,000	20,000
Common stock, $0.01 par value, 32,000,000 shares authorized, 14,084,223 shares issued and outstanding	140,842
Additional paid in capital	39,278,352
Accumulated other comprehensive loss, net	(61,109)
Deficit accumulated during the development stage	(35,307,170)
Total Stockholders' Equity	4,083,665
Total Liabilities and Stockholders' Equity	$ 4,273,621

EGEN, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013 AND THE PERIOD FROM MARCH 2, 2002 (DATE OF INCEPTION), TO JUNE 30, 2013

	Year Ended June 30, 2013	March 2, 2002 (Inception) to June 30, 2013
Revenue		
Grant revenue	$ 131,907	$ 1,784,579
Total Revenue	131,907	1,784,579
Operating Expenses		
Research and development expenses	1,355,949	24,597,499
General and administrative expenses	1,648,889	15,009,762
Total Operating Expenses	3,004,838	39,607,261
Operating Loss	(2,872,931)	(37,822,682)
Other Income (Expenses)		
Gain (loss) on trading securities	6,044	(250,760)
Gain (loss) on asset disposal	1,935	(282,027)
Royalty income	24,537	685,509
Contract research income	12,450	1,501,180
Dividend and interest income	43,403	919,347
Fees and commissions	-	(51,515)
Other expenses	-	(6,222)
Total Other Income (Expenses)	88,369	2,515,512
Loss Before Income Taxes	(2,784,562)	(35,307,170)
Income Tax Provision (Benefit), net	-	-
Net Loss	(2,784,562)	(35,307,170)
Other Comprehensive Income (Loss), Net of Tax		
Unrealized holding gain (loss) on investments arising during the period	(53,980)	(311,869)
Plus: reclassification adjustment for (gain) loss realized	(6,044)	250,760
Less: deferred taxes on unrealized gains	-	-
Total Other Comprehensive Income (Loss)	(60,024)	(61,109)
Total Comprehensive Income (Loss)	$ (2,844,586)	$ (35,368,279)

The accompanying notes are an integral part of these financial statements.

EGEN, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED JUNE 30, 2013 AND THE PERIOD FROM MARCH 2, 2002 (DATE OF INCEPTION), TO JUNE 30, 2013

		Common Stock		Preferred Stock - Series A		Preferred Stock - Series B					Treasury Stock		
	Transaction Date	Amount	Shares	Amount $5 Liquidation Preference	Shares	Amount $6.00 Liquidation Preference	Shares	Additional Paid in Capital	Deficit Accumulated during the Development Stage	Accumulated Other Comprehensive Loss	Amount	Shares	Total Stockholders' Equity
Initial capitalization	4/11/2002	$ 17,694	1,769,400	$ -	-	$ -	-	$ 5,496,106	$ -	$ -	$ -	-	$ 5,513,800
Net loss		-	-	-	-	-	-	-	(1,232,318)	-	-	-	(1,232,318)
Balance at 6/30/2002		17,694	1,769,400	-	-	-	-	5,496,106	(1,232,318)	-	-	-	4,281,482
Net loss		-	-	-	-	-	-	-	(1,916,508)	-	-	-	(1,916,508)
Balance at 6/30/2003		17,694	1,769,400	-	-	-	-	5,496,106	(3,148,826)	-	-	-	2,364,974
Issuance of common stock	1/8/2004	1,000	100,000	-	-	-	-	1,499,000	-	-	-	-	1,500,000
Compensation expense		-	-	-	-	-	-	71,556	-	-	-	-	71,556
Net loss		-	-	-	-	-	-	-	(2,177,781)	-	-	-	(2,177,781)
Balance at 6/30/2004		18,694	1,869,400	-	-	-	-	7,066,662	(5,326,607)	-	-	-	1,758,749
Issuance of common stock	8/5/2004	3	333	-	-	-	-	-	-	-	-	-	3
Issuance of common stock	9/7/2004	697	69,667	-	-	-	-	999,338	-	-	-	-	1,000,035
Issuance of preferred stock	1/14/2005	-	-	10,000	1,000,000	-	-	4,990,000	-	-	-	-	5,000,000
Issuance of common stock	1/14/2005	30,000	3,000,000	-	-	-	-	-	-	-	-	-	30,000
Compensation expense		-	-	-	-	-	-	81,132	-	-	-	-	81,132
Net loss		-	-	-	-	-	-	-	(3,765,812)	-	-	-	(3,765,812)
Balance at 6/30/2005		49,394	4,939,400	10,000	1,000,000	-	-	13,137,132	(9,092,419)	-	-	-	4,104,107
Issuance of preferred stock	11/30/2005	-	-	2,750	275,000	-	-	1,372,250	-	-	-	-	1,375,000
Issuance of preferred stock	6/30/2006	-	-	-	-	833	83,334	499,171	-	-	-	-	500,004
Issuance of common stock	6/30/2006	1,667	166,668	-	-	-	-	-	-	-	-	-	1,667
Compensation expense		-	-	-	-	-	-	36,360	-	-	-	-	36,360
Net loss		-	-	-	-	-	-	-	(2,836,473)	-	-	-	(2,836,473)
Balance at 6/30/2006		$ 51,061	5,106,068	$ 12,750	1,275,000	$ 833	83,334	$ 15,044,913	$ (11,928,892)	$ -	$ -	-	$ 3,180,665

The accompanying notes are an integral part of these financial statements.

EGEN, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013 AND THE PERIOD FROM MARCH 2, 2002 (DATE OF INCEPTION), TO JUNE 30, 2013

		Common Stock		Preferred Stock - Series A		Preferred Stock - Series B					Treasury Stock		
	Transaction Date	Amount	Shares	Amount $5 Liquidation Preference	Shares	Amount $6.00 Liquidation Preference	Shares	Additional Paid in Capital	Deficit Accumulated during the Development Stage	Accumulated Other Comprehensive Loss	Amount	Shares	Total Stockholders' Equity
Balance at 6/30/2006		$ 51,061	5,106,068	$ 12,750	1,275,000	$ 833	83,334	$ 15,044,913	$ (11,928,892)	$ -	$ -	-	$ 3,180,665
Issuance of preferred stock	7/2/2006	-	-	-	-	2,500	250,001	1,497,506	-	-	-	-	1,500,006
Issuance of preferred stock	7/5/2006	-	-	-	-	420	42,000	251,580	-	-	-	-	252,000
Issuance of preferred stock	7/19/2006	-	-	-	-	840	84,000	503,160	-	-	-	-	504,000
Issuance of preferred stock	7/21/2006	-	-	-	-	1,667	166,667	998,335	-	-	-	-	1,000,002
Issuance of preferred stock	7/23/2006	-	-	-	-	833	83,334	499,171	-	-	-	-	500,004
Issuance of preferred stock	9/27/2006	-	-	-	-	420	42,000	251,580	-	-	-	-	252,000
Issuance of preferred stock	9/28/2006	-	-	-	-	833	83,333	499,165	-	-	-	-	499,998
Issuance of common stock	7/2/2006	5,000	500,002	-	-	-	-	-	-	-	-	-	5,000
Issuance of common stock	7/5/2006	840	84,000	-	-	-	-	-	-	-	-	-	840
Issuance of common stock	7/19/2006	1,680	168,000	-	-	-	-	-	-	-	-	-	1,680
Issuance of common stock	7/21/2006	11,583	1,158,334	-	-	-	-	-	-	-	-	-	11,583
Issuance of common stock	7/23/2006	1,667	166,668	-	-	-	-	-	-	-	-	-	1,667
Issuance of common stock	9/28/2006	2,507	250,667	-	-	-	-	-	-	-	-	-	2,507
Compensation expense		-	-	-	-	-	-	132,152	-	-	-	-	132,152
Net loss		-	-	-	-	-		-	(3,022,253)	-	-	-	(3,022,253)
Balance at 6/30/2007		74,338	7,433,739	12,750	1,275,000	8,346	834,669	19,677,562	(14,951,145)	-	-	-	4,821,851
Issuance of common stock	2/13/2008	529	52,889	-	-	-	-	90,249	-	-	-	-	90,778
Issuance of common stock	6/11/2008	14,140	1,413,998	-	-	-	-	-	-	-	-	-	14,140
Issuance of common stock	6/30/2008	5,833	583,332	-	-	-	-	-	-	-	-	-	5,833
Issuance of preferred stock	6/11/2008	-	-	-	-	7,070	706,999	4,234,924	-	-	-	-	4,241,994
Issuance of preferred stock	6/13/2008	-	-	-	-	417	41,666	249,579	-	-	-	-	249,996
Issuance of preferred stock	6/30/2008	-	-	-	-	2,500	250,000	1,497,500	-	-	-	-	1,500,000
Compensation expense		-	-	-	-	-	-	156,306	-	-	-	-	156,306
Net loss		-	-	-	-	-	-	-	(3,158,952)	-	-	-	(3,158,952)
Balance at 6/30/2008		94,840	9,483,958	12,750	1,275,000	18,333	1,833,334	25,906,120	(18,110,097)	-	-	-	7,921,946
Issuance of common stock	7/15/2008	2,500	250,000	-	-	-	-	-	-	-	-	-	2,500
Issuance of preferred stock	7/15/2008	-	-	-	-	1,250	125,000	748,750	-	-	-	-	750,000
Compensation expense		-	-	-	-	-	-	322,050	-	-	-	-	322,050
Net loss		-	-	-	-	-	-	-	(3,773,750)	-	-	-	(3,773,750)
Balance at 6/30/2009		$ 97,340	9,733,958	$ 12,750	1,275,000	$ 19,583	1,958,334	$ 26,976,920	$ (21,883,847)	$ -	$ -	-	$ 5,222,746

The accompanying notes are an integral part of these financial statements.

EGEN, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013 AND THE PERIOD FROM MARCH 2, 2002 (DATE OF INCEPTION), TO JUNE 30, 2013

		Common Stock		Preferred Stock - Series A		Preferred Stock - Series B					Treasury Stock		
	Transaction Date	Amount	Shares	Amount $5 Liquidation Preference	Shares	Amount $6.00 Liquidation Preference	Shares	Additional Paid in Capital	Deficit Accumulated during the Development Stage	Accumulated Other Comprehensive Loss	Amount	Shares	Total Stockholders' Equity
Balance at 6/30/2009		$ 97,340	9,733,958	$ 12,750	1,275,000	$ 19,583	1,958,334	$ 26,976,920	$ (21,883,847)	$ -	$ -	-	$ 5,222,746
Issuance of common stock	12/3/2009	6,667	666,667	-	-	-	-	1,993,334	-	-	-	-	2,000,001
Issuance of common stock	12/7/2009	3,333	333,333	-	-	-	-	996,666	-	-	-	-	999,999
Issuance of common stock	12/12/2009	1,667	166,667	-	-	-	-	498,334	-	-	-	-	500,001
Issuance of common stock	12/15/2009	833	83,333	-	-	-	-	249,166	-	-	-	-	249,999
Issuance of common stock	1/14/2010	833	83,333	-	-	-	-	249,166	-	-	-	-	249,999
Issuance of common stock	1/20/2010	833	83,333	-	-	-	-	249,166	-	-	-	-	249,999
Issuance of common stock	1/22/2010	833	83,333	-	-	-	-	249,166	-	-	-	-	249,999
Compensation expense		-	-	-	-	-	-	173,095	-	-	-	-	173,095
Net loss		-	-	-	-	-	-	-	(4,941,526)	-	-	-	(4,941,526)
Balance at 6/30/2010		112,339	11,233,957	12,750	1,275,000	19,583	1,958,334	31,635,013	(26,825,373)	-	-	-	4,954,312
Issuance of common stock	4/20/2011	8,000	800,000	-	-	-	-	1,992,000	-	-	-	-	2,000,000
Issuance of common stock	4/22/2011	1,000	100,000	-	-	-	-	249,000	-	-	-	-	250,000
Issuance of common stock	4/27/2011	3,000	300,000	-	-	-	-	747,000	-	-	-	-	750,000
Compensation expense		-	-	-	-	-	-	293,095	-	-	-	-	293,095
Other comprehensive loss,net		-	-	-	-	-	-	-	-	3,475	-	-	3,475
Net loss		-	-	-	-	-	-	-	(3,152,705)	-	-	-	(3,152,705)
Balance at 6/30/2011		124,339	12,433,957	12,750	1,275,000	19,583	1,958,334	34,916,108	(29,978,078)	3,475	-	-	5,098,177
Issuance of preferred stock	2/13/2012	-	-	-	-	417	41,666	249,579	-	-	-	-	249,996
Issuance of common stock	2/13/2012	834	83,332	-	-	-	-	-	-	-	-	-	834
Compensation expense		-	-	-	-	-	-	123,306	-	-	-	-	123,306
Other comprehensive loss,net		-	-	-	-	-	-	-	-	(4,560)	-	-	(4,560)
Net loss		-	-	-	-	-	-	-	(2,544,530)	-	-	-	(2,544,530)
Balance at 6/30/2012		125,173	12,517,289	12,750	1,275,000	20,000	2,000,000	35,288,993	(32,522,608)	(1,085)	-	-	2,923,223
Issuance of common stock	11/15/2012	4,000	400,000	-	-	-	-	996,000	-	-	-	-	1,000,000
Issuance of common stock	12/11/2012	1,000	100,000	-	-	-	-	249,000	-	-	-	-	250,000
Issuance of common stock	12/14/2012	2,669	266,934	-	-	-	-	664,666	-	-	-	-	667,335
Issuance of common stock	12/28/2012	8,000	800,000	-	-	-	-	1,992,000	-	-	-	-	2,000,000
Compensation expense		-	-	-	-	-	-	87,693	-	-	-	-	87,693
Other comprehensive loss,net		-	-	-	-	-	-	-	-	(60,024)	-	-	(60,024)
Net loss		-	-	-	-	-	-	-	(2,784,562)	-	-	-	(2,784,562)
Balance at 6/30/2013		$ 140,842	14,084,223	$ 12,750	1,275,000	$ 20,000	2,000,000	$ 39,278,352	$ (35,307,170)	$ (61,109)	$ -	-	$ 4,083,665

The accompanying notes are an integral part of these financial statements.

EGEN, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013 AND THE PERIOD FROM MARCH 2, 2002 (DATE OF INCEPTION), TO JUNE 30, 2013

	Year Ended June 30, 2013	March 2, 2002 (Inception) to June 30, 2013
Cash Flows from Operating Activities		
Net loss	$ (2,784,562)	$ (35,307,170)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	92,599	1,430,792
Realized investment (gain) loss	(6,044)	250,760
(Gain) loss on disposal of assets	(1,935)	282,027
Compensation expense related to stock options	87,693	1,476,745
Changes in asset and liability accounts:		
Accounts receivable	(34,674)	(34,674)
Prepaid expenses	17,236	(373)
Deposits	-	(3,570)
Accounts payable	(29,156)	87,132
Accrued vacation	102,824	102,824
Payroll liabilities	(1,562)	-
Net Cash Used in Operating Activities	(2,557,581)	(31,715,507)
Cash Flows from Investing Activities		
Purchase of property and equipment	(75,247)	(2,228,620)
Purchase of patents not in service	(155,628)	(631,651)
Proceeds from sale of equipment	7,500	7,550
Purchases of investments	(3,743,401)	(24,994,732)
Proceeds from sale of investments	2,460,000	21,967,215
Net Cash Used in Investing Activities	(1,506,776)	(5,880,238)
Cash Flows from Financing Activities		
Proceeds from common stock issued	3,917,335	19,600,199
Proceeds from preferred stock issued	-	18,375,000
Net Cash Provided by Financing Activities	3,917,335	37,975,199
Net Increase (Decrease) in Cash and Cash Equivalents	(147,022)	379,454
Cash and Cash Equivalents, Beginning of Year	526,476	-
Cash and Cash Equivalents, End of Year	$ 379,454	$ 379,454

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

Nature of Business

EGEN, Inc. (the Company), founded in 2002, is a clinical stage biopharmaceutical company focused on developing nucleic acid-based therapeutics for cancer and other difficult to treat diseases using proprietary nanoparticle delivery systems. The Company's technology platform is very broad, including polymer, cationic lipid, and molecular biology-based approaches to delivery of nucleic acid and anti-cancer drugs. The primary activities of the Company are the application of the TheraPlas™ and TheraSilence™ platforms to the treatment of human disease.

Development Stage Operations

The Company is in the development stage. This stage is characterized by significant expenditures for the design and development of the Company's products. Once the Company's planned principal operations commence, its focus will be on the marketing of its nanoparticle delivery systems and the continued research and development of new products.

In connection with the formation and capitalization of the Company, shares of common and preferred stock were issued for cash consideration.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid debt instruments and other short-term investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of grant revenue due on cost reimbursable grants. Management considers all receivables at year end to be collectible; and therefore, no allowance has been provided.

Property and Equipment

Computers and equipment, which are stated at cost, are depreciated using methods which approximate straight-line depreciation over the estimated useful lives of the respective assets. The Company depreciates computers, equipment, and automobiles over five (5) years and facilities over seven (7) years, and amortizes software and intellectual property over three (3) years and twenty (20) years, respectively. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed as incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of income and comprehensive income. Depreciation and amortization expense for the year ended June 30, 2013 was $92,599.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment under the guidance prescribed by Financial Accounting Standards Board (FASB) ASC 360, *Property, Plant, and Equipment*. The Company evaluates long-lived assets used in operations for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying values. An impairment loss would be recognized in the amount by which the recorded value of the asset exceeds the fair value of the asset, measured by the quoted market price of an asset or an estimate based on the best information available in the circumstances. There were no such losses recognized during the year ended June 30, 2013.

Note 1 - Summary of Significant Accounting Policies - Continued

Investments

Investments in equity and debt securities are recorded at fair value. Fair values for investments are based on quoted market prices or dealer quotes, where available. Both realized and unrealized gains and losses are reflected in the statement of income and comprehensive income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include those assumed in computing depreciable lives, amortization period of intangible assets, valuation of deferred tax asset, fair value of investments and the fair value of stock-based compensation. Actual results could differ significantly from those estimates.

Revenue Recognition

The Company recognizes grant revenue in the period in which it is earned. In 2011, the Company was awarded a grant from the Department of Health and Human Services, Food and Drug Administration, to be paid over several years in support of one of the Company's research projects. For the year ended June 30, 2013, the Company recognized grant revenue in the amount of $131,907.

Revenue on cost reimbursement contracts is recorded as costs are incurred and includes a proportional amount of the fee expected to be realized on each contract.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2013 were $4,530.

Research and Development Costs

Research and development costs are expensed as incurred and include compensation for scientists, support personnel, outside contracted services, and material costs associated with product development. The Company continually evaluates new product opportunities and engages in intensive research and product development efforts. Research and development costs totaled $1,355,949 for the year ended June 30, 2013.

Comprehensive Income (Loss)

The Company accounts for comprehensive income in accordance with FASB ASC 220, *Comprehensive Income*, which requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, for the period in which they are recognized. Comprehensive income is the total of net income (loss) and all other non-owner changes in equity (or other comprehensive income). For the Company, other comprehensive income is comprised entirely of unrealized gains and losses on investments in securities held as available for sale. Comprehensive and other comprehensive income (loss) must be reported on the face of the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains its cash accounts with a high quality, federally insured financial institution located in Huntsville, Alabama. At times, the balances in these accounts may be in excess of federally insured limits. At June 30, 2013, the Company's uninsured cash balances were $170,184.

Note 1 - Summary of Significant Accounting Policies - Continued

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of loss carryovers and depreciation differences for financial and income tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the differences are expected to be recovered or settled. The Company accounts for investment tax credits using the flow-through method, and thus, they reduce income tax expense in the year the related assets are placed in service or qualified progress payments are made.

Note 2 - Investments

The Company classifies investments as available for sale. As of June 30, 2013, the Company held the following securities, recorded at fair value:

	Cost	Unrealized Loss	Fair Value
Available for sale securities			
Mutual Funds	$ 2,776,757	$ (61,109)	$ 2,715,648
Total available for sale securities	$ 2,776,757	$ (61,109)	$ 2,715,648

Note 3 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Quoted prices in active markets for identical securities;

Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.);

Level 3 - Significant unobservable inputs (including the Company's own assumptions used to determine the fair value of investments).

The following table summarizes the Company's investments reported at fair value based on the inputs used to value them:

	Level 1	Level 2	Level 3	Total
As of June 30, 2013				
Mutual Funds	$ 2,715,648	$ -	$ -	$ 2,715,648

Note 4 - Profit Sharing Plan

The Company has established a 401(k) profit sharing plan (the PS Plan) for all eligible employees. The PS Plan provides for employee contributions subject to certain annual Internal Revenue Code limits. For participants who are age 50 or older during any calendar year, additional employee contributions are allowed under the PS Plan, subject to Internal Revenue Code limits. Employer contributions, if any, may include safe harbor matching contributions and profit sharing contributions, both of which are subject to service and employment requirements. The safe harbor matching contribution is equal to the sum of 100% of the amount of a participating employee's elective deferrals that do not exceed 3% of the participating employee's compensation, plus 50% of the participating employee's elective deferrals that exceed 3% of the participating employee's compensation but do not exceed 5% of the participating employee's compensation. The profit sharing contribution is discretionary. Safe harbor matching contributions and profit sharing contributions become fully vested after six (6) years of service based on the vesting schedule below. The Company did not make a discretionary profit sharing contribution for the year ended June 30, 2013. Total safe harbor matching contributions for the year ended June 30, 2013 were $47,868.

Year	Percent vested
0-1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Note 5 - Common Stock

The holders of the Common Stock are entitled to one vote for each share of Common Stock on all matters that may be submitted to the holders of Common Stock of the Company. The holders of Common Stock shall vote together with the holders of Series A Preferred Stock and Series B Preferred Stock as a single class. The Company shall not plan a merger or conversion, sale or dispose of property, or dissolve the Company without the written consent or affirmative vote of the entire single class.

Note 6 - Related Party Transactions

The Company's majority owner is also the co-founder and majority stockholder of a similar business that has agreed to share the services of an employee. The Company paid the employee $52,665 for the year ended June 30, 2013. Additionally, the Company receives a flat fee of $250 a month from the related party for the use of its copier. For the year ended June 30, 2013, the copier rental income totaled $3,000.

Note 7 - Preferred Stock

The Company has authority to issue 8,000,000 shares of Preferred Stock with a par value of $0.01 per share. The Company has designated 1,500,000 shares of authorized preferred stock as Series A Preferred Stock with an issue price of $5.00 per share. The Company has designated 2,000,000 shares of authorized preferred stock as Series B Preferred Stock with an issue price of $6.00 per share. Series A Preferred Stock and Series B Preferred Stock have the same rights, preferences, powers, privileges, restrictions, qualifications, and limitations.

Note 7 - Preferred Stock - Continued

Dividends

From and after the date of the issuance of any shares of Series A Preferred Stock, dividends shall accrue at the annual rate of eight percent (8%) of the original issue price. The dividends shall accrue from day to day, whether or not declared, shall compound annually, shall be calculated on the basis of a 365 day year, and shall be cumulative. The holders of the Series A Preferred Stock are entitled to receive dividends when and if declared by the Board of Directors. Dividends on Preferred Stock are in preference to and prior to any payment of any dividend on Common Stock. As of June 30, 2013, $4,216,904 in Preferred Stock dividends were in arrears.

Convertibility

Each share of Series A Preferred Stock and Series B Preferred Stock shall be convertible, at the option of the holder at any time and from time to time, and without the payment of additional consideration by the holder into Common Stock. The number of shares will be determined by dividing the original issue price by the fair market value price of the Preferred Stock at the time of conversion.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock are entitled to receive prior to, and in preference to, any distribution to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series A Preferred Stock, an amount equal to the original issue price plus any accrued dividends that have not yet been paid. The holders of the Series B Preferred Stock are entitled to receive prior to, and in preference to, any distribution to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series B Preferred Stock, an amount equal to the original issue price plus any accrued dividends that have not yet been paid.

The Series A Preferred Stock Liquidation Preference and the Series B Preferred Stock Liquidation Preference shall be on parity with one another. In the event that upon liquidation or dissolution, the assets and funds of the Company are insufficient to permit the payment to holders of shares of Series A Preferred Stock and Series B Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series A Preferred Stock and Series B Preferred Stock then outstanding and any class or series of stock ranking on liquidation on a parity with the Series A Preferred Stock and Series B Preferred Stock shall share in any distribution of the remaining assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

After the distributions described above have been paid in full, the remaining assets of the Company available for distribution shall be distributed pro-rata to the holders of the shares of Common Stock.

Note 8 - Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2009.

The Company has adopted FASB ASC 740, *Income Taxes*. The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Company's evaluation on June 30, 2013 revealed no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company does not believe that any reasonable possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses. No such interest or penalties were recognized during the periods presented. As of June 30, 2013, the Company had no accruals for interest and penalties.

The provision (benefit) for income taxes from continuing operations for the year ended June 30, 2013 consisted of:

> The Company has a federal capital loss carryover in the amount of $21,560 available in future years. Unused amounts will begin to expire in 2017.
>
> The Company has a federal 1231 loss carryover in the amount of $346,212 available in future years. Unused amounts will begin to expire in 2015.
>
> The Company has a federal charitable contributions carryover in the amount of $17,802 available in future years. Unused amounts will begin to expire in 2014.
>
> The Company has a general business credit carryover for non eligible and eligible small business credits in the amount of $1,527,110 available in future years. Unused amounts will begin to expire in 2017.
>
> The Company has a federal net operating loss (NOL) carryover in the amount of $33,091,508 available in future years. Unused amounts will begin to expire in 2019.
>
> The Company has a net operating loss (NOL) carryover in the State of Alabama in the amount of $34,129,154 available in future years. Unused amounts will begin to expire in 2017.

The Company has provided a valuation allowance against the deferred income tax assets at June 30, 2013.

The components of the current deferred income tax asset and liability as of June 30, 2013 were as follows:

Current Deferred Tax Asset	
General business credit carryover ESB	$ 1,408,819
General business credit carryover NonESB	118,291
Stock-based compensation	30,693
Unrealized loss on marketable securities	21,388
Deferred tax asset valuation allowance	(1,579,191)
Net Deferred Tax Asset - Current Portion	$ -

Note 8 - Income Taxes - Continued

The components of the noncurrent deferred income tax asset and liability as of June 30, 2013 were as follows:

Noncurrent Deferred Tax Asset	
1231 loss carryover	$ 121,174
Charitable contributions carryover	6,231
Net capital loss	7,546
NOL carryover - Federal	11,582,028
NOL carryover - State	1,706,458
	13,423,437
Net Deferred Tax Liability - Noncurrent Portion	
Depreciation of property and equipment	(5,060)
Deferred tax asset valuation allowance	(13,418,377)
Net Deferred Tax Asset - Noncurrent Portion	$ -

Note 9 - Operating Leases

The Company leases office space under operating leases as follows:

Location	Monthly Rate	Expiration Date
Huntsville, AL	$ 23,455	1/31/2018

On July 1, 2013, the Company amended the operating lease agreement to reflect monthly rental payments equal to $23,139. See Note 13.

At June 30, 2013, the Company was also obligated under certain operating leases for copy machines.

Minimum future rental payments, which reflect the lease amended in July 2013, under non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2013 are as follows for years ending June 30:

2014	$ 286,847
2015	281,512
2016	285,582
2017	291,293
2018	171,887
Thereafter	-
Total future minimum lease payments	$ 1,317,121

Total rent expense under operating lease agreements was $238,024 for the year ended June 30, 2013.

Note 10 - Intangible Assets

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Costs associated with awarded patents are amortized over the life of the patent. Intangible assets consist of the following at June 30, 2013:

Amortized Intangibles:	
Intellectual property	$ 779,335
Accumulated amortization	(339,985)
Intangible assets, net	439,350
Unamortized intangibles:	
Patents not in service	631,651
Total Intangible Assets	$ 1,071,002

Patent costs begin amortization the day they are awarded. Amortization expense for the year ended June 30, 2013, was $47,022.

Estimated amortization expense at June 30, 2013 for each of the next five succeeding years is as follows:

Year Ending June 30,	Amount
2014	$ 49,917
2015	$ 49,917
2016	$ 49,053
2017	$ 48,359
2018	$ 42,903

Note 11 - Stock Option Plan

Stock Option Plan Description

In 2003, the Company's Board of Directors adopted the EGEN, Inc. 2003 Stock Option Plan (the Plan) that provides for the granting of stock options to employees, the Plan was amended in 2004 and 2009 to increase the number of reserved shares of common stock. The Plan reserved 3,000,000 shares of common stock. Options are granted at the discretion of the Board of Directors. Options granted under the Plan are nonqualified stock options (NSO's), as designated by the Board. The options will be granted at an exercise price set by the Board at the time of grant but in no event shall the exercise price be less than the greater of (i) the par value of the Stock on the date the Option is granted or any time during which the Option is exercisable and (ii) twenty-five percent (25%) of the Fair Market Value of the Stock as of the date of grant.

The term of the grants are generally for ten (10) years and vest over a period of time as determined on the date of the grant.

Note 11 - Stock Option Plan - Continued

Stock-Based Compensation

The Company follows the provisions of FASB ASC 718, *Compensation-Stock Compensation*. FASB ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the financial statements based on their fair value at the grant date.

Stock-based compensation expense is included in general and administrative expenses for the year ended June 30, 2013.

Valuation and Expense Information

The Company recognizes compensation expense related to stock options on a straight-line basis over the vesting period of the awards, which is generally one (1) to three (3) years. The Company estimates the fair value of options on the date of grant using the Black-Scholes-Merton option pricing model with the following assumptions:

Expected volatility	15.92% - 18.18%
Expected term (in years)	4.00 - 9.00
Risk-free interest rate	0.72% - 5.11%
Expected dividend yield	0.00%
Weighted average calculated value of options granted	$ 1.93

Expected volatility was estimated using the historical volatility of an industry sector index. The Company estimates the expected term using historical option exercise data to determine the expected employee exercise behavior. The risk-free interest rate is the yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the option at the grant date.

The application of FASB ASC 718 resulted in a reduction of net earnings from total stock-based compensation expense, net of tax, of $87,693 for the year ended June 30, 2013. Stock-based compensation expense is included in general and administrative expense for the year ended June 30, 2013. As of June 30, 2013, the Company had $4,488 of unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted average period of two (2) years.

Details of stock option activity for the year ended June 30, 2013 is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at June 30, 2012	2,338,633	$ 1.85
Granted	202,000	2.50
Exercised	-	-
Forfeited/cancelled	(41,490)	3.51
Outstanding at June 30, 2013	2,499,143	$ 1.87

Note 11 - Stock Option Plan - Continued

Valuation and Expense Information - Continued

The following table summarizes information about stock options exercisable at June 30, 2013:

Range of Exercise Prices	Number of Shares Exercisable	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
$0.50 - 5.00	2,490,559	5.19	$ 1.87

The following table summarizes information about nonvested stock options at June 30, 2013:

	Nonvested Options	Weighted Average Grant Date Fair Value
Nonvested options at June 30, 2012	17,249	$ 0.61
Granted	202,000	0.40
Vested	(210,665)	0.42
Forfeited/cancelled	-	-
Nonvested options at June 30, 2013	8,584	$ 0.52

Note 12 - Concentration of Licensing Rights

The Company is engaged primarily in developing nucleic acid-based therapeutics for cancer and other difficult to treat diseases using proprietary nanoparticle delivery systems. A significant portion of the Company's development activity utilizes a third party license agreement. The agreement can be terminated by either party subject to certain restrictions in the agreement. The agreement contains future stipulations for certain royalty fees, maintenance fees, milestone payments, minimum royalties, and product liability insurance.

Note 13 - Restatement of Previously Issued Financial Statements

Subsequent to the original issuance of the Company's annual financial statements, the Company determined that certain legal expenses were previously expensed in the Company's financial statements that met the requirements for capitalization. These transactions relate to expenses incurred in the defense of intellectual property and additional expenses on patents under development that have not yet been granted. The restatement of the Company's financial statements reflects a correction to the treatment of these expenses.

The correction resulted in an increase in intellectual property of $12,795, an increase in patents not in service of $78,213, an increase in retained earnings of $91,008, and a decrease in legal expense and net loss of $155,628 as of and for the year ending June 30, 2013. The correction decreased beginning retained earnings by $77,415 as of June 30, 2012. There is no tax effect due to the net loss in each year as well as the valuation allowance for deferred taxes.

Note 14 - Subsequent Events

In July 2013, the Company amended its operating lease agreement to reflect lower monthly rental payments of $23,139. See Note 9.

Management has evaluated subsequent events through January 30, 2014, the date which the financial statements were available to be issued.

EGEN, INC.
FINANCIAL STATEMENTS
JUNE 30, 2012

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Anglin·Reichmann·Snellgrove & Armstrong P.C.

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INDEPENDENT AUDITORS' REPORT

To the Stockholders of
EGEN, Inc.
Huntsville, Alabama

We have audited the accompanying financial statements of EGEN, Inc., which comprise the balance sheet as of June 30, 2012, and the related statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

305 QUALITY CIRCLE • HUNTSVILLE, ALABAMA 35806 • PHONE (256) 533-1040 • FAX (256) 539-1942 • www.anglincpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EGEN, Inc. as of June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sincerely,

Anglin Reichmann Snellgrove & Armstrong P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 16, 2014

EGEN, INC.
BALANCE SHEET
AS OF JUNE 30, 2012

ASSETS

Current Assets	
Cash and cash equivalents	$ 526,476
Investments	1,486,227
Prepaid expenses	17,609
Total Current Assets	2,030,312
Property and Equipment	
Computer equipment	142,817
Equipment	675,556
Automobiles	21,778
Facilities	3,000
Intellectual property	710,827
	1,553,978
Less accumulated depreciation and amortization	1,022,810
Total Property and Equipment, net	531,168
Other Assets	
Patents not in service	476,023
Deposits	3,570
Total Other Assets	479,593
Total Assets	$ 3,041,073

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Accounts payable	$ 116,288
Payroll liabilities	1,562
Total Current Liabilities	117,850
Stockholders' Equity	
Preferred stock, $0.01 par value, 8,000,000 shares authorized, 3,500,000 shares designated, 3,275,000 shares issued and outstanding:	
Series A preferred stock, $0.01 par value, 1,500,000 shares designated, 1,275,000 shares issued and outstanding, liquidation preference of $6,375,000	12,750
Series B preferred stock, $0.01 par value, 2,000,000 shares designated, issued and outstanding, liquidation preference of $12,000,000	20,000
Common stock, $0.01 par value, 32,000,000 shares authorized, 12,517,289 shares issued and outstanding	125,173
Additional paid in capital	35,288,993
Accumulated other comprehensive loss, net	(1,085)
Deficit accumulated during the development stage	(32,522,608)
Total Stockholders' Equity	2,923,223
Total Liabilities and Stockholders' Equity	$ 3,041,073

EGEN, INC.
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED JUNE 30, 2012

Revenue	
Grant revenue	$ 300,000
Total Revenue	300,000
Operating Expenses	
Research and development expenses	1,676,427
General and administrative expenses	1,419,139
Total Operating Expenses	3,095,566
Operating Loss	(2,795,566)
Other Income (Expenses)	
Gain (loss) on trading securities	(21,560)
Gain (loss) on asset disposal	(118,102)
Royalty income	82,833
Contract research income	236,720
Dividend and interest income	66,466
Other income (expenses), net	4,679
Total Other Income (Expenses)	251,036
Loss Before Income Taxes	(2,544,530)
Income Tax Provision (Benefit), net	-
Net Loss	(2,544,530)
Other Comprehensive Income (Loss), Net of Tax	
Unrealized holding gain (loss) on investments arising during the period	(26,120)
Plus: reclassification adjustment for (gain) loss realized	21,560
Less: deferred taxes on unrealized gains	-
Total Other Comprehensive Income (Loss)	(4,560)
Total Comprehensive Income (Loss)	$ (2,549,090)

The accompanying notes are an integral part of these financial statements.

EGEN, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

		Common Stock		Preferred Stock - Series A		Preferred Stock - Series B					
	Transaction Date	Amount	Shares	Amount $5 Liquidation Preference	Shares	Amount $6.00 Liquidation Preference	Shares	Additional Paid in Capital	Deficit Accumulated during the Development Stage	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at 6/30/2011		$ 124,339	12,433,957	$ 12,750	1,275,000	$ 19,583	1,958,334	$ 34,916,108	$ (29,978,078)	$ 3,475	$ 5,098,177
Issuance of preferred stock	2/13/2012	-	-	-	-	417	41,666	249,579	-	-	249,996
Issuance of common stock	2/13/2012	834	83,332	-	-	-	-	-	-	-	834
Compensation expense		-	-	-	-	-	-	123,306	-	-	123,306
Other comprehensive loss,net		-	-	-	-	-	-	-	-	(4,560)	(4,560)
Net loss		-	-	-	-	-	-	-	(2,544,530)	-	(2,544,530)
Balance at 6/30/2012		$ 125,173	12,517,289	$ 12,750	1,275,000	$ 20,000	2,000,000	$ 35,288,993	$ (32,522,608)	$ (1,085)	$ 2,923,223

The accompanying notes are an integral part of these financial statements.

EGEN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities	
Net loss	$ (2,544,530)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	104,794
Realized investment (gain) loss	21,560
(Gain) loss on disposal of assets	118,102
Compensation expense related to stock options	123,306
Changes in asset and liability accounts:	
Prepaid expenses	(17,609)
Accounts payable	52,176
Payroll liabilities	(224)
Net Cash Used in Operating Activities	(2,142,425)
Cash Flows from Investing Activities	
Purchase of property and equipment	(161,870)
Purchase of patents not in service	(476,023)
Purchases of investments	(66,466)
Proceeds from sale of investments	2,340,000
Net Cash Provided by Investing Activities	1,635,641
Cash Flows from Financing Activities	
Principal payments on capital lease obligation	
Proceeds from common stock issued	834
Proceeds from preferred stock issued	249,996
Net Cash Provided by Financing Activities	250,830
Net Decrease in Cash and Cash Equivalents	(255,954)
Cash and Cash Equivalents, Beginning of Year	782,430
Cash and Cash Equivalents, End of Year	$ 526,476

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

Nature of Business

EGEN, Inc. (the Company), founded in 2002, is a clinical stage biopharmaceutical company focused on developing nucleic acid-based therapeutics for cancer and other difficult to treat diseases using proprietary nanoparticle delivery systems. The Company's technology platform is very broad, including polymer, cationic lipid, and molecular biology-based approaches to delivery of nucleic acid and anti-cancer drugs. The primary activities of the Company are the application of the TheraPlas™ and TheraSilence™ platforms to the treatment of human disease.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid debt instruments and other short-term investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of grant revenue due on cost reimbursable grants. Management considers all receivables at year end to be collectible; and therefore, no allowance has been provided.

Property and Equipment

Computers and equipment, which are stated at cost, are depreciated using methods which approximate straight-line depreciation over the estimated useful lives of the respective assets. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed as incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of operations and comprehensive income (loss). Depreciation and amortization expense for the year ended June 30, 2012 was $104,794.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment under the guidance prescribed by Financial Accounting Standards Board (FASB) ASC 360, *Property, Plant, and Equipment*. The Company evaluates long-lived assets used in operations for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying values. An impairment loss would be recognized in the amount by which the recorded value of the asset exceeds the fair value of the asset, measured by the quoted market price of an asset or an estimate based on the best information available in the circumstances. There were no such losses recognized during the year ended June 30, 2012.

Investments

Investments in equity and debt securities are recorded at fair value. Fair values for investments are based on quoted market prices or dealer quotes, where available. Both realized and unrealized gains and losses are reflected in the statement of operations and comprehensive income (loss).

Note 1 - Summary of Significant Accounting Policies - Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include those assumed in computing depreciable lives, amortization period of intangible assets, valuation of deferred tax asset, fair value of investments and the fair value of stock-based compensation. Actual results could differ significantly from those estimates.

Revenue Recognition

The Company recognizes grant revenue in the period in which it is earned. In 2011, the Company was awarded a grant from the Department of Health and Human Services, Food and Drug Administration, to be paid over several years in support of one of the Company's research projects. For the year ended June 30, 2012, the Company recognized grant revenue in the amount of $300,000.

Revenue on cost reimbursement contracts is recorded as costs are incurred and includes a proportional amount of the fee expected to be realized on each contract.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2012 were $10,830.

Research and Development

Research and development costs are expensed as incurred and include compensation for scientists, support personnel, outside contracted services, and material costs associated with product development. The Company continually evaluates new product opportunities and engages in intensive research and product development efforts. Research and development costs totaled $1,676,427 for the year ended June 30, 2012.

Comprehensive Income (Loss)

The Company accounts for comprehensive income in accordance with FASB ASC 220, *Comprehensive Income*, which requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, for the period in which they are recognized. Comprehensive income (loss) is the total of net income (loss) and all other non-owner changes in equity (or other comprehensive income (loss)). For the Company, other comprehensive income (loss) is comprised entirely of unrealized gains and losses on investments in securities held as available for sale. Comprehensive and other comprehensive income (loss) must be reported on the face of the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains cash in accounts with a high quality, federally insured financial institution located in Huntsville, Alabama. At times, the balances in these accounts may be in excess of federally insured limits. At June 30, 2012, the Company had no uninsured cash balances.

Note 1 - Summary of Significant Accounting Policies - Continued

Concentrations of Credit Risk - Continued

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of $250,000, for each deposit insurance ownership category.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of loss carryovers and depreciation differences for financial and income tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the differences are expected to be recovered or settled. The Company accounts for investment tax credits using the flow-through method, and thus, they reduce income tax expense in the year the related assets are placed in service or qualified progress payments are made.

Note 2 - Investments

The Company classifies investments as available for sale. As of June 30, 2012, the Company held the following securities, recorded at fair value:

	Cost	Unrealized Loss	Fair Value
Available for sale securities			
Mutual Funds	$ 1,487,312	$ (1,085)	$ 1,486,227
Total available for sale securities	$ 1,487,312	$ (1,085)	$ 1,486,227

Note 3 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Quoted prices in active markets for identical securities;

Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.);

Note 3 - Fair Value Measurements - Continued

Level 3 - Significant unobservable inputs (including the Company's own assumptions used to determine the fair value of investments).

The following table summarizes the Company's investments reported at fair value based on the inputs used to value them:

	Level 1	Level 2	Level 3	Total
As of June 30, 2012				
Mutual Funds	$ 1,486,227	$ -	$ -	$ 1,486,227

Note 4 - Profit Sharing Plan

The Company has established a 401(k) profit sharing plan (the PS Plan) for all eligible employees. The PS Plan provides for employee contributions subject to certain annual Internal Revenue Code limits. For participants who are age 50 or older during any calendar year, additional employee contributions are allowed under the PS Plan, subject to Internal Revenue Code limits. Employer contributions, if any, may include safe harbor matching contributions and profit sharing contributions, both of which are subject to service and employment requirements. The safe harbor matching contribution is equal to the sum of 100% of the amount of a participating employee's elective deferrals that do not exceed 3% of the participating employee's compensation, plus 50% of the participating employee's elective deferrals that exceed 3% of the participating employee's compensation but do not exceed 5% of the participating employee's compensation. The profit sharing contribution is discretionary. Safe harbor matching contributions and profit sharing contributions become fully vested after six years of service based on a graded vesting schedule as specified in the PS Plan document. The Company did not make a discretionary profit sharing contribution for the year ended June 30, 2012. Total safe harbor matching contributions for the year ended June 30, 2012 were $46,594.

Note 5 - Common Stock

The holders of the Common Stock are entitled to one vote for each share of Common Stock on all matters that may be submitted to the holders of Common Stock of the Company. The holders of Common Stock shall vote together with the holders of Series A Preferred Stock and Series B Preferred Stock as a single class. The Company shall not plan a merger or conversion, sale or dispose of property, or dissolve the Company without the written consent or affirmative vote of the entire single class.

Note 6 - Related Party Transactions

The Company's majority owner is also the co-founder and majority stockholder of a similar business that has agreed to share the services of an employee. The Company paid the employee $73,567 for the year ended June 30, 2012. Additionally, the Company receives a flat fee of $250 a month from the related party for the use of its copier. For the year ended June 30, 2012, the copier rental income totaled $2,750.

Note 7 - Preferred Stock

The Company has authority to issue 8,000,000 shares of Preferred Stock with a par value of $0.01 per share. The Company has designated 1,500,000 shares of authorized preferred stock as Series A Preferred Stock with an issue price of $5.00 per share. The Company has designated 2,000,000 shares of authorized preferred stock as Series B Preferred Stock with an issue price of $6.00 per share. Series A Preferred Stock and Series B Preferred Stock have the same rights, preferences, powers, privileges, restrictions, qualifications, and limitations.

Dividends

From and after the date of the issuance of any shares of Series A Preferred Stock, dividends shall accrue at the annual rate of 8% of the original issue price. The dividends shall accrue from day to day, whether or not declared, shall compound annually, shall be calculated on the basis of a 365 day year, and shall be cumulative. The holders of the Series A Preferred Stock are entitled to receive dividends when and if declared by the Board of Directors. Dividends on Preferred Stock are in preference to and prior to any payment of any dividend on Common Stock. As of June 30, 2012, $3,709,699 in Preferred Stock dividends was in arrears.

Convertibility

Each share of Series A Preferred Stock and Series B Preferred Stock shall be convertible, at the option of the holder at any time and from time to time, and without the payment of additional consideration by the holder into Common Stock. The number of shares will be determined by dividing the original issue price by the fair market value price of the Preferred Stock at the time of conversion.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock are entitled to receive prior to, and in preference to, any distribution to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series A Preferred Stock, an amount equal to the original issue price plus any accrued dividends that have not yet been paid. The holders of the Series B Preferred Stock are entitled to receive prior to, and in preference to, any distribution to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series B Preferred Stock, an amount equal to the original issue price plus any accrued dividends that have not yet been paid.

The Series A Preferred Stock Liquidation Preference and the Series B Preferred Stock Liquidation Preference shall be on parity with one another. In the event that upon liquidation or dissolution, the assets and funds of the Company are insufficient to permit the payment to holders of shares of Series A Preferred Stock and Series B Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series A Preferred Stock and Series B Preferred Stock then outstanding and any class or series of stock ranking on liquidation on a parity with the Series A Preferred Stock and Series B Preferred Stock shall share in any distribution of the remaining assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

After the distributions described above have been paid in full, the remaining assets of the Company available for distribution shall be distributed pro-rata to the holders of the shares of Common Stock.

Note 8 - Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2009.

The Company has adopted FASB ASC 740, *Income Taxes*. The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Company's evaluation on June 30, 2012 revealed no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company does not believe that any reasonable possible changes will occur within the next 12 months that will have a material impact on the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses. No such interest or penalties were recognized during the period presented. As of June 30, 2012, the Company had no accruals for interest and penalties.

The provision (benefit) for income taxes from continuing operations for the year ended June 30, 2012 consisted of:

The Company has a federal capital loss carryover in the amount of $256,805 available in future years. Unused amounts will begin to expire in 2013.

The Company has a federal 1231 loss carryover in the amount of $101,096 available in future years. Unused amounts will begin to expire in 2015.

The Company has a federal charitable contributions carryover in the amount of $18,352 available in future years. Unused amounts will begin to expire in 2013.

The Company has a general business credit carryover for non eligible and eligible small business credits in the amount of $1,313,507 available in future years. Unused amounts will begin to expire in 2017.

The Company has a federal net operating loss (NOL) carryover in the amount of $29,776,898 available in future years. Unused amounts will begin to expire in 2019.

The Company has a net operating loss (NOL) carryover in the State of Alabama in the amount of $30,717,099 available in future years. Unused amounts will begin to expire in 2017.

The Company has provided a valuation allowance against the deferred income tax assets at June 30, 2012.

The components of the current deferred income tax asset and liability as of June 30, 2012 were as follows:

Current Deferred Tax Asset	
General business credit carryover ESB	$ 1,313,507
General business credit carryover NonESB	118,291
Stock-based compensation	43,157
Unrealized loss on marketable securities	1,596
Deferred tax asset valuation allowance	(1,476,551)
Net Deferred Tax Asset - Current Portion	$ -

Note 8 - Income Taxes - Continued

The components of the noncurrent deferred income tax asset and liability as of June 30, 2012 were as follows:

Noncurrent Deferred Tax Asset	
1231 loss carryover	$ 35,384
Charitable contributions carryover	6,423
Net capital loss	89,882
NOL carryover - Federal	10,421,914
NOL carryover - State	1,535,855
	12,089,458
Net Deferred Tax Liability - Noncurrent Portion	
Depreciation of property and equipment	5,417
Deferred tax asset valuation allowance	(12,094,875)
Net Deferred Tax Asset - Noncurrent Portion	$ -

Note 9 - Operating Leases

The Company leases office space under operating leases as follows:

Location	Monthly Rate	Expiration Date
Huntsville, AL	$ 17,755	2/13/2013

In July 2013, the Company amended the operating lease agreement to reflect monthly rental payments equal to $23,139. See Note 15.

At June 30, 2012, the Company was also obligated under certain operating leases for copy machines.

Minimum future rental payments, which reflect the leases in place at June 30, 2012, under non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2012 are as follows for years ending June 30:

2013	$ 146,793
2014	9,179
2015	1,530
Thereafter	-
Total future minimum lease payments	$ 157,502

Total rent expense under operating lease agreements was $207,315 for the year ended June 30, 2012.

Note 10 - Intangible Assets

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Costs associated with awarded patents are amortized over the life of the patent. Intangible assets consist of the following at June 30, 2012:

Amortized Intangibles:	
Intellectual property	$ 710,827
Accumulated amortization	(292,968)
Intangible assets, net	417,859
Unamortized intangibles:	
Patents not in service	476,023
Total Intangible Assets	$ 893,882

Patent costs begin amortization the day they are awarded. Amortization expense for the year ended June 30, 2012 was $43,999.

Estimated amortization expense at June 30, 2012 for each of the next five succeeding years is as follows:

Year Ending June 30,	Amount
2013	$ 47,022
2014	$ 49,917
2015	$ 49,917
2016	$ 49,053
2017	$ 48,359

Note 11 - Stock Option Plan

Stock Option Plan Description

In 2003, the Company's Board of Directors adopted the EGEN, Inc. 2003 Stock Option Plan (the Plan) that provides for the granting of stock options to employees, the Plan was amended in 2004 and 2009 to increase the number of reserved shares of common stock. The Plan reserved 3,000,000 shares of common stock. Options are granted at the discretion of the Board of Directors. Options granted under the Plan are nonqualified stock options (NSO's), as designated by the Board. The options will be granted at an exercise price set by the Board at the time of grant but in no event shall the exercise price be less than the greater of (i) the par value of the Stock on the date the Option is granted or any time during which the Option is exercisable and (ii) twenty-five percent (25%) of the Fair Market Value of the Stock as of the date of grant.

The term of the grants are generally for 10 years and vest over a period of time as determined on the date of the grant.

Note 11 - Stock Option Plan - Continued

Stock-Based Compensation

The Company follows the provisions of FASB ASC 718, *Compensation-Stock Compensation*. FASB ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the financial statements based on their fair value at the grant date.

Stock-based compensation expense is included in general and administrative expenses for the year ended June 30, 2012.

Valuation and Expense Information

The Company recognizes compensation expense related to stock options on a straight-line basis over the vesting period of the awards, which is generally one to three years. The Company estimates the fair value of options on the date of grant using the Black-Scholes-Merton option pricing model with the following assumptions:

Expected volatility	15.92% - 18.18%
Expected term (in years)	4.00 - 9.00
Risk-free interest rate	0.72% - 5.11%
Expected dividend yield	0.00%
Weighted average calculated value of options granted	$ 1.89

Expected volatility was estimated using the historical volatility of an industry sector index. The Company estimates the expected term using historical option exercise data to determine the expected employee exercise behavior. The risk-free interest rate is the yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the option at the grant date.

The application of FASB ASC 718 resulted in a reduction of net earnings from total stock-based compensation expense, net of tax, of $123,306 for the year ended June 30, 2012. Stock-based compensation expense is included in general and administrative expense for the year ended June 30, 2012. As of June 30, 2012, the Company had $10,522 of unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted average period of two years.

Details of stock option activity for the year ended June 30, 2012 are as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at June 30, 2011	2,393,714	$ 1.81
Granted	101,000	2.50
Exercised	-	-
Forfeited/cancelled	(156,081)	1.73
Outstanding at June 30, 2012	2,338,633	$ 1.85

Note 11 - Stock Option Plan - Continued

Valuation and Expense Information - Continued

The following table summarizes information about stock options exercisable at June 30, 2012:

Range of Exercise Prices	Number of Shares Exercisable	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
$0.50 - 5.00	2,321,384	5.67	$ 1.84

Details of nonvested stock option activity for the year ended June 30, 2012 are as follows:

	Nonvested Options	Weighted Average Grant Date Fair Value
Nonvested options at June 30, 2011	127,664	$ 0.62
Granted	101,000	0.40
Vested	(211,415)	0.52
Forfeited/cancelled	-	-
Nonvested options at June 30, 2012	17,249	$ 0.61

Note 12 - Concentration of Licensing Rights

The Company is engaged primarily in developing nucleic acid-based therapeutics for cancer and other difficult to treat diseases using proprietary nanoparticle delivery systems. A significant portion of the Company's development activity utilizes a third party license agreement. The agreement can be terminated by either party subject to certain restrictions in the agreement. The agreement contains future stipulations for certain royalty fees, maintenance fees, milestone payments, minimum royalties, and product liability insurance.

Note 13 - Compensated Absences

Employees of the Company are entitled to paid vacation and sick days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

Note 14 - New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB and are adopted by the Company as of the specified effective date. Unless otherwise discussed, Company management believes that the impact of recently issued accounting pronouncements will not have a material impact on the Company's financial position, results of operations, and cash flows, or do not apply to the Company's operations.

The Company adopted Accounting Standards Update (ASU) No. 2014-10 - *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation* - an amendment to FASB Accounting Standards Codification (ASC) Topic 915, *Development Stage Entities,* in June 2014 for any annual reporting period or interim period for which the Company's financial statements have not yet been made available for issuance, the objective of which is to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements for development stage entities by eliminating the requirements for development stage entities to (1) present inception-to-date information in the statements of operations, cash flows, and changes in stockholders' equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage.

Note 15 - Subsequent Events

In July 2013, the Company amended its operating lease agreement for office space to reflect monthly rental payments of $23,139. See Note 9.

Management has evaluated subsequent events through June 16, 2014, the date which the financial statements were available to be issued.

Exhibit 99.3

EGEN, INC.

(A DEVELOPMENT STAGE COMPANY)

UNAUDITED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED MARCH 31, 2014 AND 2013

EGEN, INC.

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PART I: FINANCIAL INFORMATION

EGEN, INC.
BALANCE SHEETS

	March 31, 2014 (Unaudited)	June 30, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	$ 462,281	$ 379,454
Accounts receivable	28,409	34,674
Investments	686,107	2,715,648
Prepaid expenses	63,463	374
Total Current Assets	1,240,260	3,130,150
Property and Equipment		
Computer equipment	145,857	145,857
Equipment	668,869	667,263
Automobiles	21,778	21,778
Facilities	3,000	3,000
Intellectual property	913,484	779,335
	1,752,988	1,617,233
Less: accumulated depreciation and amortization	1,220,551	1,108,983
Total Property and Equipment, net	532,437	508,250
Other Assets		
Patents not in service	568,344	631,651
Deposits	3,570	3,570
Total Other Assets	571,914	635,221
Total Assets	$ 2,344,611	$ 4,273,621
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 54,045	$ 87,132
Accrued leave	105,080	102,824
Payroll liabilities	7,750	-
Total Current Liabilities	166,875	189,956
Stockholders' Equity		
Series A preferred stock	12,750	12,750
Series B preferred stock	20,000	20,000
Common stock	140,842	140,842
Additional paid in capital	39,282,302	39,278,352
Accumulated other comprehensive loss, net	(9,233)	(61,109)
Accumulated deficit	(37,268,925)	(35,307,170)
Total Stockholders' Equity	2,177,736	4,083,665
Total Liabilities and Stockholders' Equity	$ 2,344,611	$ 4,273,621

See accompanying notes to the financial statements.

EGEN, INC.
STATEMENTS OF INCOME AND COMPREHENSIVE LOSS

	Three Months Ended		Nine Months Ended	
	March 31, 2014	**March 31, 2013**	**March 31, 2014**	**March 31, 2013**
Revenue				
Grant revenue	$ -	$ -	$ 95,721	$ 100,000
Total Revenue	-	-	95,721	100,000
Operating Expenses				
Research and development expenses	375,240	420,994	1,204,681	995,923
General and administrative expenses	370,443	388,074	1,221,868	1,273,021
Total Operating Expenses	745,683	809,068	2,330,828	2,268,944
Operating Income (Loss)	(745,683)	(809,068)	(2,330,828)	(2,168,944)
Other Income (Expenses)				
Gain (loss) on trading securities	(6,570)	499	(29,164)	11,699
Gain (loss) on asset disposal	-	-	-	1,935
Royalty income	2,665	16,698	4,611	23,486
Contract research income	118,142	6,917	375,805	6,917
Dividend and interest income	1,726	5,770	17,746	25,285
Other income (expenses), net	-	(4,861)	76	(4,861)
Total Other Income (Expenses)	115,963	25,023	369,074	64,461
Income (Loss) Before Income Taxes	(629,720)	(784,045)	(1,961,754)	(2,104,483)
Income Tax Provision (Benefit), net	-	-	-	-
Net Income (Loss)	(629,720)	(784,045)	(1,961,754)	(2,104,483)
Other Comprehensive Income (Loss), Net of Tax				
Unrealized holding gain (loss) on investments arising during the period	1,870	6,301	22,712	19,439
Plus: reclassification adjustment for (gain) loss realized	6,570	(499)	29,164	(11,699)
Total Other Comprehensive Income (Loss)	8,440	5,802	51,876	7,740
Total Comprehensive Income (Loss)	$ (621,280)	$ (778,243)	$ (1,909,878)	$ (2,096,743)

See accompanying notes to the financial statements.

EGEN, INC.
STATEMENTS OF CASH FLOWS

	Nine Months Ended March 31, 2014	Nine Months Ended March 31, 2013
Cash Flows from Operating Activities		
Net income (loss)	$ (1,961,754)	$ (2,104,483)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	111,567	69,958
Realized investment (gain) loss	29,164	(11,699)
(Gain) loss on disposal of assets	-	(1,935)
Compensation expense related to stock options	3,950	87,693
Changes in asset and liability accounts:	-	-
Accounts receivable	6,264	(6,917)
Prepaid expenses	(63,089)	(374)
Deposits	-	-
Accounts payable	(33,087)	(31,998)
Accrued vacation	5,411	103,018
Payroll liabilities	4,595	963
Net Cash (Used in) Provided by Operating Activities	(1,896,979)	(1,895,774)
Cash Flows from Investing Activities		
Purchase of property and equipment	(59,947)	(91,853)
Purchase of patents not in service	-	(23,996)
Proceeds from sale of equipment	-	7,500
Purchases of investments	2,022,007	(3,725,285)
Proceeds from sale of investments	17,746	1,571,130
Net Cash (Used in) Provided by Investing Activities	1,979,806	(2,262,504)
Cash Flows from Financing Activities		
Proceeds from common stock issued	-	3,917,335
Net Cash (Used in) Provided by Financing Activities	-	3,917,335
Net Increase (Decrease) in Cash and Cash Equivalents	82,827	(240,943)
Cash and Cash Equivalents, Beginning of Year	379,454	526,475
Cash and Cash Equivalents, End of Year	$ 462,281	$ 285,532

See accompanying notes to the financial statements.

Note 1 - Business Description

EGEN, Inc. (the Company), founded in 2002, is a clinical stage biopharmaceutical company focused on developing nucleic acid-based therapeutics for cancer and other difficult to treat diseases using proprietary nanoparticle delivery systems. The Company's technology platform is very broad, including polymer, cationic lipid, and molecular biology-based approaches to delivery of nucleic acid and anti-cancer drugs. The primary activities of the Company are the application of the TheraPlas™ and TheraSilence™ platforms to the treatment of human disease.

Note 2 - Basis of Presentation

The accompanying unaudited financial statements of EGEN, Inc. have been prepared in accordance with generally accepted accounting principles in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

In the opinion of management, all adjustments, consisting only of normal recurring accruals considered necessary for a fair presentation, have been included in the accompanying unaudited financial statements. Operating results for the three and nine month periods ended March 31, 2014 and 2013 are not necessarily indicative of the results that may be expected for any other interim period(s) or for any full year. For further information, refer to the financial statements and notes thereto included in the Company's audited financial statements for the fiscal year ended June 30, 2013 issued on January 30, 2014 and as restated on June 6, 2014, and for the fiscal year ended June 30, 2012 issued on June 16, 2014.

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates, and assumptions that affect the amount reported in the Company's financial statements and accompanying notes. Actual results could differ materially from those estimates.

Events and conditions arising subsequent to the most recent balance sheet date have been evaluated for their possible impact on the financial statements and accompanying notes. In July 2013, the Company amended its operating lease agreement for office space, which is scheduled to expire in January 2018, to reflect lower monthly rental payments of $23,139. In June 2014, the Company signed an asset purchase agreement for the sale of substantially all Company assets. No other events and conditions would give rise to any information that required accounting recognition or disclosure in the financial statements other than those arising in the ordinary course of business.

Note 3 - New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) and are adopted by the Company as of the specified effective date. Unless otherwise discussed, Company management believes that the impact of recently issued accounting pronouncements will not have a material impact on the Company's financial position, results of operations, and cash flows, or do not apply to the Company's operations.

The Company adopted Accounting Standards Update (ASU) No. 2014-10 - *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation* - an amendment to FASB Accounting Standards Codification (ASC) Topic 915, *Development Stage Entities,* in June 2014 for any annual reporting period or interim period for which the Company's financial statements have not yet been made available for issuance, the objective of which is to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements for development stage entities by eliminating the requirements for development stage entities to (1) present inception-to-date information in the statements of operations, cash flows, and changes in stockholders' equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage.

Note 4 - Investments

The Company classifies investments as available for sale. As of March 31, 2014, the Company held the following securities, recorded at fair value:

	Cost	Unrealized Loss	Fair Value
Available for sale securities			
Mutual Funds	$ 695,340	$ (9,233)	$ 686,107
Total available for sale securities	$ 695,340	$ (9,233)	$ 686,107

As of June 30, 2013, the Company held the following securities, recorded at fair value:

	Cost	Unrealized Loss	Fair Value
Available for sale securities			
Mutual Funds	$ 2,776,757	$ (61,109)	$ 2,715,648
Total available for sale securities	$ 2,776,757	$ (61,109)	$ 2,715,648

Investment securities available for sale are evaluated periodically to determine whether a decline in their value is other than temporary. The term "other than temporary" is not intended to indicate a permanent decline in value. Rather, it means that the prospects for near-term recovery of value are not necessarily favorable, or that there is a lack of evidence to support fair values equal to, or greater than, the carrying value of the security. Management reviews criteria such as the magnitude and duration of the decline, as well as the reasons for the decline, to predict whether the loss in value is other than temporary. Once a decline in value is determined to be other than temporary, the value of the security is reduced and a corresponding charge to earnings is recognized.

Note 5 - Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date;

Level 2 - Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions that market participants would use in pricing an asset or liability.

Cash and cash equivalents, other current assets, accounts payable, and other accrued liabilities are reflected in the balance sheet at their estimated fair values primarily due to their short-term nature.

The following table summarizes the Company's investments reported at fair value based on the inputs used to value them:

	Level 1	Level 2	Level 3	Total
As of March 31, 2014				
Mutual Funds	$ 686,107	$ -	$ -	$ 686,107
As of June 30, 2013				
Mutual Funds	$ 2,715,648	$ -	$ -	$ 2,715,648

Note 6 - Common Stock

The holders of the Common Stock are entitled to one vote for each share of Common Stock on all matters that may be submitted to the holders of Common Stock of the Company. The holders of Common Stock shall vote together with the holders of Series A Preferred Stock and Series B Preferred Stock as a single class. The Company shall not plan a merger or conversion, sale or dispose of property, or dissolve the Company without the written consent or affirmative vote of the entire single class. As of March 31, 2014, the Company had Common Stock, $0.01 par value, 32,000,000 shares authorized and 14,084,223 shares issued and outstanding.

Note 7 - Preferred Stock

The Company has authority to issue 8,000,000 shares of Preferred Stock with a par value of $0.01 per share. The Company has designated 1,500,000 shares of authorized preferred stock as Series A Preferred Stock with an issue price of $5.00 per share. The Company has designated 2,000,000 shares of authorized preferred stock as Series B Preferred Stock with an issue price of $6.00 per share. Series A Preferred Stock and Series B Preferred Stock have the same rights, preferences, powers, privileges, restrictions, qualifications, and limitations. As of March 31, 2014, the Company had Series A Preferred Stock, $0.01 par value, 1,500,000 shares designated, 1,275,000 shares issued and outstanding, and liquidation preference of $6,375,000. As of March 31, 2014, the Company had Series B Preferred Stock, $0.01 par value, 2,000,000 shares designated, issued and outstanding, and liquidation preference of $12,000,000.

Dividends

From and after the date of the issuance of any shares of Series A Preferred Stock, dividends shall accrue at the annual rate of 8% of the original issue price. The dividends shall accrue from day to day, whether or not declared, shall compound annually, shall be calculated on the basis of a 365 day year, and shall be cumulative. The holders of the Series A Preferred Stock are entitled to receive dividends when and if declared by the Board of Directors. Dividends on Preferred Stock are in preference to and prior to any payment of any dividend on Common Stock. As of March 31, 2014, $4,602,548 in Preferred Stock dividends was in arrears.

Convertibility

Each share of Series A Preferred Stock and Series B Preferred Stock shall be convertible, at the option of the holder at any time and from time to time, and without the payment of additional consideration by the holder into Common Stock. The number of shares will be determined by dividing the original issue price by the fair market value price of the Preferred Stock at the time of conversion.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, the holders of the Series A Preferred Stock are entitled to receive prior to, and in preference to, any distribution to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series A Preferred Stock, an amount equal to the original issue price plus any accrued dividends that have not yet been paid. The holders of the Series B Preferred Stock are entitled to receive prior to, and in preference to, any distribution to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series B Preferred Stock, an amount equal to the original issue price plus any accrued dividends that have not yet been paid.

The Series A Preferred Stock Liquidation Preference and the Series B Preferred Stock Liquidation Preference shall be on parity with one another. In the event that upon liquidation or dissolution, the assets and funds of the Company are insufficient to permit the payment to holders of shares of Series A Preferred Stock and Series B Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series A Preferred Stock and Series B Preferred Stock then outstanding and any class or series of stock ranking on liquidation on a parity with the Series A Preferred Stock and Series B Preferred

Stock shall share in any distribution of the remaining assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

After the distributions described above have been paid in full, the remaining assets of the Company available for distribution shall be distributed pro-rata to the holders of the shares of Common Stock.

Note 8 - Intangible Assets

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Costs associated with awarded patents are amortized over the life of the patent. Intangible assets consist of the following at March 31, 2014:

Amortized Intangibles		
Intellectual property	$	913,484
Accumulated amortization		(402,177)
Intangible assets, net		511,307
Unamortized intangibles		
Patents not in service		568,345
Total intangible assets, net	$	1,079,652

Note 9 - Stock Option Plan

Stock Option Plan Description

In 2003, the Company's Board of Directors adopted the EGEN, Inc. 2003 Stock Option Plan (the Plan) that provides for the granting of stock options to employees, the Plan was amended in 2004 and 2009 to increase the number of reserved shares of common stock. The Plan reserved 3,000,000 shares of common stock. Options are granted at the discretion of the Board of Directors. Options granted under the Plan are nonqualified stock options (NSO's), as designated by the Board. The options will be granted at an exercise price set by the Board at the time of grant but in no event shall the exercise price be less than the greater of (i) the par value of the stock on the date the option is granted or any time during which the option is exercisable and (ii) 25% of the fair market value of the stock as of the date of grant.

The term of the grants are generally for 10 years and vest over a period of time as determined on the date of the grant.

Stock-Based Compensation

The Company follows the provisions of FASB ASC 718, *Compensation-Stock Compensation*. FASB ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized as compensation expense in the financial statements based on their fair value at the grant date.

Stock-based compensation expense is included in general and administrative expenses for the three and nine months ended March 31, 2014.

Valuation and Expense Information

The Company recognizes compensation expense related to stock options on a straight-line basis over the vesting period of the awards, which is generally one to three years. The Company estimates the fair value of options on the date of grant using the Black-Scholes-Merton option pricing model with the following assumptions:

	Three and Nine Months Ended	
	March 31, 2014	**March 31, 2013**
Expected volatility	15.92% - 18.18%	15.92% - 18.18%
Expected term (in years)	4.00 - 9.00	4.00 - 9.00
Risk-free interest rate	0.72% - 5.11%	0.72% - 5.11%
Expected dividend yield	0.00%	0.00%
Weighted average calculated value of options granted	$ 1.93	$ 1.93

Expected volatility was estimated using the historical volatility of an industry sector index. The Company estimates the expected term using historical option exercise data to determine the expected employee exercise behavior. The risk-free interest rate is the yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the option at the grant date.

The application of FASB ASC 718 resulted in a reduction of net earnings from total stock-based compensation expense, net of tax, of $0 and $3,949 for the three and nine months ended March 31, 2014, respectively and $3,164 and $87,693 for the three and nine months ended March 31, 2013, respectively. Stock-based compensation expense is included in general and administrative expense for the three and nine month periods ended March 31, 2014 and 2013. As of March 31, 2014, the Company had $539 of unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted average period of two years.

Details of stock option activity for the nine months ended March 31, 2014 are as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at June 30, 2013	2,499,143	$ 1.87
Granted	-	-
Exercised	-	-
Forfeited/cancelled	-	-
Outstanding at March 31, 2014	2,499,143	$ 1.87

The following table summarizes information about stock options exercisable at March 31, 2014:

Range of Exercise Prices	Number of Shares Exercisable	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price
$0.50 - 5.00	2,490,559	5.19	$ 1.87

Details of nonvested stock option activity for the three and nine months ended March 31, 2014 are as follows:

	Nonvested Options		Weighted Average Grant Date Fair Value
Nonvested options at June 30, 2013	8,584	$	0.52
Granted	-		-
Vested	(7,251)		0.54
Forfeited/cancelled	-		-
Nonvested options at December 31, 2013	1,333		0.40
Granted	-		-
Vested	-		-
Forfeited/cancelled	-		-
Nonvested options at March 31, 2014	1,333	$	0.40

Note 10 - Concentration of Licensing Rights

The Company is engaged primarily in developing nucleic acid-based therapeutics for cancer and other difficult to treat diseases using proprietary nanoparticle delivery systems. A significant portion of the Company's development activity utilizes a third party license agreement. The agreement can be terminated by either party subject to certain restrictions in the agreement. The agreement contains future stipulations for certain royalty fees, maintenance fees, milestone payments, minimum royalties, and product liability insurance.

Note 11 - Restatement of Previously Issued Financial Statements

Subsequent to the original issuance of the Company's annual financial statements as of and for the year ended June 30, 2013, the Company determined that certain legal expenses were previously expensed in the Company's financial statements that met the requirements for capitalization. These transactions relate to expenses incurred in the defense of intellectual property and additional expenses on patents under development that have not yet been granted. The restatement of the Company's financial statements as of and for the year ended June 30, 2013 reflects a correction to the treatment of these expenses.

The correction resulted in an increase in intellectual property of $12,795, an increase in patents not in service of $78,213, an increase in retained earnings of $91,008, and a decrease in legal expense and net loss of $155,628 as of and for the year ending June 30, 2013. The correction decreased beginning retained earnings by $77,415 as of June 30, 2012. There is no tax effect due to the net loss in each year as well as the valuation allowance for deferred taxes.

Note 12 - Subsequent Events

On June 20, 2014, Celsion Corporation, a Delaware corporation ("Celsion"), completed the acquisition of substantially all of the assets of the Company pursuant to the Asset Purchase Agreement dated as of June 6, 2014, by and between Celsion and the Company (the "Purchase Agreement"). CLSN Laboratories, Inc., a Delaware corporation and a wholly-owned subsidiary of Celsion ("CLSN Laboratories"), acquired all of the Company's right, title and interest in and to substantially all of the assets of the Company, including cash and cash equivalents, patents, trademarks and other intellectual property rights, clinical data, certain contracts, licenses and permits, equipment, furniture, office equipment, furnishings, supplies and other tangible personal property. In addition, CLSN Laboratories assumed certain specified liabilities of the Company, including the liabilities arising out of the acquired contracts and other assets relating to periods after the closing date.

Unaudited Pro Forma Condensed Combined Financial Statements

Introduction to Unaudited Pro Forma Condensed Combined Financial Statements

On June 20, 2014, Celsion Corporation, a Delaware corporation ("Celsion"), completed the acquisition of substantially all of the assets of Egen, Inc., an Alabama corporation ("EGEN"), pursuant to the terms of the Asset Purchase Agreement dated as of June 6, 2014, by and between Celsion and EGEN (the "Asset Purchase Agreement"). The unaudited pro forma condensed combined financial statements presented herein are based on, and should be read in conjunction with:

- Celsion's historical financial statements and related notes thereto contained in its Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on March 13, 2014;

- Celsion's historical financial statements and related notes thereto contained in its Quarterly Report on Form 10-Q for the three months ended March 31, 2014 filed with the SEC on May 8, 2014; and

- EGEN's historical financial statements and related notes thereto for the year ended June 30, 2013 and the three and nine months ended March 31, 2014 and 2013 attached to this Form 8-K/A as Exhibits 99.1 and 99.3.

The following unaudited pro forma condensed combined financial statements for the year ended December 31, 2013 and for the three months ended March 31, 2014 have been prepared as if the acquisition occurred on January 1, 2013. The unaudited pro forma condensed combined balance sheet as of March 31, 2014 has been prepared as if the acquisition occurred on March 31, 2014. The historical financial information is adjusted in the unaudited pro forma condensed combined financial statements to give effect only to pro forma events that are (1) directly attributable to the acquisition; (2) factually supportable; and (3) with respect to the statement of operations, expected to have a continuing impact on the combined results of Celsion and EGEN. The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements presented below and with the separate historical financial statements of Celsion and EGEN.

The unaudited pro forma condensed combined financial statements are based on estimates and assumptions and are presented for illustrative purposes only and are not necessarily indicative of what the combined company's results of operations actually would have been had the acquisition been completed as of the dates indicated. Additionally, the unaudited pro forma condensed combined financial statements are not necessarily indicative of the condensed combined financial position or results of operations in future periods or the results that actually would have been realized if the acquisition had been completed as of the dates indicated.

The unaudited pro forma adjustments related to the acquisition have been prepared using the acquisition method of accounting under existing U.S. generally accepted accounting principles with Celsion as the acquirer, which are subject to change and interpretation and are based on a preliminary purchase price allocation. The allocation of purchase price for acquisitions requires extensive use of accounting estimates, assumptions and judgments to allocate the purchase price to identifiable tangible and intangible assets acquired and liabilities assumed, based on their respective estimated fair values. The purchase price for EGEN was allocated to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. Such valuations require significant estimates and assumptions including but not limited to: determining the timing and estimated costs to complete the in-process projects, projecting regulatory approvals, estimating future cash flows, and developing appropriate discount rates. Celsion believes the preliminarily estimated fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions. The final purchase price allocation will be performed using estimated fair values as of the acquisition. The fair value estimates for the purchase price allocation may change if additional information becomes available. Differences between these purchase price allocations and any changes thereto could have a material impact on the unaudited pro forma condensed combined financial statements and Celsion's future results of operations and financial position.

Pro forma adjustments are necessary to reflect the estimated purchase price and to adjust EGEN's net tangible and intangible assets and liabilities to estimated fair values. The pro forma adjustments to EGEN's assets and liabilities and allocation of purchase price are based on Celsion management's preliminary estimates of the fair value of the assets to be acquired and liabilities to be assumed. Celsion made estimates of fair value of the EGEN assets acquired and liabilities assumed using reasonable assumptions based on historical experience, data from industry peers and information obtained from EGEN's management.

CELSION CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS
As of March 31, 2014

	Historical		Pro Forma Adjustments (Note 6)		Pro Forma Combined
	Celsion	EGEN			
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,606,267	$ 462,281	$ 1,961,950	(a), (b)	$ 7,030,498
Investment securities available for sale, at fair value	47,255,487	686,107	-		47,941,594
Accounts receivable - cost reimbursable grants	-	28,409	(28,409)	(c)	0
Accrued interest receivable on investment securities	339,791	-	-		339,791
Advances, deposits and other current assets	620,979	63,463	(63,463)	(c)	620,979
Total current assets	52,822,524	1,240,260	1,870,078		55,932,862
Property and equipment, net	747,386	532,437	(497,755)	(d)	782,068
Other assets:					
Deposits, deferred fees and other assets	1,120,931	3,570	(3,570)	(c)	1,120,931
Identifiable intangible assets, net	18,750	568,344	25,233,384	(e)	25,820,478
Goodwill	-	-	977,674	(f)	977,674
Total other assets	1,139,681	571,914	26,207,488		27,919,083
Total assets	$ 54,709,591	$ 2,344,611	$ 27,579,811		$ 84,634,013
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 2,102,013	$ 54,045	$ -		$ 2,156,058
Accrued liabilities	2,205,838	112,830	-		2,318,668
Notes payable - current portion	439,218	-	-		439,218
Deferred revenue - current portion	500,000	-	-		500,000
Earnout milestones	-	-	13,877,659	(g)	13,877,659
Total current liabilities	5,247,069	166,875	13,877,659		19,291,603
Notes payable non-current portion	4,560,782	-	5,000,000	(b)	9,560,782
Deferred revenue - non-current portion	3,875,000	-	-		3,875,000
Other non-current liabilities	467,545	-	-		467,545
Total liabilities	14,150,396	166,875	18,877,659		33,194,930
Stockholders' equity:					
Series A preferred stock	-	12,750	(12,750)	(h)	-
Series B preferred stock	-	20,000	(20,000)	(h)	-
Common stock	173,477	140,842	(113,720)	(h), (i)	200,599
Additional paid-in capital	217,535,506	39,282,302	(28,429,536)	(h), (i), (j)	228,388,272
Accumulated other comprehensive loss	(27,897)	(9,233)	9,233	(h)	(27,897)
Accumulated deficit	(174,744,150)	(37,268,925)	37,268,925	(h)	(174,744,150)
Subtotal	42,936,936	2,177,736	8,702,152		53,816,824
Treasury stock, at cost	(2,377,741)	-	-		(2,377,741)
Total stockholders' equity	40,559,195	2,177,736	8,702,152		51,439,083
Total liabilities and stockholders' equity	$ 54,709,591	$ 2,344,611	$ 27,579,811		$ 84,634,013

CELSION CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the three months ended March 31, 2014

	Historical		Pro Forma Adjustments (Note 6)		Pro Forma Combined
	Celsion	EGEN			
Licensing revenue	$ 125,000	$ -	$ -		$ 125,000
Operating expenses:					
Research and development	2,893,168	375,240	(18,394)	(k)	3,250,014
General and administrative	2,433,857	370,443	(81,037)	(l), (m)	2,723,263
Total operating expenses	5,327,025	745,683	(99,431)		5,973,277
Loss from operations	(5,202,025)	(745,683)	99,431		(5,848,277)
Other income (expense):					
Gain from change in valuation of common stock warrant liability	3,026	-	-		3,026
Investment income, net	7,019	(6,570)	-		449
Royalty income	-	2,665	-		2,665
Contract research income	-	118,142	-		118,142
Dividend and interest income	-	1,726	-		1,726
Interest expense	(230,713)	-	(141,563)	(n)	(372,276)
Total other (expense) income, net	(220,668)	115,963	(141,563)		(246,268)
Net loss	$ (5,422,693)	$ (629,720)	$ (42,132)		$ (6,094,545)
Net loss (income) per common share basic and diluted	$ (0.33)		$ (0.02)		$ (0.32)
Weighted average shares outstanding basic and diluted	16,371,097		2,712,188	(o)	19,083,285

CELSION CORPORATION
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the year ended December 31, 2013

	Historical		Pro Forma Adjustments (Note 6)		Pro Forma Combined
	Celsion	EGEN			
Licensing and grant revenue					
Licensing revenue	$ 500,000	$ -	$ -		$ 500,000
Grant revenue	-	127,628	-		127,628
Total licensing and grant revenue	500,000	127,628	-		627,628
Operating expenses:					
Research and development	9,364,228	1,610,461	(73,874)	(k)	10,900,815
General and administrative	6,547,257	1,615,367	(188,472)	(l),(m)	7,974,152
Total operating expenses	15,911,485	3,225,828	(262,346)		18,874,967
Loss from operations	(15,411,485)	(3,098,200)	262,346		(18,247,339)
Other income (expense):					
Gain (loss) from valuation of common stock warrant liability	8,090,636	-	-		8,090,636
Investment (loss) income, net	(12,744)	(27,750)	-		(40,494)
Royalty income	-	19,695	-		19,695
Contract research income	-	270,113	-		270,113
Dividend and interest income	-	39,908	-		39,908
Interest expense	(915,235)	-	(566,252)	(n)	(1,481,487)
Other (expense) income	(2,530)	76	-		(2,454)
Total other income (expense)	7,160,127	302,042	(566,252)		6,895,917
Net loss	(8,251,358)	(2,796,158)	(303,906)		(11,351,422)
Non-cash deemed dividend from beneficial conversion feature on convertible preferred stock	(4,601,410)	-	-		(4,601,410)
Net loss attributable to common shareholders	$ (12,852,768)	$ (2,796,158)	$ (303,906)		$ (15,952,832)
Net loss per common share basic and diluted	$ (0.95)		$ (0.11)		$ (0.98)
Weighted average common shares outstanding basic and diluted	13,540,566		2,712,188	(o)	16,252,754

CELSION CORPORATION

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF TRANSACTION

On June 20, 2014, Celsion completed the previously announced acquisition of substantially all of the assets of EGEN pursuant to the Asset Purchase Agreement. CLSN Laboratories, Inc., a Delaware corporation and a wholly-owned subsidiary of Celsion ("CLSN Laboratories"), acquired all of EGEN's right, title and interest in and to substantially all of the assets of EGEN, including cash and cash equivalents, patents, trademarks and other intellectual property rights, clinical data, inventory and raw materials, certain contracts, licenses and permits, machinery, mobile and immobile equipment, furniture, office equipment, furnishings, transportation equipment, supplies and other tangible personal property. In addition, CLSN Laboratories assumed certain specified liabilities of EGEN, including the liabilities arising out of the acquired contracts and other assets relating to periods after the closing date.

NOTE 2 – BASIS OF PRESENTATION

The unaudited pro forma condensed combined financial information was prepared using historical financial statements of Celsion and EGEN, which were prepared under United States Generally Accepted Accounting Principles ("GAAP"). The acquisition is accounted for under the purchase method of accounting in accordance with the Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. Under the purchase method of accounting, the total purchase price, calculated as described in Note 5 to these unaudited pro forma condensed combined financial statements, is allocated to the net tangible and intangible assets acquired and liabilities assumed of EGEN based on their preliminarily estimated fair values. The allocation of purchase price for acquisitions requires extensive use of accounting estimates, assumptions and judgments to allocate the purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed based on their respective estimated fair values. Celsion believes the preliminarily estimated fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions. The fair value estimates for the purchase price allocation may change if additional information becomes available.

The unaudited pro forma condensed combined statement of operations is presented after giving effect to the acquisition of EGEN as if it occurred on January 1, 2013 for the year ended December 31, 2013 and three months ended March 31, 2014. The unaudited pro forma condensed combined balance sheet as of March 31, 2014 has been prepared as if the acquisition occurred on March 31, 2014. Certain reclassifications have been made to the historical financial statements of EGEN to conform to Celsion's presentation.

NOTE 3 – HISTORICAL FINANCIAL INFORMATION

EGEN has a June 30 fiscal year end. The historical statement of operations of EGEN for the year ended December 31, 2013 was derived from EGEN's financial statements for the year ended June 30, 2013 minus the unaudited results of operations for the six months ended December 31, 2012 plus the unaudited results of operations for the six months ended December 31, 2013, as shown in the schedule below. The historical statement of operations of EGEN for the six months ended December 31, 2012 was derived from EGEN's unaudited financial statements for the nine months ended March 31, 2013, minus the unaudited results of operations for the three months ended March 31, 2013. The historical statement of operations of EGEN for the six months ended December 31, 2013 was derived from EGEN's unaudited financial statements for the nine months ended March 31, 2014, minus the unaudited results of operations for the three months ended March 31, 2014.

	Statements of Income - Unaudited			
	Year Ended June 30, 2013	**Six Months Ended December 31, 2013**	**Six Months Ended December 31, 2012**	**Year Ended December 31, 2013**
Revenue				
Grant revenue	$ 131,907	$ 95,721	$ 100,000	$ 127,628
Total Revenue	131,907	95,721	100,000	127,628
Operating Expenses				
Research and development expenses	1,355,949	829,441	574,929	1,610,461
General and administrative expenses	1,648,889	851,425	884,947	1,615,367
Total Operating Expenses	3,004,838	1,680,866	1,459,876	3,225,828
Operating Loss	(2,872,931)	(1,585,145)	(1,359,876)	(3,098,200)
Other Income (Expenses)				
Gain (loss) on trading securities	6,044	(22,594)	11,200	(27,750)
Gain (loss) on asset disposal	1,935	-	1,935	-
Royalty income	24,537	1,946	6,788	19,695
Contract research income	12,450	257,663	-	270,113
Dividend and interest income	43,403	16,020	19,515	39,908
Other income (expenses), net	-	76	-	76
Total Other Income (Expenses)	88,369	253,111	39,438	302,042
Loss Before Income Taxes	(2,784,562)	(1,332,034)	(1,320,438)	(2,796,158)
Income Tax Provision (Benefit), net	-	-	-	-
Net Loss	$ (2,784,562)	$ (1,332,034)	$ (1,320,438)	$ (2,796,158)

NOTE 4 – ACCOUNTING POLICIES

As a result of the continuing review of EGEN's accounting policies, Celsion may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements. At this time, Celsion is not aware of any differences that would have a material impact on the combined financial statements. The unaudited pro forma condensed combined financial statements do not assume any differences in accounting policies.

NOTE 5 – PURCHASE PRICE

The total aggregate purchase price for the acquisition is up to $44.4 million, which includes potential future payments of up to $30.4 million contingent upon achievement of certain milestones set forth in the Purchase Agreement (the "Earnout Payments"). At the closing, Celsion paid approximately $3.0 million in cash after expense adjustment and issued 2,712,188 shares of its common stock to EGEN. The shares of Celsion's common stock were issued in a private transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(2) thereof. In addition, 670,070 shares of Celsion common stock were held back by Celsion at the closing and are issuable to EGEN on or after August 2, 2016 pending certain potential adjustments for expenses or in relation to EGEN's indemnification obligations under the Purchase Agreement (Holdback Shares).

The Earnout Payments of up to $30.4 million will become payable, in cash, shares of Celsion common stock or a combination thereof, at Celsion's option, as follows:

- $12.4 million will become payable upon achieving certain specified development milestones relating to an EGEN-001 ovarian cancer study to be conducted by Celsion or its subsidiary;
- $12.0 million will become payable upon achieving certain specified development milestones relating to an EGEN-001 glioblastoma multiforme brain cancer study to be conducted by Celsion or its subsidiary; and
- up to $6.0 million will become payable upon achieving certain specified development milestones relating to the TheraSilence technology acquired from EGEN in the acquisition.

Celsion's obligations to make the Earnout Payments will terminate on the seventh anniversary of the closing date.

On June 9, 2014, Celsion borrowed an additional $5 million pursuant to a certain Loan and Security Agreement dated as of November 25, 2013, by and between Celsion and Hercules Technology Growth Capital, Inc. Celsion used the loan proceeds to pay the upfront cash payment at closing and certain transaction costs incurred by Celsion in connection with the acquisition.

The Purchase Agreement contains customary representations and warranties regarding EGEN and Celsion, covenants regarding the conduct of EGEN's business prior to the consummation of the acquisition, indemnification provisions, termination and other provisions customary for transactions of this nature.

The acquisition of EGEN was accounted for under the acquisition method of accounting which required Celsion to perform an allocation of the purchase price to the assets acquired and liabilities assumed. The fair value of the consideration transferred for the acquisition has been prepared as if the acquisition occurred on March 31, 2014 and is approximately $27.8 million determined as follows:

Consideration Paid at Closing		
Cash, net of cash acquired	$	3,038,000
Celsion common stock (2,712,188 shares valued at $3.48 which was the last closing price of our common stock at the time of closing the transaction on June 20, 2014)		9,438,000
Future Consideration		
Holdback Shares (670,070 shares of Celsion common stock which were discounted by 38% to reflect the cost of the restriction)		1,441,000
Earnout Payments (at fair value*)		13,878,000
Total fair value of consideration	$	27,795,000

*The difference between the aggregate $30.4 million in future Earnout Payments and the $13.9 million included in the fair value of the acquisition consideration was based on the Celsion's risk-adjusted assessment of each milestone and utilizing a discount rate based on the estimated time to achieve the milestone.

Under the acquisition method of accounting, the total purchase price is allocated to EGEN's net tangible and intangible assets and liabilities based on their estimated fair values as of the acquisition date. The table below summarizes the preliminary estimated fair values of EGEN's net tangible and intangible assets and liabilities on the acquisition date and has been prepared as if the acquisition occurred on March 31, 2014. The purchase price allocations are preliminary and subject to change as more detailed analyses are completed and additional information with respect to the fair values of the assets and liabilities acquired becomes available.

Cash		462,000
Investment securities		686,000
Property and equipment, net		35,000
In-process research and development		25,801,000
Goodwill		978,000
Total assets:		27,962,000
Accounts payable and accrued liabilities		(167,000)
Net assets acquired	$	27,795,000

The preliminary purchase price exceeds the estimated fair value of the net assets acquired by approximately $1.0 million which was recorded as goodwill. Transaction costs incurred by EGEN are $73,000 during the three months ended June 30, 2014, and $174,000 during the year ended December 31, 2013.

Acquired In-Process Research and Development (IPR&D)

Acquired IPR&D consists of EGEN's drug technology platforms: TheraPlas® and TheraSilence® . The fair value of the IPR&D drug technology platforms was estimated to be $25.8 million as of the acquisition date using the Multi-Period Excess Earnings Method (MPEEM) which is a form of the income approach. Under the MPEEM, the fair value of an intangible asset is equal to the present value of the asset's incremental after-tax cash flows (excess earnings) remaining after deducting the market rates of return on the estimated value of contributory assets (contributory charge) over its remaining useful life.

To calculate fair value of the IPR&D programs under the MPEEM, we used projected cash flows discounted at a rate considered appropriate given the significant inherent risks associated with drug development by development-stage companies. Cash flows were calculated based on estimated projections of revenues and expenses related to the IPR&D programs and then reduced by a contributory charge on requisite assets employed. Contributory assets included debt-free working capital, net fixed assets and assembled workforce. Rates of return on the contributory assets were based on rates used for comparable market participants. Cash flows were assumed to extend through a seven-year market exclusivity period. The resultant cash flows were then discounted to present value using a weighted-average cost of equity capital for companies with profiles substantially similar to that of Celsion, which we believe represents the rate that market participants would use to value the assets. The projected cash flows were based on significant assumptions, including the indication in which we will pursue development of IPR&D programs, the time and resources needed to complete the development and regulatory approval of IPR&D programs, estimates of revenue and operating profit related to the program considering its stage of development, the life of the potential commercialized product, market penetration and competition, and risks associated with achieving commercialization, including delay or failure to obtain regulatory approvals to conduct clinical studies, failure of clinical studies, delay or failure to obtain required market clearances, and intellectual property litigation.

As of the closing of the acquisition, the IPR&D is considered indefinite lived intangible assets and will not be amortized. IPR&D will be reviewed for possible impairment on an annual basis or more frequently if events are indicative of impairment.

NOTE 6 – UNAUDITED PRO FORMA ADJUSTMENTS

The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements presented below and with the separate historical financial statements of Celsion and EGEN.

Adjustments included in the column under the heading "Pro Forma Adjustments" represent the following:

a) Reflects cash payment to EGEN of $3,038,050 at Closing Date.

b) Reflects cash received and the corresponding notes payable in relation to Celsion's additional $5,000,000 borrowing on June 9, 2014 from its loan facility. This additional $5,000,000 borrowing proceeds were used to make the cash payment to EGEN and other transaction costs incurred by Celsion in the transaction closing.

c) Reflects assets that were not acquired in acquisition.

d) Reflects fair value adjustment.

e) Reflects the portion of the purchase price allocated to in process research and development ("IPR&D") assets acquired from EGEN. The balance reflects estimated fair value of indefinite-life intangible assets on the Closing Date.

f) Reflects the estimated portion of the purchase price allocated to goodwill based on the estimated fair value of the total purchase price adjusted for intangible and other assets acquired and liabilities assumed at their respective fair values as of the balance sheet date.

g) Reflects the estimated fair value of the contingent earn-out payments due to EGEN for achieving certain specified development milestones as of March 31, 2014.

h) Reflects the cancellation of EGEN's historical equity and convertible preferred stock as part of the transaction.

i) Reflects purchase consideration of the issuance of 2,712,188 shares of Celsion common stock, par value $.01 per share, to EGEN on June 20, 2014 with a fair value of $9,438,414.

j) Reflects purchase consideration of the issuance of 670,070 shares of Celsion common stock to EGEN payable on August 2, 2016 with a fair value of $1,441,471.

k) Reflects the elimination of depreciation for intellectual property for the three months ended March 31, 2014 and for the year ended December 31, 2013.

l) Reflects the elimination of acquisition costs which were expensed for the three months ended March 31, 2014 and for the year ended December 31, 2013.

m) Reflects adjustments to depreciation expense as a result of recording property and equipment at fair value as of the acquisition date.

n) Reflects interest expense associated with the notes payable of $5,000,000 for the loan proceeds from June 9, 2014 (as discussed in note "b" above) as if the loan proceeds had been borrowed as if the transaction occurred on January 1, 2013.

o) Reflects purchase consideration of the issuance of 2,712,188 shares of Celsion common stock to EGEN on June 20, 2014 with a stock value of $9,438,414.