

MEDIFOCUS INC.

(A Capital Pool Company)

INTERIM FINANCIAL STATEMENTS

For the period from April 1, 2008 to June 30, 2008

UNAUDITED

Medifocus Inc.
(A Capital Pool Company)

Balance Sheet

As at June 30, 2008 with comparative figures from March 31, 2008

(UNAUDITED)	June 30, 2007	March 31, 2008
Assets		
Current		
Cash and cash equivalents	\$54,430	\$2,190
Short term investments (Note 3)	896,634	945,706
Recoverable taxes	2,335	2,487
	\$953,399	\$950,383
Liabilities		
Accounts payable	\$41,815	\$0
Shareholders' Equity		
Capital Stock (Note 4)	\$1,125,000	\$1,125,000
Retained Earnings (Deficit)	(213,416)	(174,617)
	\$911,584	\$950,383
	\$953,399	\$950,383

Approved on behalf of the Board

(signed) "Herbert S. Gasser" – Director

(signed) "Maurice J. Colson" – Director

See accompanying notes.

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Statement of Income and Retained Earnings

(UNAUDITED)	3 month period ending June 30, 2008	3 month period ending June 30, 2007
Revenue:		
Interest income	\$7,554	\$7,350
Expenses:		
Accounting & legal expenses	40,100	658
Exchange fees	5,550	0
Transfer agent fees	703	522
	46,353	1,180
Net Income (Loss)	(38,799)	6,170
Retained Earnings (Deficit) at the Beginning of the Period	(174,617)	(159,715)
Retained Earnings (Deficit) at the End of the Period	\$(213,416)	\$(153,545)
Earnings (Loss) per Share	\$(0.0058)	\$0.0009
Earnings (Loss) per Share, Fully Diluted	\$(0.005)	\$0.0008

See accompanying notes.

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Statement of Cash Flows

(UNAUDITED)	3 month period ending June 30, 2008	3 month period ending June 30, 2007
Cash Flows from Operating Activities:		
Net income (loss)	\$(38,799)	\$6,170
Increase (decrease) in operating liabilities:		
Accounts payable	41,815	
Recoverable taxes	152	190
	3,168	6,360
Cash Flows from Investing Activities:		
Short term investments	49,072	181
Increase (Decrease) in Cash and Cash Equivalents	52,240	6,541
Cash and Cash Equivalents at the Beginning of the Period	\$2,190	\$22,253
Cash and Cash Equivalents at the End of the Period	\$54,430	\$28,794

See accompanying notes.

Medifocus Inc.
(A Capital Pool Company)
Notes to the Financial Statements
June 30,2008
Unaudited

1. **NATURE OF THE CORPORATION**

Medifocus Inc. (the “Company”) is a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange. The Company has not commenced commercial operations. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company was incorporated under the *Business Corporations Act* (Ontario) on April 25, 2005. The Company, under the rules of the TSX Venture Exchange can only use a maximum of 30% of gross proceeds raised from issuance of share capital and has 24 months to identify an appropriate business for acquisition or investment.

2. **SIGNIFICANT ACCOUNTING POLICIES**

Financial Instruments

In management’s opinion, the carrying amount of financial instruments approximates fair value unless otherwise noted.

Cash and Cash Equivalents

Cash and cash equivalents represents funds temporarily invested with maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with Canadian 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 amount of revenue and expenses during the period. Actual results could differ from those estimates.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

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3. **SHORT TERM INVESTMENTS**

During the period the Company invested in Canadian Treasury Bills.

4. **CAPITAL STOCK**

Authorized:

unlimited common shares

Issued:

6,650,000 common shares

\$1,125,000

Of the 6,650,000 shares issued, 2,050,000 common shares were initially issued for cash and an additional 4,600,000 common shares were issued for cash in the Company's recently completed initial public offering.

In addition, the Company has 1,125,000 stock options outstanding. Of the 1,125,000 stock options, 460,000 stock options are exercisable at \$0.20 per share to July 12, 2008 and 665,000 stock options are exercisable at \$0.20 per share to June 29, 2011.

5. **SUBSEQUENT EVENT**

During July 2008, the Company received \$85,882 for the exercise of 429,410 broker warrants with a July 12, 2008 expiry date. The remainder of these broker warrants expired.

6. **QUALIFYING TRANSACTION**

The Company has concluded the process of identifying potential acquisitions with a view to completing the Qualifying Transaction. The Company has entered into a definitive agreement (Share Exchange Agreement) with Celsion Canada. The Company has agreed to buy, and the shareholders of Celsion Canada have agreed to sell to Medifocus, all of the Celsion Shares. Following the Qualifying Transaction, Celsion Canada will become a wholly-owned subsidiary of Medifocus. The completion of the Qualifying Transaction is subject to TSXV approval and all other necessary regulatory approvals.
