A.P. Pharma to Conduct Additional Preclinical Testing With APF112; Company Withdraws Proposed Phase II Protocol

August 16, 2002

REDWOOD CITY, Calif., Aug 16, 2002 (BW HealthWire) -- A.P. Pharma, Inc. (NASDAQ:APPA) announced today that it has withdrawn the proposed protocol for a Phase II clinical study for its product APF112 for the short-term treatment of post-surgical pain. This action was taken in response to questions raised by the U.S. Food and Drug Administration (FDA) concerning observations of irritation in preclinical studies in both active and control animal groups. This irritation, which was mild to moderate, lasted beyond the planned 24-36 hours of pain relief following administration directly into the knee joint.

The Company intends to continue discussions with the FDA and to present an action plan to determine what further animal tests should be undertaken to resolve this issue and allow continuation of human clinical studies. The Company does not believe that Phase II studies for APF112 will be initiated in 2002.

As announced last week, the Company has initiated seven reimbursed feasibility studies with pharmaceutical partners involving different Biochronomer(TM) systems. These studies encompass diverse forms of the Biochronomer system for numerous indications and product applications in the areas of ophthalmology, restenosis, DNA delivery and immune stimulation. The Company believes that these studies will not be affected by the matters relating to APF112. The Company had $16.3 million in cash and cash equivalents at the end of the second quarter and receives growing royalty income from three FDA-approved topical prescription products.

About A.P. Pharma

A.P. Pharma is a specialty pharmaceutical company focused on the development of ethical (prescription) pharmaceuticals utilizing its proprietary polymer-based drug delivery systems. The Company's primary focus is the development and commercialization of its bioerodible injectable and implantable systems under the trade name Biochronomer. Initial targeted areas of application for the Company's drug delivery technology include pain management, inflammation, oncology and ophthalmology applications. The Company's product development programs are funded by royalties from topical products currently marketed by pharmaceutical partners and by proceeds from the divestiture of its cosmeceutical product lines as well as fees it receives from collaborative partners. For further information, visit the Company's Web site at www.appharma.com.

Forward-Looking Statements

Except for historical information, this news release contains certain forward-looking statements that involve risks and uncertainties, including among others, uncertainty associated with timely development, regulatory approval, launch and acceptance of new products, establishment of new corporate alliances and progress in research and development programs. Other risks and uncertainties associated with the Company's business and prospects are identified in the Company's filings with the Securities and Exchange Commission. The Company does not undertake to revise these forward-looking statements to reflect events or circumstances occurring in the future.

CONTACT:
A.P. Pharma Inc., Redwood City
Gordon Sangster, 650/366-2626
or
Lippert/Heilshorn & Associates, Los Angeles
Ina McGuinness, imcguinness@lhai.com
Bruce Voss, bvoss@lhai.com
310/691-7100 (Investor Relations)