



## **A.P. Pharma's 10-K Report Audit Includes 'Going-Concern' Qualification**

April 5, 2007

REDWOOD CITY, Calif.--(BUSINESS WIRE)--April 5, 2007--A.P. Pharma, Inc. (NASDAQ:APPA), a specialty pharmaceuticals company, noted today that its financial statements for the fiscal year ended December 31, 2006, included in the Company's Annual Report on Form 10-K ("Form 10-K") filed on March 30, 2007, contain a going concern modification to the audit opinion from its independent accounting firm, Odenberg, Ullakko, Muranishi, & Co., LLP. As previously disclosed and discussed in Note 1 to the financial statements in the Form 10-K, the going concern modification is based on the Company's recurring losses from operations. The Company expects to meet its ongoing cash requirements from an equity offering pursuant to a registration statement on Form S-1 filed with the Securities and Exchange Commission on April 5, 2007.

This announcement is being made in compliance with Nasdaq Marketplace Rule 4350(b)(1)(B), which requires separate disclosure of receipt of an audit opinion that contains a going concern qualification.

### **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(TM). Initial target areas of application for the Company's drug delivery technology include anti-nausea, pain management, anti-inflammation and DNA/RNAi applications. For further information visit the Company's web site at [www.appharma.com](http://www.appharma.com).

### **Forward-looking Statements**

This news release contains "forward-looking statements" as defined by the Private Securities Reform Act of 1995. These forward-looking statements involve risks and uncertainties including uncertainties associated with timely development, approval, launch and acceptance of new products, satisfactory completion of clinical studies, establishment of new corporate alliances, progress in research and development programs and other risks and uncertainties identified in the Company's filings with the Securities and Exchange Commission. We caution investors that forward-looking statements reflect our analysis only on their stated date. We do not intend to update them except as required by law.

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