

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934 (Fee Required)
For the fiscal year ended December 31, 1998 or

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934 (No Fee Required)
For the transition period from _____ to _____

Commission File Number 0-16109

ADVANCED POLYMER SYSTEMS, INC.
SALARY REDUCTION PROFIT SHARING PLAN

ADVANCED POLYMER SYSTEMS, INC.
123 Saginaw Drive
Redwood City, California 94063
Telephone: (650) 366-2626

FINANCIAL STATEMENTS AND EXHIBITS

ADVANCED POLYMER SYSTEMS, INC.
SALARY REDUCTION PROFIT SHARING PLAN
STATEMENT OF FINANCIAL CONDITION
at December 31, 1998

	American Balanced Fund	Bond Fund of America	Templeton Foreign Fund	Dreyfus S&P 500 Index Fund	Fidelity Magellan Fund	Twentieth Century Growth Fund	Warburg Pincus Emerging Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Parti- cipant Loans	Total All Funds
ASSETS:											
Cash account	\$ -	-	-	-	-	-	-	854	-	-	854
Investments at fair value											
Mutual funds (cost \$1,494,768)	556,567	202,083	66,578	127,304	491,243	1,072,368	121,449	-	-	-	2,637,592
Fixed dollar annuities (cost \$306,811)	-	-	-	-	-	-	-	411,290	-	-	411,290
Company stock (cost \$82,844)	-	-	-	-	-	-	-	-	71,568	-	71,568
Participant loans	-	-	-	-	-	-	-	-	-	8,245	8,245
Participant contributions receivable	1,247	569	350	1,139	2,108	2,199	447	1,499	352	-	9,910
Employer contribution receivable	3,785	1,759	1,524	3,120	6,117	6,673	1,694	5,252	-	-	29,924
TOTAL ASSETS	\$561,599	204,411	68,452	131,563	499,468	1,081,240	123,590	418,895	71,920	8,245	3,169,383

LIABILITIES:

Benefit claims Payable	-	-	-	-	-	-	-	-	31	-	31
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	31	-	31

PLAN EQUITY:

Salary reduction accounts	461,550	166,333	55,180	103,166	392,831	871,279	95,623	327,302	56,461	8,245	2,537,970
Employer matching accounts	100,049	38,078	13,272	28,397	106,637	209,961	27,967	91,593	15,428	-	631,382
TOTAL EQUITY	561,599	204,411	68,452	131,563	499,468	1,081,240	123,590	418,895	71,889	8,245	3,169,352

TOTAL

LIABILITIES AND EQUITY	\$561,599	204,411	68,452	131,563	499,468	1,081,240	123,590	418,895	71,920	8,245	3,169,383
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

See accompanying notes to the financial statements.

ADVANCED POLYMER SYSTEMS, INC.
SALARY REDUCTION PROFIT SHARING PLAN
STATEMENT OF FINANCIAL CONDITION
at December 31, 1997

	American Balanced Fund	Bond Fund of America	Templeton Foreign Fund	Dreyfus S&P 500 Index Fund	Fidelity Magellan Fund	Twentieth Century Growth Fund	Warburg Pincus Emerging Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Parti- cipant Loans	Total All Funds
ASSETS:											
Cash account	\$ -	-	-	-	-	-	-	15	-	-	15
Investments at fair value											
Mutual funds (cost \$1,152,104)	502,840	187,269	49,594	25,179	300,003	729,857	55,663	-	-	-	1,850,405
Fixed dollar annuities (cost \$284,955)	-	-	-	-	-	-	-	370,675	-	-	370,675
Company stock (cost \$72,552)	-	-	-	-	-	-	-	-	75,406	-	75,406
Participant loans	-	-	-	-	-	-	-	-	-	8,451	8,451
Employer contributions receivable	3,971	2,041	1,864	891	3,533	4,961	1,520	4,071	1,197	-	24,049
TOTAL ASSETS	\$506,811	189,310	51,458	26,070	303,536	734,818	57,183	374,761	76,603	8,451	2,329,001
PLAN EQUITY:											
Salary reduction accounts	420,174	152,056	41,508	24,988	240,260	597,337	47,216	295,076	59,801	8,451	1,886,867
Employer matching accounts	86,637	37,254	9,950	1,082	63,276	137,481	9,967	79,685	16,802	-	442,134
TOTAL EQUITY	\$506,811	189,310	51,458	26,070	303,536	734,818	57,183	374,761	76,603	8,451	2,329,001

See accompanying notes to the financial statements.

ADVANCED POLYMER SYSTEMS, INC.
SALARY REDUCTION PROFIT SHARING PLAN
STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY
for the year ended December 31, 1998

	American Balanced Fund	Bond Fund of America	Templeton Foreign Fund	Dreyfus S&P 500 Index Fund	Fidelity Magellan Fund	Twentieth Century Growth Fund	Warburg Pincus Emerging Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Participant Loans	Total All Funds
Investment income:											
Interest	\$ -	-	-	-	-	-	-	22,073	-	806	22,879
Dividends	-	-	-	-	-	-	-	205	-	-	205
Total investment income	-	-	-	-	-	-	-	22,278	-	806	23,084
Net realized and unrealized gains (losses) on investments	49,966	7,278	(4,123)	17,137	110,575	271,544	6,096	-	(14,975)	-	443,498
Contributions:											
Employee	56,612	20,432	20,411	30,971	62,193	77,684	22,872	44,855	15,017	-	351,047
Employer	16,975	8,788	8,371	7,910	18,520	26,517	7,988	18,447	11,344	-	124,860
Rollovers	-	-	-	3,154	3,154	-	3,679	-	1,167	-	11,154
Total Contributions	73,587	29,220	28,782	42,035	83,867	104,201	34,539	63,302	27,528	-	487,061
Withdrawals, transfers and distributions:											
Member accounts withdrawn & distributed	(18,318)	(1,498)	(2,267)	-	(23,271)	(51,797)	(698)	(9,736)	(5,676)	-	(113,261)
Member accounts transferred-in (out)	(50,447)	(19,899)	(5,398)	46,321	24,761	22,474	26,470	(31,710)	(11,560)	(1,012)	-
Net withdrawals, transfers and distributions	(68,765)	(21,397)	(7,665)	46,321	1,490	(29,323)	25,772	(41,446)	(17,236)	(1,012)	(113,261)
Net increase (decrease) in plan equity	54,788	15,101	16,994	105,493	195,932	346,422	66,407	44,134	(4,683)	(206)	840,382
Plan equity:											
Beginning of the year	506,811	189,310	51,458	26,070	303,536	734,818	57,183	374,761	76,603	8,451	2,329,001
End of the year	\$561,599	204,411	68,452	131,563	499,468	1,081,240	123,590	418,895	71,920	8,245	3,169,383

See accompanying notes to the financial statements.

ADVANCED POLYMER SYSTEMS, INC.
SALARY REDUCTION PROFIT SHARING PLAN
STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY
for the year ended December 31, 1997

	American Balanced Fund	Bond Fund of America	Templeton Foreign Fund	Dreyfus S&P 500 Index Fund	Fidelity Magellan Fund	Twentieth Century Growth Fund	Warburg Pincus Emerging Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Participant Loans	Total All Funds
Net investment income:											
Interest	\$ -	-	-	-	-	-	-	21,994	-	957	22,951
Total net investment income	-	-	-	-	-	-	-	21,994	-	957	22,951
Net realized and unrealized gains (losses) on investments	76,490	13,351	(1,018)	342	64,320	156,385	4,874	-	(12,292)	-	302,452
Contributions:											
Employee	53,808	20,236	27,326	4,001	52,972	70,311	23,561	46,971	15,994	-	315,180
Employer	17,058	8,529	9,077	891	15,340	24,762	7,176	17,209	5,470	-	105,512
Rollovers	-	-	-	3,206	-	-	962	3,690	-	-	7,858
Total Contributions	70,866	28,765	36,403	8,098	68,312	95,073	31,699	67,870	21,464	-	428,550
Withdrawals, transfers and distributions:											
Member accounts withdrawn & distributed	(56,754)	(27,276)	-	-	(84,299)	(146,576)	-	(43,985)	(1,984)	-	(360,874)
Member accounts transferred-in (out)	18,691	(10,177)	14,241	17,630	8,542	6,457	19,405	(71,703)	548	(3,634)	-
Net withdrawals, transfers and distributions	(38,063)	(37,453)	14,241	17,630	(75,757)	(140,119)	19,405	(115,688)	(1,436)	(3,634)	(360,874)
Net increase (decrease) in plan equity	109,293	4,663	49,626	26,070	56,875	111,339	55,978	(25,824)	7,736	(2,677)	393,079
Plan equity:											
Beginning of the year	397,518	184,647	1,832	-	246,661	623,479	1,205	400,585	68,867	11,128	1,935,922
End of the year	\$506,811	189,310	51,458	26,070	303,536	734,818	57,183	374,761	76,603	8,451	2,329,001

See accompanying notes to the financial statements.

ADVANCED POLYMER SYSTEMS, INC.
SALARY REDUCTION PROFIT SHARING PLAN
STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY
for the year ended December 31, 1996

	American Balanced Fund	Bond Fund of America	Templeton Foreign Fund	Fidelity Magellan Fund	Twentieth Century Growth Fund	Warburg Pincus Emerging Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Participant Loans	Total All Funds
Net investment income:										
Interest	\$ -	-	-	-	-	-	19,981	-	781	20,762
Total net investment income	-	-	-	-	-	-	19,981	-	781	20,762
Net realized and unrealized gains on investments	37,966	8,749	-	19,348	68,997	-	-	13,150	-	148,210
Contributions:										
Employee	53,948	23,696	-	88,164	77,480	-	61,207	16,439	-	320,934
Employer	16,724	7,582	1,832	27,347	24,837	1,205	20,393	5,511	-	105,431
Rollovers	5,058	14	-	4,936	11,964	-	2,873	-	-	24,845
Total contributions	75,730	31,292	1,832	120,447	114,281	1,205	84,473	21,950	-	451,210
Withdrawals, transfers and distributions:										
Member accounts withdrawn & distributed	(14,487)	(10,488)	-	(23,534)	(56,696)	-	(66,590)	(4,815)	-	(176,610)
Member accounts transferred-in (out)	1,820	(4,107)	-	(860)	(1,238)	-	(2,951)	3,520	3,816	-
Net withdrawals, transfers and distributions	(12,667)	(14,595)	-	(24,394)	(57,934)	-	(69,541)	(1,295)	3,816	(176,610)
Net increase in plan equity	101,029	25,446	1,832	115,401	125,344	1,205	34,913	33,805	4,597	443,572
Plan equity:										
Beginning of the year	296,489	159,201	-	131,260	498,135	-	365,672	35,062	6,531	1,492,350
End of the year	\$397,518	184,647	1,832	246,661	623,479	1,205	400,585	68,867	11,128	1,935,922

See accompanying notes to the financial statements.

1. DESCRIPTION OF THE PLAN

The following description of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan (the "401(k) Plan" or the "Plan") provides only general information. Members should refer to the 401(k) Plan document for more complete information.

(a) General

The 401(k) Plan is a defined contribution plan covering active employees of Advanced Polymer Systems, Inc. and subsidiaries ("APS" or the "Company"). Prior to 1997, any employee who was at least 21 years old was eligible to become a voluntary member of the 401(k) Plan immediately upon employment. In 1997, the age requirement for eligibility was eliminated.

The 401(k) Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

(b) Contributions - Employee

Eligible domestic employees may contribute up to 15% of their total compensation for each calendar year, limited to \$10,000 in 1998, \$9,500 in 1997, and \$9,500 in 1996 (the "Employee Contribution").

(c) Contributions - Employer

The Company makes matching contributions equal to 50% of each member's Employee Contribution during a Plan year up to a maximum amount equal to the lesser of 3% of each member's annual compensation, or \$4,800 per calendar year (the "Employer Matching Contribution"). The Company may also contribute additional discretionary amounts as it may determine (the "Employer Discretionary Contribution"). No Employer Discretionary Contributions have been made to the Plan since its inception.

(d) Members' Accounts

The Company maintains separate Employee Contribution accounts, Employer Matching Contribution accounts and Employer Discretionary Contribution accounts for each member. Contributions are credited to the member accounts each bi-weekly payroll period.

In 1996, the plan trustees added the Warburg Pincus Emerging Growth Fund and the Templeton Foreign Fund to the investment options offered to the participants. In 1997, the plan trustees added the Dreyfus S&P 500 Index Fund to the investment options offered to the participants. Each member may elect from the following investment options for his/her Employee Contribution accounts:

Company Common Stock:

The Common Stock of APS will be purchased by the 401(k) Plan's investment manager for the member in a market transaction at the then current market price as quoted on the NASDAQ National Market System. Each member may elect to invest up to 10% of his/her Employee Contributions and Employer Matching Contributions in this option.

Warburg Pincus Emerging Growth Fund:

A mutual fund seeking capital appreciation by investing primarily in common stock of small and medium size companies that show positive earnings and prospects of achieving significant gains in a relatively short time period.

Templeton Foreign Fund:

A mutual fund seeking capital growth by investing in stock and debt securities of companies and governments outside of the United States.

Dreyfus S&P 500 Index Fund:

A mutual fund seeking to match investment results of the Standard and Poor's 500 Composite Stock Price Index.

Fidelity Magellan Fund:

A mutual fund seeking capital growth by investing primarily in common stocks and securities convertible into common stock of domestic and foreign multinational issuers of all sizes.

Twentieth Century Growth Fund:

A mutual fund seeking capital growth by investing primarily in common stocks that are considered by fund management to have better-than-average

prospects for appreciation.

American Balanced Fund:

A mutual fund seeking conversion of capital, current income and long-term growth of both capital and income through investments in stocks, bonds and other fixed-income securities.

Bond Fund of America:

A mutual fund seeking to provide shareholders as high a level of current income as is consistent with the preservation of capital by investing primarily in bonds such as marketable corporate debt securities, U.S. Government securities, mortgage related securities and cash or money market instruments.

Nationwide Guaranty and Savings Fund:

Fixed dollar annuity invested in short-term securities with a guaranteed rate of 5.9% in 1998, 6.1% in 1997 and 5.85% in 1996.

Members may change their investment options at any time during the Plan year as set forth in the 401(k) Plan document. Income from the selected investments of 401(k) Plan assets is allocated quarterly in the proportion that each member's investment option balance bears to the cumulative balance of each investment option.

(e) Vesting

The 401(k) Plan provides that the allocated contribution and income of both the Employee Contribution account and the Employer Matching Contribution account are immediately and fully vested. Employer Discretionary Contributions become vested over a period of 6 years in accordance with the following schedule:

Years of Service	Vested Percentage
-----	-----
Less than 1	0%
1	10%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

(f) Withdrawal of Member Accounts

Upon retirement (at 62 years of age or if later, the employee's fifth anniversary of employment with the Company), the participant can elect to receive distributions through either a single lump-sum payment or installments (for all investments except investments in the company common stock) over the participant's assumed life expectancy (or the participant and the participant's beneficiary's assumed life expectancy) determined at the time of distribution.

Upon death, permanent disability or termination of employment prior to retirement (as defined above), the participant will be entitled to a distribution equal to the vested portion of his/her accounts.

Members should refer to the 401(k) Plan document for a more complete description of procedures and calculations for the withdrawal of accounts.

(g) Rollovers

The 401(k) Plan allows certain transfers to and from eligible retirement plans.

A direct rollover is a payment by the 401(k) Plan to the eligible retirement plan specified by the distributee. A distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

With the consent of the Plan Administrator, amounts may be transferred from other eligible retirement plans by participants, provided that the trust from which such funds are transferred permits the transfer to be made and the transfer will not jeopardize the tax exempt status of the 401(k) Plan.

(h) Trustees

The 401(k) Plan is administered by the Company. A Trustee is responsible for investing the assets of the Plan which are held in Trust. The current trustee is Michael O'Connell, Chief Financial Officer of Advanced Polymer Systems, Inc.

The Trustee has retained CMG Consulting, Inc. ("CMG") to provide recordkeeping services to the 401(k) Plan. CMG invests Plan assets in a fixed dollar annuity and the various mutual fund options offered by

The company has engaged Securities America to invest Plan assets in APS company stock.

Members of the Board of Directors and employees of the Company serving as Trustees receive no additional compensation for services in connection with the administration of the 401(k) Plan.

(i) Participant Loans

Participants are allowed to borrow from the Plan assets. The Plan will allow a participant to borrow up to the lesser of 50% of his/her vested Plan balance or \$50,000. The loan, secured by the vested Plan balance of the participant, is repayable in installments over a period up to 5 years at the prime rate plus 2%. The term of the loan can be extended for more than 5 years if the loan is used to purchase the principal dwelling of the participant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investment Valuation

The fair value of investments in mutual funds and company stock is based upon quoted market values on the last business day of the year.

The value of the Guaranteed Fund is calculated as the sum of contributions, transfers and interest income less any withdrawals and administrative expenses. The value of the Guaranteed Fund approximates fair value. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average yields of the Guaranteed Fund were 5.9%, 6.1% and 5.85% in 1998, 1997 and 1996, respectively.

(b) Security Transactions and Investment Income

Security transactions are recorded on a trade date basis. The difference between cost and market value of investments at the beginning and end of the period is reported as unrealized appreciation or depreciation in the market value of investments using the average cost method. Cost represents revalued cost based on prices at the beginning of the period.

(c) Expenses of the 401(k) Plan

Reasonable fees and expenses incurred in the establishment and administration of the 401(k) Plan, and reasonable compensation of attorneys, accountants, investment managers, actuaries, consultants or expenses of the Trustees or any agent of the Trustees if not employed by the Company will be paid out of the assets of the 401(k) Plan, except to the extent that the Company pays such expenses directly. For the three-year period ended December 31, 1998, all such expenses were paid by the Company.

(d) Forfeited Funds

If a Participant terminates employment with APS prior to completing six years of service, the unvested portion of such member's Employer Discretionary Contribution account will be forfeited and allocated among the remaining participants in the 401(k) Plan. No Employer Discretionary Contributions have been made to the Plan since its inception, hence there have been no forfeitures.

(e) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Changes in such estimates may affect amounts reported in the future periods.

3. INVESTMENTS

Investments of the 401(k) Plan at fair value as of December 31 are as follows:

1998	Fair Value Per Unit/ Share*	Units/ Shares	Cost	Fair Value
Mutual Funds				
American Balanced Fund**	\$2.90	191,868	\$ 312,399	\$ 556,567
Bond Fund of America**	2.44	82,780	139,323	202,083
Templeton Foreign Fund**	1.31	50,848	73,593	66,578

Dreyfus S&P 500 Index Fund**	3.64	34,966	114,084	127,304
Fidelity Magellan Fund**	3.31	148,245	277,904	491,243
Twentieth Century Growth Fund**	7.47	143,618	464,845	1,072,368
Warburg Pincus Emerging Growth**	1.48	81,957	112,620	121,449
Fixed Dollar Annuities				
Nationwide Guaranty and Savings Fund**	1.29	319,241	306,811	411,290
Company Stock				
APS Common Stock**	5.38	13,315	82,844	71,568
Participant Loan**	1.00	8,245	8,245	8,245
			-----	-----
			\$1,892,668	\$3,128,695
			=====	=====

1997	Fair Value Per Unit/ Share*	Units/ Shares	Cost	Fair Value
-----	-----	-----	-----	-----
Mutual Funds				
American Balanced Fund**	\$2.64	190,271	\$ 307,577	\$ 502,840
Bond Fund of America**	2.35	79,677	131,500	187,269
Templeton Foreign Fund**	1.39	35,724	52,476	49,594
Dreyfus S&P 500 Index Fund**	2.87	8,766	25,728	25,179
Fidelity Magellan Fund**	2.51	119,487	192,547	300,003
Twentieth Century Growth Fund**	5.52	132,306	389,967	729,857
Warburg Pincus Emerging Growth**	1.41	39,418	52,309	55,663
Fixed Dollar Annuities				
Nationwide Guaranty and Savings Fund**	1.22	304,691	284,955	370,675
Company Stock				
APS Common Stock**	6.63	11,382	72,552	75,406
Participant Loan**	1.00	8,451	8,451	8,451
			-----	-----
			\$1,518,062	\$2,304,937
			=====	=====

* Unit value is rounded

** Party in interest

Investment option elections of the members of the 401(k) Plan at December 31 are summarized as follows:

	Number of Participants	
	1998	1997
	-----	-----
Mutual Funds		
American Balanced Fund	40	45
Bond Fund of America	28	27
Templeton Foreign Fund	28	24
Dreyfus S&P 500 Index Fund	29	8
Fidelity Magellan Fund	59	44
Twentieth Century Growth Fund	65	54
Warburg Pincus Emerging Growth	30	20
Fixed Dollar Annuities		
Nationwide Guaranty and Savings Fund	46	44
Company Stock		
APS Common Stock	55	57

4. INCOME TAXES

APS received a favorable determination from the Internal Revenue Service ("IRS") stating that the 401(k) Plan is qualified under Section 401 of the Internal Revenue Code ("Code") as amended, and is exempt from federal income taxation under Section 501 of the Code. Accordingly, the financial statements do not contain a provision for income taxes. The continued qualification is dependent on the Plan's future operation.

Members do not become subject to income taxes as a result of participation in the 401(k) Plan until assets in the members' accounts are distributed. Under certain circumstances, a distribution from the 401(k) Plan is subject to income tax as ordinary income.

5. PLAN TERMINATION

Although it has not expressed any intent to do so, APS has the right to terminate the 401(k) Plan at any time. In the event of termination, all accounts will become fully vested, and the plan equity will be allocated and distributed to the members based on their respective account balances.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders of Advanced Polymer Systems, Inc. and the Trustees and Participants in the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan:

We have audited the accompanying statements of financial condition of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan as of December 31, 1998 and 1997, and the related statements of income and changes in plan equity for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan as of December 31, 1998 and 1997, and the results of its operations and its changes in Plan equity for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Fund Information in the statement of financial condition and the statement of income and changes in plan equity is presented for purposes of additional analysis rather than to present the statement of financial condition and the statement of income and changes in plan equity of each fund. The Fund Information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/KPMG LLP

San Francisco, California
March 12, 1999

Exhibits

23 Consent of Independent Certified Public Accountants

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the plan) have duly caused this annual report to be signed by the undersigned thereunto duly authorized.

Advanced Polymer Systems, Inc.
Salary Reduction Profit Sharing Plan

Date: June 15, 1999

/s/ Michael O'Connell

Michael O'Connell
Trustee

EXHIBIT INDEX

23 Consent of Independent Certified Public Accountants

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders of Advanced Polymer Systems, Inc. and the Trustees and Participants in the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan;

We consent to incorporation by reference in the Registration Statement (No. 33-29084) on Form S-8 of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan of our report dated March 12, 1999 relating to the statements of financial condition of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan as of December 31, 1998 and 1997 and the related statements of income and changes in Plan equity for each of the years in the three-year period ended December 31, 1998, which report appears in the December 31, 1998 annual report on Form 11-K of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan.

/s/KPMG LLP

San Francisco, California
June 11, 1999