FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2002

[ ] Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the transition period from to

Commission file Number 0-16109

A.P. PHARMA, INC.
(Exact name of registrant as specified in its charter)

Delaware	94-2875566
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

123 Saginaw Drive, Redwood City, CA 94063
(Address of principal executive offices)

(650) 366-2626
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

At July 31, 2002, the number of outstanding shares of the Company's common stock, par value $.01, was 20,408,702.

INDEX

(a) Exhibits

99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Signatures

Exhibit Index

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited) (in thousands):

A.P. PHARMA, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (IN THOUSANDS)

	June 30, 2002	December 31, 2001 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,844	$ 3,618
Marketable securities	14,482	15,876
Trade accounts receivable, net	354	338
Receivables for royalties and license fees	1,117	1,130
Inventory	55	61
Prepaid expenses and other	628	601
Total current assets	18,480	21,624
Property and equipment, net	1,782	1,668
Other long-term assets	203	215
Total assets	$ 20,465	$ 23,507
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 341	$ 347
Accrued expenses	1,050	1,409
Accrued disposition costs	1,284	1,479
Deferred revenue	265	315
Total current liabilities	2,940	3,550
Deferred revenue - long-term	835	785
Shareholders' equity:		
Common stock	86,537	86,391
Accumulated deficit	(69,955)	(67,456)
Accumulated other comprehensive income	108	237
Total shareholders' equity	16,690	19,172
Total liabilities and shareholders' equity	$ 20,465	$ 23,507

(1) Information derived from audited financial statements included in the Company's Form 10-K for the year ended December 31, 2001.
See accompanying notes.

A.P. PHARMA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) (IN THOUSANDS, EXCEPT, PER SHARE DATA)

	Three Months Ended		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Royalties	$ 930	$ 695	$ 1,833	$ 1,343
Contract revenues	38	4	86	31
Product revenues	281	301	567	597
Total revenues	1,249	1,000	2,486	1,971
Costs and expenses:				
Cost of product revenues	108	113	222	207
Research & development	1,872	1,544	3,369	2,922
Selling & marketing	118	114	244	239
General & administration	819	751	1,529	1,439
Total Costs and expenses	2,917	2,522	5,364	4,807
Operating loss	(1,668)	(1,522)	(2,878)	(2,836)
Interest income	178	275	364	623
Other (expense) income, net	(3)	75	15	78
Loss from continuing operations	(1,493)	(1,172)	(2,499)	(2,135)
Income from discontinued operations	--	(25)	--	(184)
Net loss	$(1,493)	$(1,197)	$(2,499)	$(2,319)
Basic and diluted loss per common share:				
Continuing operations	$ (0.07)	$ (0.06)	$ (0.12)	$ (0.11)
Net loss	$ (0.07)	$ (0.06)	$ (0.12)	$ (0.11)
Weighted average common shares outstanding-basic	20,403	20,278	20,381	20,249

See accompanying notes.

A.P. PHARMA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (IN THOUSANDS)

	For the six months ended June 30,	
	2002	2001
Cash flows from operating activities:		
Net loss	$(2,499)	$(2,319)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on sale of marketable securities	(21)	(81)
Depreciation and amortization	215	195
Provision for doubtful accounts and note receivable	43	--
Amortization of deferred revenue	--	(127)
Stock and stock option compensation awards to non-employees	61	137
Restricted stock awards	33	80
Amortization of premium/discount and accretion of marketable securities	52	125
Loss on retirements of fixed assets	2	--
Changes in operating assets and liabilities:		
Accounts receivable	(133)	128
Receivables for royalties, license fees and R&D fees	129	301
Inventory	6	(9)
Advances to employees	--	34
Prepaid expenses and other	(70)	66
Other long-term assets	12	--
Accounts payable	(5)	338
Accrued expenses	(359)	(330)
Accrued disposition costs	(195)	(928)
Income taxes payable	--	(18)
Net cash used in operating activities	(2,729)	(2,408)
Cash flows from investing activities:		
Purchases of property and equipment	(331)	(127)
Purchases of marketable securities	(7,003)	(10,769)
Maturities and sales of marketable securities	8,237	10,938
Net cash provided by investing activities	903	42
Cash flows from financing activities:		
Proceeds from issuance of shares under the Employee Stock Purchase Plan	52	29
Net cash provided by financing activities	52	29
Net decrease in cash and cash equivalents	(1,774)	(2,337)
Cash and cash equivalents, beginning of the period	3,618	6,493
Cash and cash equivalents, end of the period	$ 1,844	$ 4,156

See accompanying notes.

A.P. PHARMA, INC.
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
- ---
JUNE 30, 2002 AND 2001 (UNAUDITED)
- ----------------------------------

(1) Summary of Significant Accounting Policies

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting only of adjustments of a normal recurring nature) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2002 and 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. The condensed consolidated balance sheet as of December 31, 2001 has been derived from the audited financial statements as of that date. For further information, refer to the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2001.

The condensed consolidated financial statements include the financial statements of A.P. Pharma (the Company or APP) and its subsidiary, APS Analytical Standards, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain reclassifications have been made to the prior period financial statements to conform with the presentation in 2002.

Use of Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Estimates were made relating to useful lives of fixed assets, valuation allowances, impairment of assets and accruals. Actual results could differ materially from those estimates. The items in our financial statements requiring significant estimates and judgments are as follows:

Revenue Recognition

Product revenues are recorded upon shipment of products when four basic criteria are met: 1) persuasive evidence of an arrangement exists, 2) delivery has occurred or services have been rendered, 3) the fee is fixed and determinable, and 4) collectibility is reasonably assured. Determination of criteria 3 and 4 are based on management's judgments regarding the fixed nature of the fees charged for products delivered and the collectibility of those fees. Should changes in conditions cause management to determine these criteria are not met for certain future transactions, revenue recognized for any reporting period could be adversely affected.

The Company has licensing agreements that generally provide for the Company to receive periodic minimum payments, royalties, milestone payments and/or non-refundable license fees. These licensing agreements typically require a non-refundable license fee and allow partners to sell the Company's proprietary products in a defined field or territory for a defined period. The license agreements provide for APP to earn future revenue through royalty payments. These non-refundable license fees are initially reported as deferred revenues and recognized as

contract revenues over the estimated life of the product to which they relate as long as the Company has continuing involvement with licensees and until the related product is discontinued. Revenue recognized from deferred license fees is classified as contract revenues in the accompanying condensed consolidated statements of operations. License fees received in connection with arrangements where the Company has no continuing involvement are recognized as revenue when the amounts are received or when collectibility is assured, whichever is earlier.

Contractually required minimum royalties are recorded ratably throughout the contractual period. Royalties in excess of minimum royalties are recognized as earned when the related product is shipped to the customer by the Company's licensees based on information received by the Company from its licensees.

A milestone payment is a payment made by a third party or corporate partner to the Company upon the achievement of a predetermined milestone as defined in a legally binding contract. Milestone payments are recognized as revenue when the milestone event has occurred and the Company has completed all milestone related services such that the milestone payment is currently due and is non-refundable.

Contract revenues from research and development arrangements are recognized as the related research and development costs are incurred.

Cash Equivalents and Short-term Investments
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The Company considers all short-term investments in debt securities which have original maturities of less than three months at date of purchase to be cash equivalents. Investments which have original maturities longer than three months are classified as marketable securities in the accompanying balance sheets.

Recent Accounting Pronouncements

In July 2001, the FASB issued FAS 141, "Business Combinations" (FAS 141). FAS 141 supersedes APB 16, "Business Combinations," and FAS 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." FAS 141 requires the purchase method of accounting for all business combinations initiated after June 30, 2001 and eliminates the pooling-of-interests method. FAS 141 also includes guidance on the initial recognition and measurement of goodwill and other intangible assets arising from business combinations completed after June 30, 2001.

In July 2001, the FASB issued FAS 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 142 supersedes APB 17, "Intangible Assets," and requires the discontinuance of goodwill amortization. In addition, FAS 142 includes provisions regarding the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of certain intangibles out of previously reported goodwill and the testing for impairment of existing goodwill and other intangibles out of previously reported goodwill and other intangibles. FAS 142 is required to be applied for fiscal years beginning after December 15, 2001, with certain early adoption permitted. Adoption of this statement did not have a material effect on the Company's financial condition or results of operations.

In August 2001, the FASB issued FAS 143, "Accounting for Asset Retirement Obligations" (FAS 143). FAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. Adoption of this statement did not have a material effect on the Company's financial condition or results of operations.

In October 2001, the FASB issued FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (FAS 144), which supersedes FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (FAS

121). FAS 144 addresses financial accounting and reporting for the impairmment of long-lived assets and for long-lived assets to be disposed of. However, FAS 144 retains the fundamental provisions of FAS 121 for: 1) recognition and measurement of the impairment of long-lived assets to be held and used; and 2) measurement of long-lived assets to be disposed of by sale. FAS 144 is effective for fiscal years beginning after December 15, 2001. Adoption of this statement did not have a material effect on the Company's financial condition or results of operations.

(2) Net Loss Per Share Information

Basic loss per share is calculated using the weighted average number of common shares outstanding. Because the Company is in a net loss position for the three and six months ended June 30, 2002 and 2001, diluted earnings per share is also calculated using the weighted average number of common shares outstanding and excludes the effects of options, warrants and convertible securities which are antidilutive.

(3) Comprehensive Loss

Comprehensive losses for the three and six months ended June 30, 2002 and June 30, 2001 consist of the following (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
Net loss	$(1,493)	$(1,197)	$(2,499)	$(2,319)
Unrealized holding (losses) gains arising during the period	(6)	(59)	(130)	66
Comprehensive loss	$(1,499)	$(1,256)	$(2,629)	$(2,253)

(4) Inventory

The major components of inventory are as follows (in thousands):

	June 30, 2002	December 31, 2001
Raw materials	$ 26	$ 28
Finished goods	29	33
Total inventory	$ 55	$ 61

(5) Discontinued Operations

On July 25, 2000, the Company completed the sale of certain technology rights for topical pharmaceuticals and its cosmeceutical product lines and other assets ("cosmeceutical and toiletry business") to R.P. Scherer Corporation, a subsidiary of Cardinal Health, Inc. The Company received $25 million on closing and is entitled to receive further earnout amounts for the subsequent three years, the amounts of which are dependent on the performance of the business sold. In 2001, the Company received an additional $3.6 million due to the performance of the business sold. The cosmeceutical and

toiletry business is reported as a discontinued operation for all periods presented in the accompanying Consolidated Statement of Operations.

Basic and diluted loss per share from discontinued operations was ($0.00) for the three and six months ended June 30, 2002. Basic and diluted loss per share from discontinued operations was ($0.00) and ($0.01) for the three and six months ended June 30, 2001, respectively.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (all dollar amounts rounded to the nearest thousand)

Except for statements of historical fact, the statements herein are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made. These include, among others, uncertainty associated with timely development, approval, launch and acceptance of new products, establishment of new corporate alliances, progress in research and development programs, and other risks described below or identified from time to time in the Company's Securities and Exchange Commission filings.

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Estimates were made relating to useful lives of fixed assets, valuation allowances, impairment of assets and accruals. Actual results could differ materially from those estimates. The items in the Company's financial statements requiring significant estimates and judgments are as follows:

CRITICAL ACCOUNTING POLICIES

Revenue Recognition

Product revenues are recorded upon shipment of products when four basic criteria are met: 1) persuasive evidence of an arrangement exists, 2) delivery has occurred or services have been rendered, 3) the fee is fixed and determinable, and 4) collectibility is reasonably assured. Determination of criteria 3 and 4 are based on management's judgments regarding the fixed nature of the fees charged for products delivered and the collectibility of those fees. Should changes in conditions cause management to determine these criteria are not met for certain future transactions, revenue recognized for any reporting period could be adversely affected.

The Company has licensing agreements that generally provide for the Company to receive periodic minimum payments, royalties, milestone payments and/or non-refundable license fees. These licensing agreements typically require a non-refundable license fee and allow partners to sell the Company's proprietary products in a defined field or territory for a defined period. The license agreements provide for APP to earn future revenue through royalty payments. These non-refundable license fees are initially reported as deferred revenues and recognized as revenues over the estimated life of the product to which they relate as the Company has continuing involvement with licensees until the related product is discontinued. Revenue recognized from deferred license fees is classified as contract revenues in the accompanying condensed consolidated statements of operations. License fees received in connection with arrangements where the Company has no continuing involvement are recognized as revenue when the amounts are received or when collectibility is assured, whichever is earlier.

Contractually required minimum royalties are recorded ratably throughout the contractual period. Royalties in excess of minimum royalties are recognized as earned when the related product is shipped to the customer by the Company's licensees based on information received by the Company from its licensees.

A milestone payment is a payment made by a third party or corporate partner to the Company upon the achievement of a predetermined milestone as defined in a legally binding contract. Milestone payments are recognized as revenue when the milestone event has occurred and the Company has completed all milestone related services such that the milestone payment is currently due and is non-refundable.

Contract revenues from research and development arrangements are recognized as the related research and development costs are incurred.

Results of Operations for the Three Months Ended June 30, 2002 and
- ----------
2001
- ----

The Company's revenues are derived principally from royalties, license fees, contract revenues and product sales. Under strategic alliance arrangements entered into with certain corporations, APP can receive non-refundable upfront fees, future milestone payments and royalties based on third party product sales.

Royalties for the second quarter of 2002 increased by 34% or $235,000 to $930,000 from $695,000 in the corresponding quarter of the prior year. This increase was due mainly to increased sales of Retin-A Micro(R), a prescription acne treatment which is marketed by Ortho Neutrogena, following the marketing clearance of a low-dose product line extension in the second quarter of 2002, and increased sales of Carac(TM) for the treatment of actinic keratoses by the Company's marketing partner Dermik Laboratories, an Aventis company.

Product revenues for the second quarter of 2002 relating to sales of analytical standards products decreased by $20,000 or 7% to $281,000 from $301,000 in the second quarter of the prior year.

Gross profit margin on sales of analytical standards for the second quarter of 2002 was essentially flat compared with the corresponding quarter of the prior year.

Research and development expense for the second quarter of 2002 increased by $328,000 to $1,872,000 due mainly to increased headcount and related expenses as the Company undertook a variety of new product development activities and conducted clinical trials on the Company's first product candidate, APF112, for the treatment of post-surgical pain. The Company plans to initiate human clinical studies in the second half of 2002 for APF112, and in July 2002 submitted to the Food and Drug Administration (FDA) the protocol for Phase II clinical studies. The Phase II clinical studies may be subject to delay as questions or comments to which the Company must respond may arise in the normal course of the FDA review. Research and development expense is expected to increase in 2002 as clinical trials for the Company's lead product candidate, APF112, progress.

Selling and marketing expense for the second quarter of 2002 increased by $4,000 or 4% to $118,000. Selling and marketing expense is expected to remain essentially unchanged in 2002.

General and administrative expense for the second quarter of 2002 increased by $68,000 or 9% from $751,000 to $819,000, due mainly to increased investor relations activities and the addition of the business development function in May 2001. General and administrative expense is expected to increase only moderately in 2002, primarily due to increased investor relations activities.

Interest income for the second quarter of 2002 decreased by $97,000 or 35% to $178,000 from $275,000 due to lower interest rates earned on lower average cash balances.

Results of Operations for the Six Months Ended June 30, 2002 and
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2001
- ----

Royalties for the six months ended June 30, 2002 of $1,833,000 increased by $490,000 or 36% over the corresponding period of the prior year. This increase was due primarily to increased sales of Carac(TM) by Dermik Laboratories, an Aventis Company, and the launch of a new product line extension of Retin-A Micro(R) by Ortho Neutrogena, a Johnson & Johnson company.

Product revenues for the six months ended June 30, 2002 decreased by $30,000 or 5% to $567,000.

Research and development expense increased by $447,000 or 15% to $3,369,000 due mainly to increased headcount and related expenses as the Company initiated clinical trials for its first product candidate, APF112, for the treatment of post-surgical pain, and undertook a variety of new product development activities. The Company plans to initiate human clinical studies in the second half of 2002 for APF112, and in July 2002 submitted to the Food and Drug Administration (FDA) the protocol for Phase II clinical studies. The Phase II clinical studies may be subject to delay as questions

or comments to which the Company must respond may arise in the normal course of the FDA review. Research and development expense is expected to increase in 2002 as clinical trials for the Company's lead product candidate, APF112, progress.

Selling and marketing expense for the six months ended June 30, 2002 of $244,000 increased by $5,000 or 2% from $239,000 in the corresponding period of the prior year. Selling and marketing expense is expected to remain essentially unchanged in 2002.

General and administrative expense for the first six months of 2002 increased by $90,000 or 6% to $1,529,000 due mainly to increased investor relations activities and the addition of the business development function in May 2001. General and administrative expense is expected to increased moderately in 2002, primarily due to increased investor relations activities.

Interest income for the first six months of 2002 decreased by $259,000 or 42% to $364,000 due to lower interest rates earned on lower average cash balances.

Capital Resources and Liquidity
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Total assets as of June 30, 2002 were $20,465,000 compared with $23,507,000 at December 31, 2001. Cash, cash equivalents and marketable securities decreased by $3,168,000 to $16,326,000 at June 30, 2002 from $19,494,000 at December 31, 2001.

Net cash used in operating activities for the six months ended June 30, 2002 and 2001 was $2,729,000 and $2,408,000, respectively. The decrease in net cash used in operating activities was due to lower payments of accrued disposition costs. In the first three months of the prior year, cash used in operating activities included severance and retention payments to employees that were part of the cosmeceutical and toiletry business that was sold to RP Scherer in July 2000.

The Company has financed its operations, including technology and product research and development, from royalties on Retin-A Micro and Carac, proceeds from the sale of the cosmeceutical and toiletry business to RP Scherer, the sales of analytical standards products, interest earned on short-term investments and research and development fees received from corporate collaborators.

The Company's existing cash and cash equivalents, marketable securities, collections of trade accounts receivable, together with interest income and other revenue-producing activities including royalties, license and option fees and research and development fees, are expected to be sufficient to meet the Company's cash needs for at least two years, assuming no changes to business plans.

The Company's future capital requirements will depend on numerous factors including, among others, royalties from sales of products of third party licensees; the Company's ability to enter into collaborative research and development and licensing agreements; progress of product candidates in preclinical and clinical trials; investment in new research and development programs; time required to gain regulatory approvals; resources that the Company devotes to self-funded products; the Company's ability to obtain and retain funding from third parties under collaborative agreements; and the costs of defending or prosecuting any patent opposition or litigation necessary to protect the Company's proprietary technology.

Recent Accounting Pronouncements
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In July 2001, the FASB issued FAS 141, "Business Combinations" (FAS 141). FAS 141 supersedes APB 16, "Business Combinations," and FAS 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." FAS 141 requires the purchase method of accounting for all business combinations initiated after June 30, 2001 and eliminates the pooling-of-interests method. FAS 141 also includes guidance on the initial recognition and measurement of goodwill and other intangible assets arising from business combinations completed after June 30, 2001.

In July 2001, the FASB issued FAS 142, "Goodwill and Other Intangible Assets" (FAS 142). FAS 142 supersedes APB 17, "Intangible Assets," and requires the discontinuance of goodwill

amortization. In addition, FAS 142 includes provisions regarding the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, reclassification of certain intangibles out of previously reported goodwill and the testing for impairment of existing goodwill and other intangibles out of previously reported goodwill and other intangibles. FAS 142 is required to be applied for fiscal years beginning after December 15, 2001, with certain early adoption permitted. Adoption of this statement did not have a material effect on the Company's financial condition or results of operations.

In August 2001, the FASB issued FAS 143, "Accounting for Asset Retirement Obligations" (FAS 143). FAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. Adoption of this statement did not have a material effect on the Company's financial condition or results of operations.

In October 2001, the FASB issued FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (FAS 144), which supersedes FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (FAS 121). FAS 144 addresses financial accounting and reporting for the impairmment of long-lived assets and for long-lived assets to be disposed of. However, FAS 144 retains the fundamental provisions of FAS 121 for: 1) recognition and measurement of the impairment of long-lived assets to be held and used; and 2) measurement of long-lived assets to be disposed of by sale. FAS 144 is effective for fiscal years beginning after December 15, 2001. Adoption of this statement did not have a material effect on the Company's financial condition or results of operations.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

Since December 31, 2001, there have been no material changes in the Company's market risk exposure.

PART II. OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders

The Company's annual shareholder's meeting was held on May 22, 2002, at which the following proposals were approved:

Proposal I: Election for the following directors:

	Votes For	Votes Withheld
Paul Goddard Chairman of the Board	18,073,194	823,912
Stephen Drury	18,074,224	822,882
Michael O'Connell	18,012,893	884,213
Peter Riepenhausen	18,035,874	861,232
Toby Rosenblatt	18,034,189	862,917
Gregory Turnbull	18,042,424	854,682
Dennis Winger	18,040,084	857,022

Proposal II: To approve adoption of the Company's 2002 Equity Incentive Plan.

Votes For	Votes Against	Abstain
15,583,772	3,237,255	76,079

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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 thereunto duly authorized.

A.P. PHARMA, INC.

Date: August 8, 2002 By: /S/ Michael O'Connell

Michael O'Connell
President and Chief
Executive Officer

Date: August 8, 2002 By: /S/ Gordon Sangster

Gordon Sangster
Chief Financial Officer

EXHIBIT INDEX

99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 99.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of A.P. Pharma, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael O'Connell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Michael O'Connell
Michael O'Connell,
Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of A.P. Pharma, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gordon Sangster, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Gordon Sangster
Gordon Sangster,
Chief Financial Officer