A.P. Pharma Receives $2.5 Million Milestone Payment

June 7, 2007

REDWOOD CITY, Calif., Jun 07, 2007 (BUSINESS WIRE) -- A.P. Pharma, Inc. (NASDAQ:APPA), a specialty pharmaceutical company, today announced it has received a payment of $2.5 million from an affiliate of the Paul Royalty Fund. The payment represents a milestone payment that recently became payable to the Company under the agreement that the Company entered into on October 1, 2005 to sell its royalty rights to Retin-A Micro(R) and Carac(R) to an affiliate of the Paul Royalty Fund.

About A.P. Pharma

We are a specialty pharmaceutical company focused on developing pharmaceutical products using our proprietary Biochronomer polymer-based drug delivery technology. Our product development philosophy is based on incorporating approved therapeutics into our proprietary bioerodible drug delivery technology to create controlled release pharmaceuticals to improve treatments for diseases or conditions. Our lead product candidate, APF530, is currently in a pivotal Phase 3 clinical trial for the prevention of acute and delayed onset chemotherapy-induced nausea and vomiting, or CINV.

Our primary focus is to advance our proprietary Biochronomer technology, consisting of bioerodible polymers designed to release drugs over a defined period. We have completed over 100 in vivo and in vitro studies demonstrating that our Biochronomer technology is potentially applicable to a range of therapeutic areas, including pain management, prevention of nausea and vomiting, control of inflammation and treatment of ophthalmic diseases. We have also completed comprehensive animal and human toxicology studies that have established that our Biochronomer polymers are safe and well tolerated. Furthermore, our Biochronomer technology can be designed to deliver drugs over periods varying from days to several months.

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 the successful closing of the pending common stock offering, regaining compliance with NASDAQ rules, 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.

SOURCE: A.P. Pharma, Inc.

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