

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

(Mark One)

( X ) Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934 (Fee Required)  
For the fiscal year ended December 31, 1996 or  
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( ) 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.  
3696 Haven Avenue  
Redwood City, California 94063  
Telephone: (415) 366-2626

Financial Statement and Exhibits

ADVANCED POLYMER SYSTEMS, INC.  
SALARY REDUCTION PROFIT SHARING PLAN

STATEMENT OF FINANCIAL CONDITION  
at December 31, 1996

	Nationwide American Balanced Fund -----	Nationwide Bond Fund of America -----	Templeton Foreign Fund -----	Fidelity Magellan Fund -----	Nationwide Twentieth Century Growth -----	Warburg Pincus Emerging Growth -----
<b>ASSETS:</b>						
Cash account	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Investments, at market	393,452	182,926	0	241,543	617,549	0
Participant loans	0	0	0	0	0	0
Contributions receivable	4,066	1,721	1,832	5,118	5,930	1,205
	-----	-----	-----	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 397,518</b>	<b>\$ 184,647</b>	<b>\$ 1,832</b>	<b>\$ 246,661</b>	<b>\$ 623,479</b>	<b>\$ 1,205</b>
	=====	=====	=====	=====	=====	=====
<b>LIABILITIES:</b>						
Distribution payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	-----	-----	-----	-----	-----	-----
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PLAN EQUITY:</b>						
Salary reduction accounts	332,016	154,357	0	195,405	522,137	0
Employer matching accounts	65,502	30,290	1,832	51,256	101,342	1,205

TOTAL EQUITY	397,518	184,647	1,832	246,661	623,479	1,205
TOTAL LIABILITIES AND EQUITY	\$ 397,518	\$ 184,647	\$ 1,832	\$ 246,661	\$ 623,479	\$ 1,205
	=====	=====	=====	=====	=====	=====

	Nationwide Guaranty and Savings Fund	APS Common Stock	Participant Loans	Total All Funds
	-----	-----	-----	-----
ASSETS:				
Cash account	\$ 5,887	\$ 0	\$ 0	\$ 5,887
Investments, at market	390,911	67,489	0	1,893,870
Participant loans	0	0	11,128	11,128
Contributions receivable	3,787	1,378	0	25,037
	-----	-----	-----	-----
TOTAL ASSETS	\$ 400,585	\$ 68,867	\$ 11,128	\$1,935,922
	=====	=====	=====	=====
LIABILITIES:				
Distribution payable	\$ 0	\$ 0	\$ 0	\$ 0
	-----	-----	-----	-----
TOTAL LIABILITIES	0	0	0	0
PLAN EQUITY:				
Salary reduction accounts	323,798	55,454	11,128	1,594,295
Employer matching accounts	76,787	13,413	0	341,627
	-----	-----	-----	-----
TOTAL EQUITY	400,585	68,867	11,128	1,935,922
TOTAL LIABILITIES AND EQUITY	\$ 400,585	\$ 68,867	\$ 11,128	\$1,935,922
	=====	=====	=====	=====

See accompanying notes.

ADVANCED POLYMER SYSTEMS, INC.  
SALARY REDUCTION PROFIT SHARING PLAN

STATEMENT OF FINANCIAL CONDITION  
at December 31, 1995

	Nationwide American Balanced Fund	Nationwide Bond Fund of America	Fidelity Magellan Fund	Nationwide Twentieth Century Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Participant Loans	Total All Funds
<b>ASSETS:</b>								
Cash account	\$0	\$0	\$0	\$0	\$7,114	\$0	\$0	\$7,114
Investments, at market	293,031	156,631	122,349	491,553	352,975	33,808	0	1,450,347
Participant loans	0	0	0	0	0	0	6,531	6,531
Contributions receivable	3,458	2,570	8,911	6,582	5,583	1,254	0	28,358
<b>TOTAL ASSETS</b>	<b>\$296,489</b>	<b>\$159,201</b>	<b>\$131,260</b>	<b>\$498,135</b>	<b>\$365,672</b>	<b>\$35,062</b>	<b>\$6,531</b>	<b>\$1,492,350</b>
<b>LIABILITIES:</b>								
Distributions payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL LIABILITIES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>PLAN EQUITY:</b>								
Salary reduction accounts	250,543	135,232	104,974	420,447	301,560	28,418	6,531	1,247,705
Employer matching accounts	45,946	23,969	26,286	77,688	64,112	6,644	0	244,645
<b>TOTAL EQUITY</b>	<b>296,489</b>	<b>159,201</b>	<b>131,260</b>	<b>498,135</b>	<b>365,672</b>	<b>35,062</b>	<b>6,531</b>	<b>1,492,350</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$296,489</b>	<b>\$159,201</b>	<b>\$131,260</b>	<b>\$498,135</b>	<b>\$365,672</b>	<b>\$35,062</b>	<b>\$6,531</b>	<b>\$1,492,350</b>

See accompanying notes.

ADVANCED POLYMER SYSTEMS, INC.

SALARY REDUCTION PROFIT SHARING PLAN

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY  
for the year ended December 31, 1996

	Nationwide American Balanced Fund	Nationwide Bond Fund of America	Templeton Foreign Fund	Fidelity Magellan Fund	Nationwide Twentieth Century Growth
Investment income:					
Interest and dividends	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total investment income	0	0	0	0	0
Net realized and unrealized gains on investments	37,966	8,749	0	19,348	68,997
Contributions:					
Employee	53,948	23,696	0	88,164	77,480
Employer	16,724	7,582	1,832	27,347	24,837
Rollovers	5,058	14	0	4,936	11,964
Total contributions	75,730	31,292	1,832	120,447	114,281
Withdrawals, transfers and distributions:					
Member accounts withdrawn & distributed	(14,487)	(10,488)	0	(23,534)	(56,696)
Member accounts transferred-in (out)	1,820	(4,107)	0	(860)	(1,238)
Net withdrawals, transfers and distributions	(12,667)	(14,595)	0	(24,394)	(57,934)
Net increase in plan equity	101,029	25,446	1,832	115,401	125,344
Plan equity:					
Beginning of the year	296,489	159,201	0	131,260	498,135
End of the year	\$ 397,518	\$ 184,647	\$ 1,832	\$ 246,661	\$ 623,479

	Warburg Pincus Emerging Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Participant Loans	Total All Funds
Investment income:					
Interest and dividends	\$ 0	\$ 19,981	\$ 0	\$ 781	\$ 20,762
Total investment income	0	19,981	0	781	20,762
Net realized and unrealized gains on investments	0	0	13,150	0	148,210
Contributions:					
Employee	0	61,207	16,439	0	320,934
Employer	1,205	20,393	5,511	0	105,431
Rollovers	0	2,873	0	0	24,845
Total contributions	1,205	84,473	21,950	0	451,210

Withdrawals, transfers and distributions:					
Member accounts withdrawn & distributions	0	(66,590)	(4,815)	0	(176,610)
Member accounts transferred-in (out)	0	(2,951)	3,520	3,816	0
	-----	-----	-----	-----	-----
Net withdrawals, transfers and distributions	0	(69,541)	(1,295)	3,816	(176,610)
	-----	-----	-----	-----	-----
Net increase in plan equity	1,205	34,913	33,805	4,597	443,572
Plan equity:					
Beginning of the year	0	365,672	35,062	6,531	1,492,350
	-----	-----	-----	-----	-----
End of the year	\$ 1,205	\$ 400,585	\$ 68,867	\$ 11,128	\$ 1,935,922
	=====	=====	=====	=====	=====

See accompanying notes

ADVANCED POLYMER SYSTEMS, INC.  
SALARY REDUCTION PROFIT SHARING PLAN

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY  
for the year ended December 31, 1995

	Nationwide American Balanced Fund	Nationwide Bond Fund of America	Fidelity Magellan Fund	Nationwide Twentieth Century Growth	Nationwide Guaranty and Savings Fund	APS Common Stock	Participant Loans	Total All Funds
Investment income:								
Interest and dividends	\$0	\$0	\$0	\$0	\$18,162	\$0	\$753	\$18,915
Total investment income	0	0	0	0	18,162	0	753	18,915
Net realized and unrealized gains on investments	46,387	21,690	26,872	71,238	0	5,247	0	171,434
Contributions:								
Employee	43,172	19,728	57,220	61,994	66,221	11,399	0	259,734
Employer	12,777	7,237	20,869	21,815	22,760	4,036	0	89,494
Rollovers	3,458	3,270	2,417	18,285	16,689	0	0	44,119
Total contributions	59,407	30,235	80,506	102,094	105,670	15,435	0	393,347
Withdrawals, transfers and distributions:								
Member accounts withdrawn & distributed	(12,848)	(20,558)	(7,413)	(57,690)	(22,723)	(2,885)	0	(124,117)
Member accounts transferred-in (out)	8,919	(9,411)	7,923	(18,312)	20,840	(5,629)	(4,330)	0
Net withdrawals, transfers and distributions	(3,929)	(29,969)	510	(76,002)	(1,883)	(8,514)	(4,330)	(124,117)
Net increase (decrease) in plan equity	101,865	21,956	107,888	97,330	121,949	12,168	(3,577)	459,579
Plan equity:								
Beginning of the year	194,624	137,245	23,372	400,805	243,723	22,894	10,108	1,032,771
End of the year	\$296,489	\$159,201	\$131,260	\$498,135	\$365,672	\$35,062	\$6,531	\$1,492,350

See accompanying notes.

ADVANCED POLYMER SYSTEMS, INC.  
SALARY REDUCTION PROFIT SHARING PLAN

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY  
for the year ended December 31, 1994

	Nationwide American Balanced Fund -----	Nationwide Bond Fund of America -----	Fidelity Magellan Fund -----	Nationwide Twentieth Century Growth -----	Nationwide Guaranty and Savings Fund -----
Investment income:					
Interest and dividends	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,201
	-----	-----	-----	-----	-----
Total investment income	0	0	0	0	11,201
	-----	-----	-----	-----	-----
Net realized and unrealized gains (losses) on investments	(3,954)	(8,797)	449	(8,297)	0
	-----	-----	-----	-----	-----
Contributions:					
Employee	47,870	22,930	7,831	81,238	54,366
Employer	11,858	6,741	1,396	20,285	12,505
Rollovers	0	0	0	0	0
	-----	-----	-----	-----	-----
Total contributions	59,728	29,671	9,227	101,523	66,871
	-----	-----	-----	-----	-----
Withdrawals, transfers and distributions:					
Member accounts withdrawn	(133,785)	(31,598)	0	(217,652)	(92,441)
Distributions	0	0	0	0	(2,005)
Member accounts transferred-in (out)	(27,892)	18,819	13,696	(43,724)	45,804
	-----	-----	-----	-----	-----
Net withdrawals, transfers and distributions	(161,677)	(12,779)	13,696	(261,376)	(48,642)
	-----	-----	-----	-----	-----
Net increase (decrease) in plan equity	(105,903)	8,095	23,372	(168,150)	29,430
	-----	-----	-----	-----	-----
Plan equity:					
Beginning of the year	300,527	129,150	0	568,955	214,293
	-----	-----	-----	-----	-----
End of the year	\$ 194,624	\$ 137,245	\$ 23,372	\$ 400,805	\$ 243,723
	=====	=====	=====	=====	=====

	APS Common Stock -----	Participant Loans -----	Total All Funds -----
Investment income:			
Interest and dividends	\$ 0	\$ 966	\$ 12,167
	-----	-----	-----
Total investment income	0	966	12,167
	-----	-----	-----
Net realized and unrealized gains (losses) on investments	(3,460)	0	(24,059)
	-----	-----	-----
Contributions:			
Employee	9,375	0	223,610
Employer	2,381	0	55,166
Rollovers	0	0	0
	-----	-----	-----
Total contributions	11,756	0	278,776
	-----	-----	-----
Withdrawals, transfers and distributions:			
Member accounts			

withdrawn	(21,528)	0	(497,004)
Distributions	0	0	(2,005)
Member accounts			
transferred-in (out)	(3,149)	(3,554)	0
	-----	-----	-----
Net withdrawals, transfers and			
distributions	(24,677)	(3,554)	(499,009)
	-----	-----	-----
Net increase (decrease) in plan			
equity	(16,381)	(2,588)	(232,125)
Plan equity:			
Beginning of the year	39,275	12,696	1,264,896
	-----	-----	-----
End of the year	\$ 22,894	\$ 10,108	\$ 1,032,771
	=====	=====	=====

See accompanying notes.



ADVANCED POLYMER SYSTEMS, INC.

SALARY REDUCTION PROFIT SHARING PLAN  
Notes to Financial Statements  
December 31, 1996, 1995 and 1994

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. ("APS" or the "Company") and its subsidiaries. Any employee who is at least 21 years old is eligible to become a voluntary member of the 401(k) Plan immediately upon employment.

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 \$9,500 in 1996, and \$9,240 in 1995 and 1994 (the "Employee Contribution").

(c) Contributions - Employer

For the 1994 Plan year, the Company made matching contributions equal to 50% of each member's Employee Contribution during the Plan year up to a maximum amount equal to the lesser of 1.5% of each member's annual compensation, or \$1,000 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. Beginning with the 1995 Plan year, the Plan document was amended to change the maximum Employer Matching Contribution to 3% of the participants' annual gross compensation, limited to \$4,500.

(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 1994, the plan trustees added the Fidelity Magellan Fund to the investment options offered to the participants. 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. 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:

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:

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

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.

Nationwide Twentieth Century Growth:

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.

Nationwide 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.

Nationwide 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:

Money market funds invested in short-term securities with a guaranteed rate of 5.85% in 1996, 6.1% in 1995 and 5.6% in 1994.

Members may change their investment options at specified dates 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

The full amounts in a member's accounts, other than the amounts constituting Employer Discretionary Contributions, will be distributed upon retirement (at 62 years of age or if later, the employee's fifth anniversary of employment with the Company), death, or permanent disability of the member.

If a member's employment with the Company terminates prior to normal retirement (as defined above) for any reason other than death or disability, 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) 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 also invests Plan assets in the various mutual funds offered by Nationwide Life Insurance.

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.

(h) 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 value of investments is based upon quoted market values on the last business day of the year.

(b) Security Transactions and Investment Income

Securities 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.

(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, 1996, 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.

(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 future periods.

### 3. INVESTMENTS

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

	1996	1995
	----	----
Nationwide American Balanced Fund	\$393,452	\$293,031
Nationwide Bond Fund of America	182,926	156,631
Fidelity Magellan Fund	241,543	122,349
Nationwide Twentieth Century Growth	617,549	491,553
Nationwide Guaranty and Savings Fund	390,911	352,975
APS Common Stock	67,489	33,808

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

	Number of Participants	
	1996	1995
Nationwide American Balanced Fund	46	40
Nationwide Bond Fund of America	28	29
Fidelity Magellan Fund	44	33
Nationwide Twentieth Century Growth	53	49
Nationwide Guaranty and Savings Fund	43	43
APS Common Stock	48	39

#### 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 all net assets will be allocated and distributed to the members based on their respective account balances.

6. SCHEDULE OF MARKETABLE SECURITIES

Marketable Securities of the 401(k) Plan at December 31, 1996 and 1995, inclusive of contributions receivable, consisted of the following:

Units	Description	Cost	Market Value
-----	-----	-----	-----
<b>1996</b>			
-----			
181,182	Nationwide American Balanced Fund	\$274,841	\$397,518
85,433	Nationwide Bond Fund of America	140,188	184,647
1,346	Templeton Foreign Fund	1,832	1,832
123,698	Fidelity Magellan Fund	199,992	246,661
145,470	Nationwide Twentieth Century Growth	435,146	623,479
349,325	Nationwide Guaranty and Savings Fund	332,773	400,585
1,033	Warburg Pincus Emerging Growth	1,205	1,205
9,032	APS Common Stock	52,524	68,867
		-----	-----
		<b>\$1,438,501</b>	<b>\$1,924,794</b>
<b>1995</b>			
-----			
153,015	Nationwide American Balanced Fund	\$211,711	\$296,489
78,610	Nationwide Bond Fund of America	123,491	159,201
73,602	Fidelity Magellan Fund	103,939	131,260
133,760	Nationwide Twentieth Century Growth	378,666	498,135
337,790	Nationwide Guaranty and Savings Fund	317,841	365,672
6,375	APS Common Stock	31,869	35,062
		-----	-----
		<b>\$1,167,517</b>	<b>\$1,485,819</b>

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders 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, 1996 and 1995, and the related statements of income and changes in Plan equity for each of the years in the three-year period ended December 31, 1996. 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, 1996 and 1995, 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, 1996, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP

San Francisco, California  
March 5, 1997

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  
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Date: March 26, 1997  
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/s/ Michael O'Connell  
-----  
Michael O'Connell  
Trustee



EXHIBIT INDEX

Form 11-K Annual Report

ADVANCED POLYMER SYSTEMS, INC.  
SALARY REDUCTION PROFIT SHARING PLAN

23 Consent of Independent Public Accountants

EXHIBIT 23  
CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders 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 5, 1997 relating to the statements of financial condition of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan as of December 31, 1996 and 1995 and the related statements of income and changes in Plan equity for each of the years in the three-year period ended December 31, 1996, which report appears in the December 31, 1996 annual report on Form 11-K of the Advanced Polymer Systems, Inc. Salary Reduction Profit Sharing Plan.

KPMG Peat Marwick LLP

San Francisco, California  
March 26, 1997