

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report(Date of Earliest Event Reported):December 12, 2001

A.P. PHARMA, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE	1-16109	94-2875566
----- (State or other jurisdiction of incorporation)	----- (Commission File Number)	----- (IRS Employer Identification No.)

123 SAGINAW DRIVE, REDWOOD CITY, CALIFORNIA 94063

(Address of principal executive offices) (Zip code)

(650) 366-2626

Registrant's telephone number, including area code

N/A

(Former Name or Former Address, if Changed Since Last Report)

INFORMATION TO BE INCLUDED IN THE REPORT

Item 4. Changes in Registrant's Certifying Accountants

On December 12, 2001, A.P. Pharma, Inc. (the "Company") engaged Ernst & Young LLP as the Company's independent accountants for the year ending December 31, 2001. Before the engagement of Ernst & Young LLP, KPMG served as the Company's independent accountants for the years ended December 31, 1999 and 2000.

a. Previous independent accountants

i. On December 12, 2001, the Company dismissed KPMG LLP as its independent accountants.

ii. The reports of KPMG LLP on the financial statements of the Company for each of the past two fiscal years contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

iii. The decision to change independent accountants was recommended by the Company's Audit Committee and approved by the Company's Board of Directors.

iv. During the Company's two most recent fiscal years, ended December 31, 2000, and the subsequent interim period through December 12, 2001, the Company has had no disagreements with KPMG LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of KPMG LLP would have caused them to make reference thereto in their report on the financial statements of the Company for such years.

v. The Company has requested that KPMG LLP furnish it with a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the above statements. A copy of such letter, dated December 18, 2001, is filed as Exhibit 7.1 to this Current Report on Form 8-K.

b. New independent accountants

On December 12, 2001, the Company engaged Ernst & Young LLP

as its independent accountants for the year ending December 31, 2001. During the two most recent fiscal years and through the date of this report, the Company has not consulted with Ernst & Young LLP on items which concerned the subject matter of a disagreement or reportable event with the former auditor (as described in Item 304(a)(2) Regulation S-K).

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c)

Exhibit 7.1 Letter from KPMG LLP, independent auditors re change in certifying accountants

SIGNATURE

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 hereunto duly authorized.

A.P. PHARMA, INC.

Date: December 19, 2001

By: /S/ Michael O'Connell

Michael P. J. O'Connell,
President and Chief
Executive Officer

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December 18, 2001

Ladies and Gentlemen:

We were previously principal accountants for A.P. Pharma, Inc., and, under the date of February 16, 2001, we reported on the consolidated financial statements of the Company and subsidiary as of and for the years ended December 31, 2000 and 1999. On December 12, 2001, our appointment as principal accountants was terminated. We have read the Company's statements included under Item 4 of its Form 8-K dated December 12, 2001, and we agree with such statements, except that we are not in a position to agree or disagree with the Company's statements that the decision to change independent accountants was recommended by the Company's audit committee and approved by the Company's board of directors. We also are not in a position to agree or disagree with the Company's statement that on December 12, 2001, it engaged Ernst & Young LLP as its independent accountants for the year ending December 31, 2001, and that the Company did not consult with Ernst & Young LLP regarding Items which concerned the subject matter of a disagreement or reportable event as described in Item 304 (a)(2) Regulation S-K.

Very truly yours,

/s/ KPMG LLP

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KPMG LLP