

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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):

January 18, 2006

A.P. Pharma, Inc.

(Exact name of registrant as specified in its charter)

000-16109

(Commission File Number)

Delaware

94-2875566

(State or other jurisdiction
of incorporation)

(I.R.S. Employer
Identification No.)

123 Saginaw Drive
Redwood City, CA 94063

(Address of principal executive offices, with zip code)

(650) 366-2626

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

On January 18, 2006, A.P. Pharma, Inc. (the "Company") announced that based on the Company's recording of the gain on the sale of its royalty rights, the Company believes it has regained compliance for continued listing on the NASDAQ National Market by satisfying the NASDAQ's minimum stockholders' equity requirement of the NASDAQ National Marketplace Rule 4450(a)(3). NASDAQ will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Press Release dated January 18, 2006.

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 hereunto duly authorized.

A.P. PHARMA, INC.

Date: January 18, 2006

By: /S/ Michael O'Connell

Michael O'Connell
President and Chief
Executive Officer

EXHIBIT INDEX

99.1 Press Release dated January 18, 2006

A.P. Pharma logo

News Release

A.P. PHARMA REGAINS COMPLIANCE WITH NASDAQ NATIONAL MARKET LISTING REQUIREMENTS

NASDAQ Believes Company in Compliance Based on Royalty Interest Sale

REDWOOD CITY, Calif. (January 18, 2006) - A.P. Pharma, Inc. (NASDAQ NM: APPA), a specialty pharmaceutical company, announces that based on the Company's recording of the gain on the sale of the royalty rights announced today, A.P. Pharma believes it has regained compliance for continued listing on the NASDAQ National Market by satisfying the NASDAQ's minimum stockholders' equity requirement of the NASDAQ National Marketplace Rule 4450(a)(3). NASDAQ will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement.

As background, A.P. Pharma reported on November 16, 2005 that the Company was advised by the NASDAQ Listing Qualifications Department that NASDAQ was reviewing the Company's eligibility for continued listing on the NASDAQ National Market as the Company did not comply with the NASDAQ's minimum \$10 million stockholders' equity requirement set forth in Marketplace Rule 4450(a)(3) as of September 30, 2005.

As NASDAQ requested, the Company submitted a specific plan to achieve and sustain compliance with all NASDAQ National Market Listing Requirements, including the minimum shareholders' equity standard.

NASDAQ acknowledged that the Company had provided a definitive plan evidencing its ability to achieve and sustain compliance with Rule 4450(a)(3) subject to the Company completing the transaction for the sale of the royalties, which was announced today, January 18.

About A.P. Pharma

A.P. Pharma is a specialty pharmaceutical company focused on the development of ethical (prescription) pharmaceuticals utilizing its proprietary polymer-based drug delivery systems. The Company's primary focus is the development and commercialization of its bioerodible injectable and implantable systems under the trade name Biochronomer. Initial target areas of application for the Company's drug delivery technology include anti-nausea, pain management, inflammation and DNA/RNAI applications. For further information, visit the Company's web site at www.appharma.com.

Forward-looking Statements

Except for historical information, this news release contains certain forward-looking statements that involve risks and uncertainties including, among others, timely development, approval, launch and acceptance of new products, establishment of new corporate alliances and progress in research and development programs. Other risks and uncertainties associated with the Company's business and prospects are identified in the Company's filings with the Securities and Exchange Commission. The Company does not undertake to revise these forward-looking statements to reflect events or circumstances occurring in the future.

Investor Relations Contacts: Lippert/Heilshorn & Associates Zachary Bryant (zbryant@lhai.com) Jody Cain (jcain@lhai.com) Bruce Voss (bvoss@lhai.com) (310) 691-7100 # # #	Company Contact: Gordon Sangster Chief Financial Officer (650) 366-2626
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