UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2010

OR

☐ **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 **0-9314**

ACCESS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**83-0221517**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer I.D. No.)

2600 Stemmons Frwy, Suite 176, Dallas, TX 75207
(Address of principal executive offices)

(214) 905-5100
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer" "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

As of November 9, 2010, there were 15,998,265 shares of Access Pharmaceuticals, Inc. common stock outstanding. Also, as of November 9, 2010, there were 2,985.3617 shares of Series A Convertible Preferred Stock outstanding, and such shares were convertible into 9,951,198 shares of common stock.

ACCESS PHARMACEUTICALS, INC.

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PART I –FINANCIAL INFORMATION

This Quarterly Report (including the information incorporated by reference) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties including, but not limited to the uncertainties associated with research and development activities, clinical trials, our ability to raise capital, the timing of and our ability to achieve regulatory approvals, dependence on others to market our licensed products, collaborations, future cash flow, the timing and receipt of licensing and milestone revenues, the future success of our marketed products and products in development, our sales projections, and the sales projections of our licensing partners, our ability to achieve licensing milestones and other risks described below as well as those discussed elsewhere in this Quarterly Report, documents incorporated by reference and other documents and reports that we file periodically with the Securities and Exchange Commission. These statements include, without limitation, statements relating to our ability to continue as a going concern, anticipated product approvals and timing thereof, product opportunities, clinical trials and U.S. Food and Drug Administration ("FDA") applications, as well as our drug development strategy, our clinical development organization, expectations regarding our rate of technological developments and competition, our expectations regarding minimizing development risk and developing and introducing technology, the size of our targeted markets, the terms of future licensing arrangements, our plans to hire additional accounting staff and implement appropriate procedures, the adequacy of our capital resources, and our ability to secure additional financing for our operations. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "could," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by such forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of filing this Quarterly Report to conform such statements to actual results.

ITEM 1. FINANCIAL STATEMENTS

The response to this Item is submitted as a separate section of this report.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Access Pharmaceuticals, Inc. (together with our subsidiaries, "We", "Access" or the "Company") is a Delaware corporation. We are a biopharmaceutical company leveraging our proprietary drug delivery platforms to develop treatments in areas of oncology, cancer supportive care and diabetes. We currently have one approved product, two products at Phase 2 of clinical development and several products in pre-clinical development. Low priority clinical and pre-clinical programs will be dependent on our ability to enter into collaborative arrangements. Certain of our development programs are dependent upon our ability to secure approved funding for such projects. Our description of our business, including our list of products and patents, takes into consideration our acquisition of MacroChem Corporation which closed February 25, 2009.

- MuGard™ is our approved product for the management of oral mucositis, a frequent side-effect of cancer therapy for which there is no established treatment. The market for mucositis treatment is estimated to be in excess of $1 billion world-wide. MuGard, a proprietary nanopolymer formulation, has received marketing allowance in the U.S. from the Food & Drug Administration (FDA). MuGard has been launched in Germany, Italy, UK, Greece and the Nordic countries by our European commercial partner, SpePharm. We launched MuGard in the United States during the third quarter of 2010. We are working with our partners in Korea and China for registration and marketing.

- Our lead development candidate for the treatment of cancer is ProLindac™, a nanopolymer DACH-platinum prodrug. We recently completed a Phase 2 clinical trial on ProLindac in the EU in patients with recurrent ovarian cancer. The clinical study had positive safety and efficacy results. We expect to initiate a study of ProLindac combined with Paclitaxel in second line treatment of platinum pretreated advanced ovarian cancer patients in the fourth quarter of 2010. This multi-center study of up to 25 evaluable patients will be conducted in Europe. We are also currently planning a number of combination trials, looking at combining ProLindac with other cancer agents in solid tumor indications including colorectal and ovarian cancer. The DACH-platinum incorporated in ProLindac is the same active moiety as that in oxaliplatin (Eloxatin; Sanofi-Aventis), which has sales in excess of $2.0 billion.

- Thiarabine, or 4-thio Ara-C, is a next generation nucleoside analog licensed from Southern Research Institute. Previously named SR9025 and OSI-7836, the compound has been in two Phase 1/2 solid tumor human clinical trials and was shown to have anti-tumor activity. We are working with leukemia and lymphoma specialists at MD Anderson Cancer Center in Houston and have initiated additional Phase 2 clinical trials in adult AML, ALL and other indications.

- CobOral™ is our proprietary preclinical nanopolymer oral drug delivery technology based on the natural vitamin B12 oral uptake mechanism. We are currently developing a product for the oral delivery of insulin, and have conducted sponsored development of a product for oral delivery of human growth hormone. We have signed or are in discussion with several companies regarding the sponsored development of CobOral™ oral drug delivery formulations of proprietary and non-proprietary actives.

- CobaCyte-mediated cancer targeted delivery is a preclinical technology which makes use of the fact that cell surface receptors for vitamins such as B12 are often overexpressed by cancer cells. This technology uses nanopolymer constructs to deliver more anti-cancer drug to tumors while protecting normal tissues.

Products

We use our drug delivery technologies to develop the following products and product candidates:

Access Drug Portfolio

Compound	Originator	Technology	Indication	Clinical Stage (1)
MuGard™	Access	Mucoadhesive liquid	Mucositis	(510k) Marketing clearance received
ProLindac™ (Polymer Platinate, AP5346) (2)	Access / Univ of London	Synthetic polymer	Cancer	Phase 2
Thiarabine (4-thio Ara-C) (3)	Southern Research Institute	Small molecule	Cancer	Phase 1/2
Oral Insulin	Access	Cobalamin	Diabetes	Pre-clinical
CobOral™ Delivery System	Access	Cobalamin	Various	Pre-clinical
CobaCyte™-Targeted Therapeutics	Access	Cobalamin	Anti-tumor	Pre-clinical

(1) For more information, see "Government Regulation" for description of clinical stages.
(2) Licensed from the School of Pharmacy, The University of London.
(3) Licensed from Southern Research Institute of Birmingham, Alabama.

RECENT EVENTS

On November 3, 2010, we announced that we have commenced a Phase 2 combination trial for our second generation DACH-platinum cancer drug, ProLindac, in platinum-sensitive ovarian-cancer patients. This trial is an open-label, Phase 2 study of ProLindac given intravenously with paclitaxel. The combination trial will be conducted in up to eight European participating centers.

On November 1, 2010, we announced that we have been awarded $1.5 million in government grants. Under the recently enacted Patient Protection and Affordable Care Act, cash grants were awarded to Qualifying Therapeutic Discovery Projects that showed significant potential in producing new and cost-saving therapies, support job growth and increase U.S. competitiveness. Grants were awarded through a competitive application process, and seven out of eight of our applications were awarded.

On October 27, 2010, we announced that we have entered into a pre-licensing feasibility agreement with a biopharmaceutical company to develop an oral formulation of an undisclosed prostate cancer compound utilizing its proprietary vitamin B-12-based CobOral™ Drug Delivery Technology. We will develop CobOral formulations for testing by the biopharma company. Though the terms of the agreement have not been disclosed, we have indicated that any successful formulation developed will be jointly owned by the parties and subject to a subsequent full licensing agreement.

On October 20, 2010, we announced that we have submitted additional patent applications, covering our Cobalamin-mediated oral drug delivery technology formulations of many global top-100 injectable drugs, as a result of the growing interest surrounding our proprietary oral delivery technology. The patents cover oral formulations of leading injectables, like bevacizumab (Avastin®), trastuzumab (Herceptin®), adalimumab (Humira®), etanercept (Enbrel®), insulin glargine (Lantus®), and many others. In addition, we rebranded our Cobalamin-mediated oral drug delivery technology as CobOral™ delivery technology.

On September 29, 2010, we announced that we have made significant progress with our proprietary Cobalamin-targeted drug-delivery program for siRNA therapies. As a result of the continued advancements made with our Cobalamin program, we rebranded the targeted-drug delivery technology as CobaCyte™; and submitted additional patent applications for its improved CobaCyte formulations, including siRNA compositions.

On September 21, 2010, we announced we signed a supply agreement for MuGard with RHEI Pharmaceuticals, Inc. ("RHEI"), a specialty pharmaceutical company focused on bringing proprietary medicines to the China market. Under the agreement we are required to ensure manufacturing capacity of up to a minimum of $30 million of product in the licensed territories. Coinciding with the signing of the above agreement, we also approved a sub-license agreement between RHEI Pharmaceuticals and Jian An Pharmaceuticals ("Jian An") Limited in Shenzhen, China in an effort to leverage Jian An's extensive sales, marketing and regulatory infrastructure for the launch of MuGard in China and Taiwan.

On August 2, 2010, we announced we initiated a Phase 1/2 dose-escalating study of our proprietary, anti-cancer drug, Thiarabine, a nucleoside analogue for patients with hematologic malignancies (cancers of the blood). The primary objective of the study is to determine the maximum tolerated dose (MTD) in two different dosing schedules with various leukemias and lymphomas and recommended Phase II dose. The program is being led by Hagop Kantarjian, M.D., Chair of the Department of Leukemia at The University of Texas MD Anderson Cancer Center in Houston, Texas.

On July 27, 2010, we announced our e-marketing partner, iMedicor, commenced the initial phase of a multi-channel marketing program for MuGard. iMedicor's two-pronged marketing approach involves leveraging its direct sales channel through Direct Medical Solutions and its online Pharma marketing portal to further support our ongoing commercial launch efforts for MuGard.

On July 20, 2010, we announced we had signed an exclusive specialty distribution agreement with BioScrip, Inc. for MuGard. The agreement aligns us with comprehensive access to BioScrip's nationwide distribution platform and the ability to leverage their extensive physician relationships, 110 BioScrip specialty pharmacies, mail distribution capability and diversified payor network.

On July 15, 2010, we announced that we had entered into a pre-licensing feasibility agreement with a leading biotechnology company to develop an oral formulation of its currently-marketed, proprietary injectable drugs. We will utilize our proprietary CobOral Drug Delivery Technology to develop oral formulation of the drug for pre-clinical testing.

On April 13, 2010, we announced that we had completed our first commercial scale production run of MuGard in North America at Accupac, Inc. manufacturing facilities.

On March 30, 2010, we announced that we signed a collaborative development agreement with bioRASI, LLC to facilitate clinical development for our CobOral based oral insulin and CobaCyte based products.

On March 25, 2010, we announced that our Korean partner JCOM co., Ltd. received approval from the Korean Food and Drug Administration of its Registration Dossier for MuGard.

On March 11, 2010, we announced that we had received reports of significant bioavailability of orally delivered insulin in two independently-conducted animal studies with our CobaCyte Drug Delivery Technology.

On January 22, 2010, we announced the sale of approximately 2.10 million shares of our common stock and warrants to purchase approximately 1.05 million shares of our common stock for gross proceeds of approximately $6.3 million. We sold these shares and warrants as a combined unit for $3.00 per unit (each unit consisting of one share and a warrant to purchase 0.5 shares of common stock). The exercise price of the warrants is $3.00 per share.

On January 7, 2010, we announced that we completed enrollment and evaluation of the last additional cohort of patients in the ongoing clinical study of ProLindac as a monotherapy in ovarian cancer patients who received at least two prior platinum based treatment regimens. The additional cohort of 8 patients received the ProLindac batch made by an improved scalable process, which will be used on a larger scale for future clinical and commercial supplies. None of the 8 patients experienced any acute significant adverse events, while treatment had the same beneficial pharmacodynamic effect seen in the first 26 patients treated with the former ProLindac production batch; clinically relevant sustained biomarker decrease (responses by Rustin's criteria) and disease stabilization were seen in several patients. The overall results of our Phase 1/2 exploratory single agent ProLindac study have helped define multiple safe dosing regimens, while the level of patient cohort accrued in the study antitumor activity was as expected in this very heavily pretreated patient cohort.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our operations primarily through private sales of common stock, preferred stock, convertible notes and through licensing agreements. Our principal source of liquidity is cash and cash equivalents. Royalty revenues provided limited funding for operations during the nine months ended September 30, 2010. As of September 30, 2010, our cash and cash equivalents were $1,496,000 and our net cash burn rate for the nine months ended September 30, 2010, was approximately $500,000 per month, which included non-recurring manufacturing expenses. As of September 30, 2010, our working capital deficit was $12,918,000. Our working capital deficit at September 30, 2010 represented an increase of $4,969,000 as compared to our working capital deficit as of December 31, 2009 of $7,949,000. The increase in the working capital deficit at September 30, 2010 reflects the reclassification of long-term debt of $5,500,000 to current liabilities and first nine months operating costs offset by net receipts from our January 2010 offering of $5,848,000. As of September 30, 2010, we had one convertible note outstanding in the principal amount of $5.5 million which is due September 13, 2011.

On November 1, 2010, we announced that we have been awarded $1.5 million in government grants. Under the recently enacted Patient Protection and Affordable Care Act, cash grants were awarded to Qualifying Therapeutic Discovery Projects that showed significant potential in producing new and cost-saving therapies, support job growth and increase U.S. competitiveness.

As of November 15, 2010, we did not have enough capital to achieve our long-term goals. If we raise additional funds by selling equity securities, the relative equity ownership of our existing investors will be diluted and the new investors could obtain terms more favorable than previous investors. A failure to obtain necessary additional capital in the future could jeopardize our operations and our ability to continue as a going concern.

We have generally incurred negative cash flows from operations since inception, and have expended, and expect to continue to expend in the future, substantial funds to complete our planned product development efforts. Since inception, our expenses have significantly exceeded revenues, resulting in an accumulated deficit as of September 30, 2010 of $252,987,000. We expect that our capital resources will be adequate to fund our current level of operations into the first quarter of 2011. However, our ability to fund operations over this time could change significantly depending upon changes to future operational funding obligations or capital expenditures. As a result, we are required to seek additional financing sources within the next twelve months. We cannot assure you that we will ever be able to generate significant product revenue or achieve or sustain profitability.

Since our inception, we have devoted our resources primarily to fund our research and development programs. We have been unprofitable since inception and to date have received limited revenues from the sale of products. We cannot assure you that we will be able to generate sufficient product revenues to attain profitability on a sustained basis or at all. We expect to incur losses for the next several years as we continue to invest in product research and development, preclinical studies, clinical trials and regulatory compliance.

THIRD QUARTER 2010 COMPARED TO THIRD QUARTER 2009

Our licensing revenue for the third quarter of 2010 was $107,000 as compared to $124,000 for 2009, a decrease of $17,000. We recognize licensing revenue over the period of the performance obligation under our licensing agreements.

We received royalties of $20,000 in the third quarter of 2010 and 2009. Royalties for MuGard were first recorded in the third quarter of 2009.

Total research and development spending for the third quarter of 2010 was $1,199,000, as compared to $561,000 for 2009, an increase of $638,000. The increase in expenses was primarily due to:

- increased salary and related costs due to existing employees paid at full salary in the third quarter of 2010 while employees were paid at a reduced salary in the third quarter of 2009 plus an additional new employee ($220,000);
- increased development costs ($118,000);
- increase lab costs due to lab activity for CobaCyte, CobOral and MuGard ($112,000);
- increased stock compensation expense due to additional option grants for research and development employees ($80,000);
- increased clinical development with the planned starts in trials for MuGard, ProLindac and Thiarabine ($71,000); and
- other net increases in research spending ($37,000).

Total general and administrative expenses were $1,165,000 for the third quarter of 2010, a decrease of $2,293,000 compared to 2009 expenses of $3,458,000 for the same quarter. The decrease in expenses was due primarily to the following:

- lower general business consulting expenses due to reduction in use of outside consultants ($2,037,000);
- lower potential liquidated damages under an investor rights agreement with certain investors ($161,000);
- lower stock compensation expense due to fewer option grants for general and administrative employees ($81,000);
- lower patent and license fees ($73,000); and
- offset by other net increases in other general and administrative expenses ($59,000).

Depreciation and amortization was $59,000 for the third quarter of 2010, as compared to $65,000 for 2009, a decrease of $6,000. The decrease in expenses was primarily due to assets becoming fully depreciated.

Total operating expenses for the third quarter of 2010, were $2,423,000 as compared to total operating expenses of $4,084,000 for same period in 2009, a decrease of $1,661,000 for the reasons listed above.

Interest and miscellaneous income was $38,000 for the third quarter of 2010, as compared to $2,000 for the same period in 2009, an increase of $36,000. Miscellaneous income is $35,000 higher in 2010 as compared to the same period in 2009 due to cash received for one time other items. Interest income is $1,000 higher in 2010 as compared to the same period in 2009.

Interest and other expense was $152,000 for the third quarter of 2010, as compared to $133,000 in 2009, an increase of $19,000. The increase in interest and other expense was due to the interest due on the unpaid portion of the long-term notes and dividends.

We recorded a derivative gain related to warrants classified as liabilities of $146,000 for the third quarter of 2010. A derivative for warrants was recorded in the fourth quarter of 2009 when the fair value of the warrants, that were issued with our Series A Convertible Preferred Stock, were reclassified from equity to a liability per the requirements of new accounting guidance. Although we were required, per the guidance, to adopt this guidance effective January 1, 2009, there was no derivative liability recorded in the third quarter of 2009. If a derivative for warrants was recorded in the third quarter of 2009 there would have been a derivative loss of $1,929,000.

We recorded a derivative loss for the liability related to preferred stock of $10,455,000 for the third quarter of 2010. The derivative was recorded per the requirements of accounting guidance due to the possibility of repricing our Series A Convertible Preferred Stock if we sold our common stock at a price below $3.00 per share.

Preferred stock dividends of $452,000 were accrued for the third quarter of 2010 and $471,000 for 2009, a decrease of $19,000. The decrease is due to preferred shareholders converting their ownership to common stock. Dividends are paid semi-annually in either cash or common stock.

Net loss allocable to common stockholders for the third quarter of 2010, was $13,171,000, or a $0.83 basic and diluted loss per common share, compared with a loss of $4,542,000, or a $0.37 basic and diluted loss per common share for the same period in 2009, an increased loss of $8,629,000.

NINE MONTHS ENDED SEPTEMBER 30, 2010 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2009

Our licensing revenue for the first nine months of 2010 was $281,000 as compared to $228,000 for the same period of 2009, an increase of $53,000. We recognize licensing revenue over the period of the performance obligation under our licensing agreements.

We received royalties of $53,000 for the first nine months of 2010 as compared to $20,000 royalties for the same period in 2009. Royalties for MuGard were first recorded in the third quarter of 2009.

Total research and development spending for the first nine months of 2010 was $2,718,000, as compared to $1,830,000 for the same period in 2009, an increase of $888,000. The increase in expenses was primarily due to:

- increased stock compensation expense due to additional option grants for research and development employees ($325,000);
- increased salary and related costs due to existing employees paid at full salary in 2010 while employees were paid at a reduced salary during a portion of 2009 plus an additional new employee ($286,000);
- increased lab costs due to lab activity for CobaCyte, CobOral and MuGard ($207,000);
- increased clinical development with the planned starts in trials for MuGard, ProLindac and Thiarabine ($115,000);
- other net increases in research spending ($43,000); and
- offset by lower scientific consulting expenses ($88,000).

Total general and administrative expenses were $3,316,000 for the first nine months of 2010, a decrease of $2,896,000 over 2009 expenses of $6,212,000. The decrease in spending was due primarily to the following:

- lower general business consulting expenses due to reduction in use of outside consultants ($2,047,000);
- lower accrual of potential liquidated damages under an investor rights agreement with certain investors ($478,000);
- lower patent and license fees ($283,000);
- lower stock compensation expense due to fewer option grants for general and administrative employees ($80,000);
- other net decreases in general and administrative expenses ($193,000); and
- offset by increased salary and related costs due to existing employees paid at full salary in 2010 while employees were paid at a reduced salary during a portion of 2009 plus an additional new employee ($185,000).

Depreciation and amortization was $179,000 for the first nine months of 2010 as compared to $197,000 for the same period in 2009 reflecting a decrease of $18,000. The decrease in depreciation and amortization was due to assets becoming fully depreciated.

Total operating expenses for the first nine months of 2010 were $6,213,000 as compared to total operating expenses of $8,239,000 for same period in 2009, a decrease of $2,026,000 for the reasons listed above.

Interest and miscellaneous income was $554,000 for the first nine months of 2010 as compared to $18,000 for the same period of 2009, an increase of $536,000. Miscellaneous income is $533,000 higher in 2010 as compared to the same period in 2009 due to negotiated payables, write-off of other accounts payable and cash received for one time items. Interest income is $3,000 higher in 2010 as compared to the same period in 2009.

Interest and other expense was $444,000 for the first nine months of 2010 as compared to $395,000 in 2009, an increase of $49,000.

We recorded a derivative gain related to warrants classified as liabilities of $6,384,000 for the first nine months of 2010. A derivative was recorded in the fourth quarter of 2009 when the fair value of the warrants, that were issued with our Series A Convertible Preferred Stock, were reclassified from equity to a liability per the requirements of new accounting guidance. Although we were required, per the guidance, to adopt this guidance effective January 1, 2009, there was no derivative liability recorded in the first nine months of 2009. If a derivative was recorded in the first nine months of 2009 there would have been a derivative loss of $6,069,000.

We recorded a derivative loss for the liability related to preferred stock of $10,455,000 for the third quarter of 2010. The derivative was recorded per the requirements of accounting guidance due to the possibility of repricing our Series A Convertible Preferred Stock if we sold our common stock at a price below $3.00 per share.

Preferred stock dividends of $1,340,000 were accrued for the first nine months of 2010 and $1,434,000 for 2009, a decrease of $94,000. The decrease is due to preferred shareholders converting their ownership to common stock. Dividends are paid semi-annually in either cash or common stock.

Net loss allocable to common stockholders for the first nine months of 2010 was $11,180,000, or a $0.73 basic and diluted loss per common share, compared with a loss of $9,802,000, or a $0.86 basic and diluted loss per common share for the same period in 2009, an increased loss of $1,378,000.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Act”)) as of March 31, 2010. Based on this evaluation, our CEO and CFO concluded that, as of September 30, 2010, our disclosure controls and procedures were not effective. This conclusion was based on the existence of the material weaknesses in our internal control over financial reporting previously disclosed and discussed below.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles. Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our principal executive officer and principal accounting officer, conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Based on its evaluation, our management concluded in our Annual Report on Form 10-K for the year ended December 31, 2009 that there is a material weakness in our internal control over financial reporting. As of the date of this report on Form 10-Q, we have not remediated such material weakness and as a result, our Chief Executive Officer and Chief Financial Officer have concluded that a material weakness continues to exist as of the end of the period covered by this Quarterly Report on Form 10-Q and our disclosure controls and procedures were not effective. The material weakness identified did not result in the restatement of any previously reported financial statements or any related financial disclosure, nor does management believe that it had any effect on the accuracy of the Company's financial statements for the current reporting period. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness relates to the monitoring and review of work performed by our Chief Financial Officer in the preparation of financial statements, footnotes and financial data provided to the Company's registered public accounting firm in connection with the annual audit. All of our financial reporting is carried out by our Chief Financial Officer. This lack of accounting staff results in a lack of segregation of duties and accounting technical expertise necessary for an effective system of internal control.

In order to mitigate this material weakness to the fullest extent possible, all financial statements are reviewed by the Chief Executive Officer as well as the Chairman of the Audit Committee for reasonableness. All unexpected results are investigated. At any time, if it appears that any control can be implemented to continue to mitigate such weaknesses, it is immediately implemented. As soon as our finances allow, we plan to hire sufficient accounting staff and implement appropriate procedures for monitoring and review of work performed by our Chief Financial Officer.

Changes In Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2010 that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In September 2010, we issued 51,543 shares of our common stock to several consultants as payment for their consulting expenses. The issuance of shares of our common stock in settlement of these accounts was made pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933, as amended.

In August 2010, we issued 60,500 shares of our common stock to several consultants as payment for their consulting expenses. The issuance of shares of our common stock in settlement of these accounts was made pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933, as amended.

In July 2010, we issued 5,000 shares of our common stock to a consultant as payment for their consulting expenses. The issuance of shares of our common stock in settlement of these accounts was made pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Pursuant to the terms of the Certificate of Designations, Rights and Preferences of our Series A Cumulative Convertible Preferred Stock, we are required to pay dividends in cash or shares of our common stock, semi-annually, at the rate of 6% per annum. If funds are not currently available to pay cash dividends or if a cash payment of dividends would be impermissible under Delaware law, we may in certain circumstances pay such dividends in shares of the Company's common stock. In order to pay such dividends in shares of the Company's common stock, there must either be an effective registration statement covering the resale of the dividend shares, the resale must be permissible subject to an exemption from registration, or the respective holders of Series A Preferred Stock must agree to accept restricted common stock as payment of such dividends. In the event none of these three circumstances are met, and the dividends have not been paid in cash or shares of the Company's common stock, the dividends shall continue to accrue until they are paid in cash or shares of the Company's common stock. The Company has accrued as of September 30, 2010, dividends payable in the aggregate amount of $3,950,000.

Pursuant to the terms of an Investor Rights Agreement with the purchasers of Series A Preferred Stock, the Company is required to maintain an effective registration statement with respect to certain shares issuable upon conversion of our outstanding preferred stock. As of September 30, 2010, the Securities and Exchange Commission had not yet declared a registration statement effective with respect to all of the shares covered by the Investor Rights Agreement, and as a result, we have accrued as of September 30, 2010, $857,000 in liquidated damages. A registration statement filed by us relating to a portion of such securities was declared effective on November 13, 2008.

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibits:

31.1 Certification of Chief Executive Officer of Access Pharmaceuticals, Inc. pursuant to Rule 13a-14(a)/15d-14(a)

31.2 Certification of Chief Financial Officer of Access Pharmaceuticals, Inc. pursuant to Rule 13a-14(a)/15d-14(a)

32.1* Certification of Chief Executive Officer of Access Pharmaceuticals, Inc. pursuant to 18 U.S.C. Section 1350

32.2* Certification of Chief Financial Officer of Access Pharmaceuticals, Inc. pursuant to 18 U.S.C. Section 1350

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* This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933 or the Securities and Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

†Management contract or compensatory plan required to be filed as an Exhibit to this Form pursuant to Item 6 of the report.

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.

ACCESS PHARMACEUTICALS, INC.

Date:	November 10, 2010	By:	/s/ Jeffrey B. Davis Jeffrey B. Davis Chief Executive Officer (Principal Executive Officer)
Date:	November 10, 2009	By:	/s/ Stephen B. Thompson Stephen B. Thompson Vice President and Chief Financial Officer (Principal Financial and Accounting Officer

Access Pharmaceuticals, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

ASSETS	September 30, 2010 (unaudited)	December 31, 2009
Current assets		
Cash and cash equivalents	$ 1,496,000	$ 607,000
Receivables	40,000	36,000
Prepaid expenses and other current assets	29,000	42,000
Total current assets	1,565,000	685,000
Property and equipment, net	38,000	50,000
Patents, net	627,000	787,000
Other assets	49,000	61,000
Total assets	$ 2,279,000	$ 1,583,000
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 3,383,000	$ 4,094,000
Accrued expenses	857,000	857,000
Dividends payable	3,950,000	2,773,000
Accrued interest payable	446,000	563,000
Short-term debt	5,500,000	-
Current portion of deferred revenue	347,000	347,000
Total current liabilities	14,483,000	8,634,000
Derivative liability warrants	3,324,000	9,708,000
Derivative liability preferred stock	10,455,000	-
Long-term deferred revenue	4,470,000	4,730,000
Long-term debt	-	5,500,000
Total liabilities	32,732,000	28,572,000
Commitments and contingencies		
Stockholders' deficit		
Convertible Series A preferred stock - $.01 par value; authorized 2,000,000 shares; 2,985.3617 shares issued at September 30, 2010 and 2,992.3617 shares issued at December 31, 2009	-	-
Common stock - $.01 par value; authorized 100,000,000 shares; issued, 15,899,227 at September 30, 2010 and 13,171,545 at December 31, 2009	159,000	132,000
Additional paid-in capital	223,424,000	215,735,000
Notes receivable from stockholders	(1,045,000)	(1,045,000)
Treasury stock, at cost – 163 shares	(4,000)	(4,000)
Accumulated deficit	(252,987,000)	(241,807,000)
Total stockholders' deficit	(30,453,000)	(26,989,000)
Total liabilities and stockholders' deficit	$ 2,279,000	$ 1,583,000

The accompanying notes are an integral part of these consolidated statements.

Access Pharmaceuticals, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Revenues				
License revenues	$ 107,000	$ 124,000	$ 281,000	$ 228,000
Royalties	20,000	20,000	53,000	20,000
Total revenues	127,000	144,000	334,000	248,000
Expenses				
Research and development	1,199,000	561,000	2,718,000	1,830,000
General and administrative	1,165,000	3,458,000	3,316,000	6,212,000
Depreciation and amortization	59,000	65,000	179,000	197,000
Total expenses	2,423,000	4,084,000	6,213,000	8,239,000
Loss from operations	(2,296,000)	(3,940,000)	(5,879,000)	(7,991,000)
Interest and miscellaneous income	38,000	2,000	554,000	18,000
Interest and other expense	(152,000)	(133,000)	(444,000)	(395,000)
Gain on change in fair value of derivative warrants	146,000	-	6,384,000	-
Loss on change in fair value of derivative preferred stock	(10,455,000)	-	(10,455,000)	-
	(10,423,000)	(131,000)	(3,961,000)	(377,000)
Net loss	(12,719,000)	(4,071,000)	(9,840,000)	(8,368,000)
Less preferred stock dividends	452,000	471,000	1,340,000	1,434,000
Net loss allocable to common stockholders	$ (13,171,000)	$ (4,542,000)	$ (11,180,000)	$ (9,802,000)
Basic/diluted net loss per common share				
Net loss allocable to common stockholders	$ (0.83)	$ (0.37)	$ (0.73)	$ (0.86)
Weighted average basic and diluted common shares outstanding	15,774,273	12,204,696	15,337,453	11,375,793

The accompanying notes are an integral part of these consolidated statements.

Access Pharmaceuticals, Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Deficit
(unaudited)

	Common Stock		Preferred Stock					
	Shares	Amount	Shares	Amount	Additional paid-in capital	Notes receivable from stockholders	Treasury stock	Accumulated deficit
Balance December 31, 2009	13,172,000	$ 132,000	2,992.3617	$ -	$ 215,735,000	$(1,045,000)	$ (4,000)	$(241,807,000)
Restricted common stock issued for services	73,000	1,000	-	-	17,000	-	-	-
Warrants issued for services	-	-	-	-	19,000	-	-	-
Preferred stock converted into common stock	23,000	-	(7.0000)	-	-	-	-	-
Stock option compensation expense	-	-	-	-	114,000	-	-	-
Common stock issued for cash exercise of options	10,000	-	-	-	14,000	-	-	-
Common stock issued for cashless warrant exercise	20,000	-	-	-	-	-	-	-
Common stock issued $3.00 share, net of costs	2,083,000	21,000	-	-	5,827,000	-	-	-
Preferred dividends	-	-	-	-	-	-	-	(442,000)
Net income	-	-	-	-	-	-	-	1,089,000
Balance at March 31, 2010	15,381,000	154,000	2,985.3617	-	221,726,000	(1,045,000)	(4,000)	(241,160,000)
Restricted common stock issued for services	106,000	1,000	-	-	248,000	-	-	-
Stock option compensation expense	-	-	-	-	440,000	-	-	-
Common stock issued for cash exercise of options	105,000	1,000	-	-	125,000	-	-	-
Common stock issued for preferred dividends	80,000	1,000	-	-	190,000	-	-	-
Preferred dividends	-	-	-	-	-	-	-	(446,000)
Net income	-	-	-	-	-	-	-	1,790,000
Balance at June 30, 2010	15,672,000	157,000	2,985.3617	-	222,729,000	(1,045,000)	(4,000)	(239,816,000)
Restricted common stock issued for services	133,000	1,000	-	-	269,000	-	-	-
Stock option compensation expense	-	-	-	-	284,000	-	-	-
Common stock issued for cash exercise of options	38,000	-	-	-	52,000	-	-	-
Common stock issued for preferred dividends	56,000	1,000			90,000	-	-	-
Preferred dividends	-	-	-	-	-	-	-	(452,000)
Net loss	-	-	-	-	-	-	-	(12,719,000)
Balance at								

September 30, 2010	15,899,000	$ 159,000	2985.3617	$ -	$ 223,424,000	$(1,045,000)	$ (4,000)	$(252,987,000)

The accompanying notes are an integral part of these consolidated statements.

Access Pharmaceuticals, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(unaudited)

	Nine Months ended September 30,	
	2010	2009
Cash flows from operating activities:		
Net loss	$ (9,840,000)	$ (8,368,000)
Adjustments to reconcile net loss to cash used in operating activities:		
Gain on change in fair value of derivative warrants	(6,384,000)	-
Loss on change in fair value of derivative preferred stock	10,455,000	-
Gain on negotiated accounts payable	(509,000)	-
Depreciation and amortization	179,000	197,000
Stock option compensation expense	838,000	593,000
Stock and warrants issued for services	556,000	2,852,000
Change in operating assets and liabilities:		
Receivables	(4,000)	124,000
Prepaid expenses and other current assets	13,000	130,000
Other assets	12,000	12,000
Accounts payable and accrued expenses	(202,000)	318,000
Dividends payable	119,000	(109,000)
Accrued interest payable	(117,000)	334,000
Deferred revenue	(260,000)	2,755,000
Net cash used in operating activities	(5,144,000)	(1,162,000)
Cash flows from investing activities:		
Capital expenditures	(7,000)	(2,000)
Proceeds from sale of asset	-	1,000
Net cash used in investing activities	(7,000)	(1,000)
Cash flows from financing activities:		
Proceeds from exercise of stock options	192,000	158,000
Proceeds from common stock issuances, net of costs	5,848,000	-
Net cash provided by financing activities	6,040,000	158,000
Net increase (decrease) in cash and cash equivalents	889,000	(1,005,000)
Cash and cash equivalents at beginning of period	607,000	2,677,000
Cash and cash equivalents at end of period	$ 1,496,000	$ 1,672,000
Supplemental cash flow information:		
Cash paid for interest	$ 440,000	$ -
Supplemental disclosure of noncash transactions:		
Shares issued for payables, notes payable and accrued interest	-	*859,000*
Shares issued for dividends on preferred stock	*282,000*	*927,000*
Preferred stock dividends in dividends payable	*1,340,000*	*1,434,000*

The accompanying notes are an integral part of these consolidated statements.

(1) Interim Financial Statements

The consolidated balance sheet as of September 30, 2010, the consolidated statements of operations for the three and nine months ended September 30, 2010 and 2009, the consolidated statements of stockholders deficit for the three and nine months ended September 30, 2010, and the consolidated statements of cash flows for the nine months ended September 30, 2010 and 2009, were prepared by management without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, except as otherwise disclosed, necessary for the fair presentation of the financial position, results of operations, and changes in financial position for such periods, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these interim financial statements be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009. The results of operations for the period ended September 30, 2010 are not necessarily indicative of the operating results which may be expected for a full year. The consolidated balance sheet as of December 31, 2009 contains financial information taken from the audited Access financial statements as of that date.

The report of our independent registered public accounting firm for the fiscal year ended December 31, 2009, contained a fourth explanatory paragraph to reflect its significant doubt about our ability to continue as a going concern as a result of our history of losses and our liquidity position, as discussed herein and in this Form 10-Q. We expect that our capital resources and expected receipts due under our license agreements will be adequate to fund our current level of operations into the first quarter of 2011. If we are unable to obtain adequate capital funding in the future or enter into future license agreements for our products, we may not be able to continue as a going concern, which would have an adverse effect on our business and operations, and investors' investment in us may decline.

On February 25, 2009, we closed our acquisition of MacroChem Corporation through the issuance of an aggregate of approximately 2.5 million shares of our common stock. Prior to our acquisition of MacroChem, SCO, an investment company, held a majority of Access' and MacroChem's voting stock. Specifically, SCO owned 53% of the voting stock of Access and 63% of the voting stock of MacroChem. A non-controlling interest of 37% existed at the merger date of MacroChem. In addition, certain members of SCO's management serve on the board of directors of both Access and MacroChem. Based on these facts, Access and MacroChem were deemed under the common control of SCO. As the entities were deemed under common control, the acquisition was recorded similar to the pooling-of-interest method and the financial information for all periods presented reflects the financial statements of the combined companies in accordance with Financial Accounting Standards Board standards on business combinations for entities under common control.

(2) Intangible Assets

Intangible assets consist of the following (in thousands):

	September 30, 2010		December 31, 2009	
	Gross carrying value	Accumulated amortization	Gross carrying value	Accumulated Amortization
Amortizable intangible assets				
Patents	$ 2,624	$ 1,997	$ 2,624	$ 1,837

Amortization expense related to intangible assets totaled $53,000 and $159,000 for each of the three and nine months ended September 30, 2010 and totaled $53,000 and $159,000 for each of the three and nine months ended September 30, 2009. The aggregate estimated amortization expense for intangible assets remaining as of September 30, 2010 is as follows (in thousands):

2010	$ 53
2011	212
2012	82
2013	44
2014	44
over 5 years	192
Total	$ 627

(3) Liquidity

The Company generated net loss allocable to common stockholders of $11,180,000 for the nine months ended September 30, 2010 and a loss of $19,226,000 for the year ended December 31, 2009. At September 30, 2010, our working capital deficit was $12,918,000.We expect that our capital resources and receipts due under our license agreements will be adequate to fund our current level of operations into the first quarter of 2011. However, our ability to fund operations over this time could change significantly depending upon changes to future operational funding obligations or capital expenditures. As a result we will be required to seek additional financing sources and enter into future licensing agreements for our products. If we are unable to obtain adequate capital funding in the future or enter into future license agreements for our products, we may not be able to continue as a going concern, which would have an adverse effect on our business and operations, and investors' investment in us may decline.

(4) Fair Value of Financial Instruments

The carrying value of cash, cash equivalents, receivables, accounts payable and accruals approximate fair value due to the short maturity of these items. The carrying value of the convertible long-term debt is at book value which approximates the fair value as the interest rate is at market value.

Effective January 1, 2008, we adopted fair value measurement guidance issued by the FASB related to financial assets and liabilities which define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. This guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar valuation techniques that use significant unobservable inputs.

We have no Level 3 financial assets or liabilities. The guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

We have segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below.

Financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2010 and December 31, 2009 are summarized below:

(in thousands)	September 30, 2010			December 31, 2009		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Cash	$ 1,496	$ -	$ 1,496	$ 607	$ -	$ 607
Liabilities:						
Derivative liability warrants	$ -	$ 3,324	$ 3,324	$ -	$ 9,708	$ 9,708
Derivative liability preferred stock	$ -	$ 10,455	$ 10,455	$ -	$ -	$ -

The adoption of this guidance related to financial assets and liabilities on January 1, 2008 and non-financial assets and liabilities on January 1, 2009 did not have a material impact on our consolidated financial statements.

(5) Stock Based Compensation

For the three and nine months ended September 30, 2010, we recognized stock-based compensation expense of $284,000 and $838,000. For the three and nine months ended September 30, 2009 we recognized stock-based compensation expense of $285,000 and $593,000.

The following table summarizes stock-based compensation for the three and nine months ended September 30, 2010:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Research and development	$ 210,000	$ 130,000	$ 575,000	$ 250,000
General and administrative	74,000	155,000	263,000	343,000
Stock-based compensation expense included in operating expense	$ 284,000	$ 285,000	$ 838,000	$ 593,000

For the three months ended September 30, 2010 and 2009 no options were granted. For the nine months ended September 30, 2010 we granted 640,000 stock options. For the nine months ended September 30, 2009 we granted 475,000 stock options. MacroChem options were cancelled upon acquisition by Access and are no longer outstanding.

Our weighted average Black-Scholes fair value assumptions used to value the 2010 and 2009 first nine months grants are as follows:

	9/30/10		9/30/09	
Expected life[b]	5.7 yrs		5.5 yrs	
Risk free interest rate	2.3	%	2.4	%
Expected volatility[a]	123	%	114	%
Expected dividend yield	0.0	%	0.0	%

[a] Reflects movements in our stock price over the most recent historical period equivalent to the expected life.
[b] Based on the simplified method.

(6) Stockholders' Deficit

On January 26, 2010, we completed the sale of approximately 2.10 million shares of our common stock and warrants to purchase approximately 1.05 million shares of our common stock at an exercise price of $3.00 per share for an aggregate purchase price of $6.3 million. Proceeds, net of cash issuance costs from the sale, were $5.8 million.

In connection with the sale we issued warrants for placement agent fees to purchase a total of 125,109 shares of our common stock at an exercise price of $3.75 per share. All of the warrants are exercisable immediately and expire five years from the date of issue. The fair value of the warrants was $2.19 per share on the date of grant using the Black-Scholes pricing model with the following assumptions: expected yield 0.0%, risk-free interest rate 2.38%, expected volatility 119% and an expected term of 5 years.

(7) Deriviatave Liability Preferred Stock

On November 7, 2007, and February 4, 2008, we entered into securities purchase agreements (the Purchase Agreements) with accredited investors to sell shares of a newly created series of our preferred stock, designated "Series A Cumulative Convertible Preferred Stock", par value $0.01 per share, for an issue price of $10,000 per share, (the Series A Preferred Stock) and agreed to issue warrants to purchase shares of our common stock at an exercise price of $3.50 per share. The shares of Series A Preferred Stock are convertible into common stock at the initial conversion price of $3.00 per share.

The issued and outstanding shares of Series A Preferred Stock grants the holders of such preferred stock anti-dilution, dividend and liquidations rights that are superior to those held by the holders of our common stock. Under these terms, should we issue additional shares of common stock, in certain circumstances, for a price below $3.00 per share, the conversion price of the Series A Preferred Stock will be lowered to the lowest subsequent issue price below $3.00 per share until the shares are converted or redeemed. This will have the effect of diluting the holders of our common stock.

November 7, 2007 Preferred Stock

On November 7, 2007, we entered into the Purchase Agreements with accredited investors whereby we agreed to sell 954.0001 shares of a newly created series of our Series A Preferred Stock and agreed to issue warrants to purchase 1,589,999 shares of our common stock at an exercise price of $3.50 per share, for an aggregate purchase price for the Series A Preferred Stock and Warrants of $9,540,001. The shares of Series A Preferred Stock are convertible into common stock at the initial conversion price of $3.00 per share.

February 4, 2008 Preferred Stock

On February 4, 2008, we entered into Purchase Agreements with accredited investors whereby we agreed to sell 272.50 shares of our Series A Preferred Stock and agreed to issue warrants to purchase 454,167 shares of our common stock at an exercise price of $3.50 per share, for an aggregate purchase price for the Series A Preferred Stock and Warrants of $2,725,000. Proceeds, net of cash issuance costs from the sale were $2,444,000. The shares of Series A Preferred Stock are convertible into common stock at the initial conversion price of $3.00 per share.

On September 30, 2010 our preferred stock outstanding was 2,985.3617 shares convertible into 9,951,198 shares of the Company's common stock.

Change In Accounting Principle

Effective January 1, 2009, we adopted the provisions of FASB ASC 815, *"Derivatives and Hedging"* (FASB ASC 815) (previously EITF 07-5, *"Determining Whether an Instrument (or an Embeded Feature) is Indexed to an Entity's Own Stock"*).

We determined that the anti-dilution provision built into the preferred shares issued should be considered for derivative accounting. FASB ASC 815 requires freestanding contracts that are settled in a company's own stock to be designated as an equity instrument, assets or liability. Under the provisions of FASB ASC 815, a contract designated as an asset or liability must be initially recorded and carried at fair value until the contract meets the requirements for classification as equity, until the contract is exercised or until the contract expires. We determined that the anti-dilution provision associated with the November 2007 and February 2008 preferred shares no longer met the criteria for equity accounting through the revised criteria in FASB ASC 815. FASB ASC 815 provides for transition guidance whereby a cumulative effect of a change in accounting principle should be recognized as an adjustment to retained earnings and other impacted balance sheet items as of January 1, 2009. The cumulative-effect adjustment is the difference between the amounts recognized prior to adoption and amounts recognized at adoption assuming this guidance had been applied from the issuance date of the preferred stock.

Accordingly, at January 1, 2009, we determined that the preferred stock conversion feature should be accounted for as derivative liabilities. The preferred stock conversion feature was determined to have no fair market value at both issuance dates as well as each reporting period since management asserted that the likelihood of issuing any new equity at a price that would trigger the anti-dilution effect to be nil.

During the third quarter of 2010 we were actively raising capital. With our stock price below $3.00 a share there was a possibility that we would sell shares below the $3.00 price. This would require an adjustment to our convertible preferred stock. Accordingly as of September 30, 2010 the resulting accounting leads to a derivative liability preferred stock of $10,455,000. We recorded derivative expense of $10,455,000 for the quarter ended September 30, 2010.

The derivative preferred stock liability will continue to be reviewed quarterly in accordance with FASB ASC 815.

The derivative warrants liability will also continue to be marked to market in accordance with FASB ASC 815 as discussed in the Form 10K for December 31, 2009.

CERTIFICATION

I, Jeffrey B. Davis, certify that:

1. I have reviewed this report on Form 10-Q of Access Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2010

_/s/ Jeffrey B. Davis_____
Jeffrey B. Davis
Chief Executive Officer

CERTIFICATION

I, Stephen B. Thompson, certify that:

1. I have reviewed this report on Form 10-Q of Access Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2010

/s/ Stephen B. Thompson
Stephen B. Thompson
Chief Finance Officer

EXHIBIT 32.1

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

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Access Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey B. Davis, Chief Executive Officer certify pursuant to 18 U.S.C. 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 results of operations of the Company.

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Signed at the City of Dallas, in the State of Texas, this 10th day of November, 2010.

_/s/ Jeffrey B. Davis_____
Jeffrey B. Davis
Chief Executive Officer

EXHIBIT 32.2

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

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Access Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen B. Thompson, Chief Finance Officer certify pursuant to 18 U.S.C. 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 results of operations of the Company.

A signed original of this written statement required by Section 906 or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Signed at the City of Dallas, in the State of Texas, this 10th day of November, 2010.

/s/ Stephen B. Thompson
Stephen B. Thompson
Chief Finance Officer