UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1999

Commission File Number 0-9314

ACCESS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	83-0221517
(State of Incorporation)	(I.R.S. Employer I.D. No.)

2600 Stemmons Frwy, Suite 176, Dallas, TX 75207

(Address of principal executive offices)

Telephone Number (214) 905-5100

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 requirement for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock outstanding as of May 12, 1999	3,429,402 shares, $0.01 par value

Total No. of Pages 12

PART I -- FINANCIAL INFORMATION

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 its subsidiaries, "Access" or the "Company") is a Delaware corporation in the development stage. The Company is an emerging pharmaceutical company focused on developing both novel low development risk product candidates and technologies with longer-term major product opportuntities. The Company has proprietary patents or rights to four technology platforms: synthetic polymers, Residerm TM, carbohydrate targeting technology and selective muscle and nerve delivery systems. In addition, Access' partner Block Drug Company

("Block") is marketing Aphthasol TM in the United States, the first FDA approved product for the treatment of canker sores. Access has licensed for evaluation in additional clinical indications this product, from Block, in certain international markets for oral diseases including mucositis and topical diseaeses and is developing new delivery forms.

In connection with the merger ("Merger") of Access Pharmaceuticals, Inc., a Texas corporation ("API"), with and into Chemex Pharmaceuticals, Inc. ("Chemex") on January 25, 1996, the name of Chemex was changed to Access Pharmaceuticals, Inc. ("Access" or the "Company").

Except for the historical information contained herein, the following discussions and certain statements in this Form 10-Q are forward-looking statements that involve risks and uncertainties. In addition to the risks and uncertainties set forth in this Form 10-Q, other factors could cause actual results to differ materially, including but not limited to Access' research and development focus, uncertainties associated with research and development activities, uncertainty associated with preclinical and clinical testing, future capital requirements, anticipated option and licensing revenues, dependence on others, ability to raise capital, the year 2000 issue, and other risks detailed in the Company's reports filed under the Securities Exchange Act, including but not limited to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Since its inception, Access has devoted its resources primarily to fund its research and development programs. The Company has been unprofitable since inception and to date has received limited revenues from the sale of products. No assurance can be given that the Company will be able to generate sufficient product revenues to attain profitability on a sustained basis or at all. The Company expects to incur losses for the next several years as it continues to invest in product research and development, preclinical studies, clinical trials and regulatory compliance. As of March 31, 1999, the Company's accumulated deficit was $23,944,000.

RECENT DEVELOPMENTS

On March 1, 1999, the Company and a wholly owned subsidiary of the Company entered into a

merger agreement with Virologix Corporation ("Virologix"), whereby Virologix will become a wholly owned subsidiary of the Company. The closing of the merger is subject to certain conditions, including the condition that the Company raise at least $3.0 million in equity financing.

Virologix is a privately held company focused on the development of product candidates for the prevention and treatment of viral diseases, including HIV. Under the terms of the agreement, the Virologix shareholders will receive 1,000,000 shares of common stock of the Company. It is anticipated that the closing of the acquisition will take place during the second quarter of 1999.

On January 11, 1999, the Company announced that it has signed a license agreement with Block Drug Company ("Block") for the rights to develop amlexanox for use in chemotherapy and radiation induced mucositis. Mucositis is a debilitating condition involving extensive inflammation of the oral cavity that affects an estimated 400,000 cancer patients in the United States undergoing chemotherapy and radiation therapy. Amlexanox is currently the only prescription drug approved by the FDA for the treatment of aphthous ulcers (canker sores), and is marketed by Block in the United States under the trade name Aphthasol TM.

Liquidity and Capital Resources

As of March 31, 1999 the Company's principal source of liquidity is $887,000 of cash and cash equivalents. Working capital as of March 31, 1999 was $376,000, representing an decrease in the working capital of $633,000 as compared to the working capital as

of December 31, 1998 of $1,009,000. The decrease in working capital was due to losses from operations in the first quarter.

Since its inception, the Company's expenses have significantly exceeded its revenues, resulting in an accumulated deficit of $23,944,000 as of March 31, 1999. The Company has funded its operations primarily through private sales of its equity securities, contract research payments from corporate alliances and the merger of API and Chemex.

The Company has incurred negative cash flows from operations since its inception, and has expended, and expects to continue to expend in the future, substantial funds to complete its planned product development efforts. The Company expects that its existing capital resources will be adequate to fund the Company's current operations through the second quarter of 1999. The Company is dependent on raising additional capital to fund its development of technology and to implement its business plan. Such dependence will continue at least until the Company begins marketing its new technologies.

If prior to the end of the second quarter of 1999, the Company is unsuccessful in raising additional capital the Company would be required to curtail research and development and general and administrative expenditures so that working capital could cover reduced operations into the third quarter of 1999. There can be no assurance, however, that changes in the Company's operating expenses will not result in the expenditure of such resources before such time. If the Company is unable to raise additional capital in the near term, it may be forced to suspend operations.

The Company will require substantial funds to conduct research and development programs, preclinical studies and clinical trials of its potential products. The Company's future capital

requirements and adequacy of available funds will depend on many factors, including: the successful commercialization of amlexanox; the ability to establish and maintain collaborative arrangements for research, development and commercialization of products with corporate partners; continued scientific progress in the Company's research and development programs; the magnitude, scope and results of preclinical testing and clinical trials; the costs involved in filing, prosecuting and enforcing patent claims; competing technological developments; the cost of manufacturing and scale-up; and the ability to establish and maintain effective commercialization activities and arrangements.

The Company intends to seek additional funding through research and development or licensing arrangements with potential corporate partners, public or private financing, or from other sources. The Company does not have any committed sources of additional financing and there can be no assurance that additional financing will be available on favorable terms, if at all. In the event that adequate funding is not available, the Company may be required to delay, reduce or eliminate one or more of its research or development programs or obtain funds through arrangements with corporate collaborators or others that may require the Company to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than the Company would otherwise seek. Insufficient financing may also require the Company to relinquish rights to certain of its technologies that the Company would otherwise develop or commercialize itself. If adequate funds are not available, the Company's business, financial condition and results of operations will be materially and adversely effected.

An investment bank has been engaged to assist the Company in raising funds to support the Company's research and development activities, working capital, acquisitions of complementary companies or technologies and general corporate purposes. The Company is currently seeking between $3.0 and $8.0 million to support these activities. There can be no assurance, however, that any such equity offerings will occur, or that additional financing

will be available from any of these sources or, if available, will be available on acceptable or affordable terms.

First Quarter 1999
Compared to
First Quarter 1998

Total research spending for the first quarter of 1999 was $377,000, as compared to $435,000 for the same period in 1998, a decrease of $58,000. The decrease in expenses was the result of lower external contract research costs- $133,000; and lower other costs- $4,000; offset by higher external development costs- $42,000; and scientific consulting costs- $37,000. If the Company is successful in raising additional capital, research spending is expected to increase in future quarters as the Company intends to hire additional scientific management and staff and will commence clinical studies to develop the Company's product candidates. If the Company is not successful in raising additional capital, research spending will be curtailed.

Total general and administrative expenses were $383,000 for the first quarter of 1999, a decrease of $8,000 as compared to the same period in 1998. The decrease in spending was due primarily to the following: lower patent costs- $41,000; lower salary expenses- $34,000; lower business consulting- $23,000; and other decreases- $27,000; offset by higher legal fees for private placement and merger expenses- $89,000; higher shareholder expenses due to additional investor relations expenses and internet web design- $44,000. If the Company is not successful in raising additional capital, general

and administrative spending will be curtailed.

Depreciation and amortization was $47,000 for the first quarter 1999 as compared to $64,000 for the same period in 1998 reflecting the full depreciation of some assets as of the first quarter 1999.

Interest and miscellaneous income was $13,000 for the first quarter of 1999 as compared to $2,000 for the same period in 1998, an increase of $11,000. The increase in interest income was due to higher cash balances in 1999.

Net loss in the first quarter of 1999 was $807,000 or a loss of $0.23 basic and diluted loss per share.

Year 2000 Issue

The Year 2000 ("Y2K") issue is the result of computer programs using two instead of four digits to represent the year. These computer programs may erroneously interpret dates beyond the year 1999, which could cause system failures or other computer errors, leading to disruptions in operations.

The Company has developed a three-phase program to limit or eliminate Y2K exposures. Phase I involved the identification of those systems, applications and third-party relationships from which the Company has exposure to Y2K disruptions in operations. Phase II is the development and implementation of action plans to achieve Y2K compliance in all areas prior to the end of the third quarter of 1999. Also included in Phase II is the development of contingency plans which would be implemented should Y2K compliance not be achieved in order to minimize disruptions in operations. Phase III is the final testing or equivalent certification of testing of each major area of exposure to ensure compliance. The Company intends to complete all phases before the end of the third quarter of 1999.

The Company has identified three major areas determined to be critical for successful Y2K compliance: Area 1, which includes financial, research and development and administrative informational systems applications reliant on system software; Area 2, which includes research, development and quality applications reliant on computer programs embedded in microprocessors; and Area

3, which includes third-party relationships which may be affected by Area 1 and 2 exposures which exist in other companies.

With respect to Area 1, the Company has completed an internal review and contacted all software suppliers to determine major areas of Y2K exposure. In research, development and quality applications (Area 2), the Company has worked with equipment manufactures to identify our exposures. With respect to Area 3, the Company has evaluated our reliance on third parties in order to determine whether their Y2K compliance will adequately assure our uninterrupted operations.

The Company has completed Phase I of our Y2K program with respect to all three of the major areas. The Company relies on PC-based systems and does not expect to incur material costs to transition to Y2K compliant systems in its internal operations. However, even if the internal systems of the Company are not materially affected by the Y2K Issue, the Company could be affected by third-party relationships which, if not Y2K compliant prior to the end of 1999, could have a material adverse impact on our operations. Because the Company has not completed Phase II contingency planning, the Company can not describe what action the Company would take in any of the areas should Y2K compliance not be achievable in time. As such, there can be no

assurance that the Y2K Issue will not have a material adverse effect on the Company's business, financial condition or results of operations.

As of March 31, 1999, we have identified costs related to replacement or remediation and testing of our Area 1 computer information systems. Having completed the Phase I evaluation, total costs to date are $5,000. We estimate the potential future cost of our Y2K compliance programs is $25,000. The funds for these costs will be part of our current working capital. These costs will be expensed as incurred except for equipment related costs.

PART II -- OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

The Company is not a party to any material legal proceedings.

ITEM 2 CHANGES IN SECURITIES

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 OTHER INFORMATION

None

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

Exhibits: 27.1 Financial Data Schedule

Reports on Form 8-K:

On April 1, 1999, the Registrant filed a Current Report on Form 8-K related to Other Events. The Company announced that it has entered into an agreement to acquire Virologix Corporation ("Virologix"), a private company focused on the development of product candidates for the prevention and treatment of viral diseases including HIV. Under terms of the acquisition agreement the Virologix shareholders

will receive 1,000,000 shares of common stock of the Company. It is anticipated that the closing of the acquisition will take place within the next 60 days. The transaction has been approved by the Boards of Directors of both companies and the closing is subject to the approval of the Virologix's shareholders, the completion of a private placement by Access and other customary closing conditions.

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: May 14, 1999 By:/s/ Kerry P. Gray

Kerry P. Gray
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 1999 By:/s/ Stephen B. Thompson

Stephen B. Thompson
Chief Financial Officer
(Principal Financial and Accounting Officer)

Access Pharmaceuticals, Inc. and Subsidiaries
(a development stage company)

Condensed Consolidated Balance Sheets

<TABLE>
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ASSETS	March 31, 1999 (unaudited)	December 31, 1998
<S>	<C>	<C>
Current assets		
Cash and cash equivalents	$ 887,000	$ 1,487,000
Accounts receivable	12,000	-
Prepaid expenses and other current assets	45,000	54,000
Total current assets	944,000	1,541,000
Property and equipment, at cost	1,007,000	1,007,000
Less accumulated depreciation	(815,000)	(780,000)
	192,000	227,000
Licenses, net	413,000	425,000
Investments	150,000	150,000
Other assets	8,000	8,000
Total assets	$ 1,707,000	$ 2,351,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 459,000	$ 395,000

Accrued insurance premiums	19,000	38,000
Deferred revenues	88,000	-
Current portion of obligations under capital leases	90,000	99,000
Total current liabilities	656,000	532,000
Obligations under capital leases, net of current portion	8,000	24,000
Total liabilities	664,000	556,000
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock - $.01 par value; authorized 2,000,000 shares; none issued or outstanding	-	-
Common stock - $.01 par value; authorized 20,000,000 shares; issued and outstanding, 3,429,402 at March 31, 1999 and December 31,1998	34,000	34,000
Additional paid-in capital	24,953,000	24,906,000
Deficit accumulated during the development stage	(23,944,000)	(23,145,000)
Total stockholders' equity	1,043,000	1,795,000
Total liabilities and stockholders' equity	$ 1,707,000	$ 2,351,000

</TABLE>

The accompanying notes are an integral part of these statements

Access Pharmaceuticals, Inc. and Subsidiaries
(a development stage company)

Condensed Consolidated Statements of Operations
(unaudited)

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	Three Months ended March 31,		February 24, 1988 (inception) to
	1999	1998	March 31, 1999
<S>	<C>	<C>	<C>
Revenues			
Research and development	$ -	$ -	$ 2,711,000
Option income	-	-	2,149,000
Licensing revenues	-	-	325,000
Total revenues	-	-	5,185,000
Expenses			
Research and development	377,000	435,000	10,742,000
General and administrative	383,000	391,000	8,710,000
Depreciation and amortization	47,000	64,000	1,316,000
Write-off of excess purchase price	-	-	8,894,000
Total expenses	807,000	890,000	29,662,000
Loss from operations	(807,000)	(890,000)	(24,477,000)

Other income (expense)			
Interest and miscellaneous income	13,000	2,000	845,000
Interest expense	(5,000)	(9,000)	(185,000)
	8,000	(7,000)	660,000
Loss before income taxes	(799,000)	(897,000)	(23,817,000)
Provision for income taxes	-	-	127,000
Net loss	$ (799,000)	$ (897,000)	$(23,944,000)
Basic and diluted loss per common share	$(0.23)	$(0.55)	
Weighted average basic and diluted common shares outstanding	3,429,402	1,628,140	

</TABLE>

The accompanying notes are an integral part of these statements.

Access Pharmaceuticals, Inc. and Subsidiaries
(a development stage company)

Condensed Consolidated Statements of Cash Flows
(unaudited)

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	Three Months ended March 31,		February 24, 1988 (inception) to
	1999	1998	March 31, 1999
<S>	<C>	<C>	<C>
Cash flows form operating activities:			
Net loss	$ (799,000)	$ (897,000)	$(23,944,000)
Adjustments to reconcile net loss to cash used in operating activities:			
Write-off of excess purchase price	-	-	8,894,000
Consulting expense related to warrants granted	47,000	-	616,000
Research expenses related to common stock granted	-	-	100,000
Depreciation and amortization	47,000	64,000	1,316,000
Deferred revenue	88,000	-	(22,000)
Change in operating assets and liabilities:			
Accounts receivable	(12,000)	(11,000)	(13,000)
Prepaid expenses and other current assets	9,000	6,000	(46,000)
Other assets	-	1,000	(6,000)
Accounts payable and accrued expenses	45,000	(51,000)	185,000
Net cash used in operating activities	(575,000)	(888,000)	(12,920,000)
Cash flows from investing activities:			
Capital expenditures	-	-	(1,168,000)
Sales of capital equipment	-	-	15,000
Purchase of Tacora, net of cash acquired	-	-	(124,000)
Other investing activities	-	-	(150,000)
Net cash used in investing activities	-	-	(1,427,000)
Cash flows from financing activities:			
Proceeds from notes payable	-	-	721,000

Payments of principal on obligations under capital leases	(25,000)	(75,000)	(652,000)
Cash acquired in merger with Chemex	-	-	1,587,000
Proceeds from stock issuances, net	-	630,000	13,578,000
Net cash (used in) provided by financing activities	(25,000)	555,000	15,284,000
Net increase (decrease) in cash and cash equivalents	(600,000)	(333,000)	887,000
Cash and cash equivalents at beginning of period	1,487,000	438,000	-
Cash and cash equivalents at end of period	$ 887,000	$ 105,000	$ 887,000
Cash paid for interest	$ 5,000	$ 9,000	$ 182,000
Cash paid for income taxes	-	-	127,000
Supplemental disclosure of noncash transactions			
Payable accrued for fixed asset purchase	$ -	$ -	$ 47,000
Elimination of note payable to Chemex Pharmaceuticals due to merger	-	-	100,000
Stock issued for license on patents	-	-	500,000
Equipment purchases financed through capital leases	-	-	82,000
Net liabilities assumed in acquisition of Tacora Corporation	-	-	455,000

</TABLE>

The accompanying notes are an integral part of these statements.

Access Pharmaceuticals, Inc. and Subsidiaries
(a development stage company)

Notes to Condensed Consolidated Financial Statements
Three Months Ended March 31, 1999 and 1998
(unaudited)

(1) Interim Financial Statements

The consolidated balance sheet as of March 31, 1999 and the consolidated statements of operations and cash flows for the three months ended March 31, 1999 and 1998 were prepared by management without audit. In the opinion of management, all adjustments, including only normal recurring adjustments 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 generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998. The results of operations for the period ended March 31, 1999 are not necessarily indicative of the operating results which may be expected for a full year. The consolidated balance sheet as of December 31, 1998 contains financial information taken from the audited financial statements as of that date.

(2) Liquidity

The Company has incurred negative cash flows from operations since its inception, and has expended, and expects to continue to expend in the future, substantial funds to complete its planned product development efforts. The Company expects that its existing capital resources will be adequate to fund the

Company's current operations through the second quarter of 1999. The Company is dependent on raising additional capital to fund its development of technology and to implement its business plan. Such dependence will continue at least until the Company begins marketing its new technologies.

If prior to the end of the second quarter of 1999 the Company is unsuccessful in raising additional capital the Company would be required to curtail research and development and general and administrative expenditures so that working capital could cover reduced operations into the third quarter of 1999. There can be no assurance, however, that changes in the Company's operating expenses will not result in the expenditure of such resources before such time. If the Company is unable to raise additional capital in the near term, it may be forced to suspend operations.

The Company will require substantial funds to conduct research and development programs, preclinical studies and clinical trials of its potential products. The Company's future capital requirements and adequacy of available funds will depend on many factors, including: the successful commercialization of amlexanox; the ability to establish and maintain collaborative

arrangements for research, development and commercialization of products with corporate partners; continued scientific progress in the Company's research and development programs; the magnitude, scope and results of preclinical testing and clinical trials; the costs involved in filing, prosecuting and enforcing patent claims; competing technological developments; the cost of manufacturing and scale-up; and the ability to establish and maintain effective commercialization activities and arrangements.

The Company intends to seek additional funding through research and development or licensing arrangements with potential corporate partners, public or private financing, or from other sources. The Company does not have any committed sources of additional financing and there can be no assurance that additional financing will be available on favorable terms, if at all. In the event that adequate funding is not available, the Company may be required to delay, reduce or eliminate one or more of its research or development programs or obtain funds through arrangements with corporate collaborators or others that may require the Company to relinquish greater or all rights to product candidates at an earlier stage of development or on less favorable terms than the Company would otherwise seek. Insufficient financing may also require the Company to relinquish rights to certain of its technologies that the Company would otherwise develop or commercialize itself. If adequate funds are not available, the Company's business, financial condition and results of operations will be materially and adversely effected.

The Independent Auditor's Report on the Company's 1998 consolidated financial statements included an emphasis paragraph regarding the uncertainty of the Company's ability to continue as a going concern.

(3) Private Placement

An investment bank has been engaged to assist the Company in raising between $3.0 and $8.0 million to fund research and development, working capital, acquisitions of complementary companies or technologies and general corporate purposes. There can be no assurances that any closings of the private placement will take place.

If and when the Company satisfies all listing requirements, the Company intends to submit an application for listing on NASDAQ or an alternate exchange. There can be no assurances that the Company will be listed on NASDAQ or an alternate exchange.

(4) Merger

On March 1, 1999, the Company and a wholly owned subsidiary of the Company entered into a merger agreement with Virologix Corporation ("Virologix"), whereby Virologix will become a wholly owned subsidiary of the Company. The closing of the merger is subject to certain conditions, including the condition that the Company raise at least $3.0 million in equity financing.

Virologix is a privately held company focused on the development of product candidates for the prevention and treatment of viral diseases, including HIV.

Under the terms of the agreement, the Virologix shareholders will receive 1,000,000 shares of common stock of the Company. It is anticipated that the closing of the acquisition will take place during the second quarter of 1999.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM THE CONSOLIDATED
BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF THE
QUARTERLY REPORT ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH QUARTERLY REPORT ON FORM 10-Q.
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