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 SEPTEMBER 30, 1998

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 November 12, 1998	3,430,266 shares, $0.01 par value

Total No. of Pages 15

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. ("Access" or the "Company") is a Delaware corporation in the development stage. The Company is a site-directed drug targeting company using bioresponsive carriers to target and control the release of therapeutic agents into sites of disease activity and significantly improve the side effect profile of the agents. 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 is marketing Aphthasol TM in the United States, the first FDA approved product for the treatment of canker sores. Access is currently licensing this product in international markets and developing new delivery forms.

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, 1997.

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 not received any 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. At September 30, 1998, the Company's accumulated deficit was approximately $22.4 million.

RECENT DEVELOPMENTS

On June 18, 1998, in conjunction with the first closing of a private placement, the Company effected a recapitalization of the Company through a one-for-twenty reverse stock split of its common stock, $0.04 par value per share, which decreased the number of authorized shares of common stock from 60.0 million, at $0.04 par value per share, to 20.0 million shares, $0.01 par value per share (the "Common Stock"), and decreased the authorized shares of preferred stock of the Company from 10.0 million to 2.0 million (the "Recapitalization"). The Recapitalization decreased the number of outstanding shares of Common Stock from approximately 41.5 million to 2.1 million.

An investment bank has been engaged to assist the Company in raising funds to support the Company's research and development activities. As discussed below, from March to July 1998, the Company raised an aggregate of $5.0 million. Up to an additional $4.0 million may be raised. There can be no assurances that any additional closings of the private placement will take place.

The Company, assisted by an investment bank, raised $1,200,000 in gross proceeds ($725,000 received on March 20, 1998 and $475,000 received on April 11, 1998) less cash issuance costs of $47,000, from the placement of 48 units, each unit consisting of 8,333 shares of Common Stock and warrants to purchase 8,333 shares of Common Stock at an exercise price of $3.00 per share. The placement agent received warrants to purchase 44,527 shares of Common Stock at $3.00 per share, in accordance with the offering terms and elected to receive 45,277 shares of Common Stock in lieu of certain sales commissions and expenses.

On June 18, 1998, the Company, assisted by the same investment bank, raised an aggregate of $2.9 million in gross proceeds, less cash issuance costs of $202,000, from the first closing of a private placement of 953,573 shares of Common Stock at $3.00 per share. The placement agent for such offering received warrants to purchase 101,653 shares of Common Stock at $3.00 per share, in accordance with the offering terms and elected to receive 62,949 shares of Common Stock in lieu of certain sales commissions and expenses.

On July 30, 1998, the Company, assisted by the same investment bank, raised an aggregate of $900,000 in gross proceeds, less cash issuance costs of $24,000, from the second closing of a private placement of 300,000 shares of Common Stock at $3.00 per share. The placement agent for such offering received warrants to purchase 33,445 shares of Common Stock at $3.00 per share, in accordance with the offering terms and elected to receive 34,450 shares of Common Stock in lieu of certain sales commissions and expenses.

Through September 30, 1998, issuance costs for all placements totaled $405,000. The proceeds of the offering will be used to fund research and development, working capital, acquisitions of complementary companies or technologies and general corporate purposes.

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.

All share numbers and prices referenced herein have been adjusted to reflect the Recapitalization.

On June 8, 1998, the Company entered into an agreement to license from Block Drug Company the rights to amlexanox oral paste 5% for certain international markets. Amlexanox oral paste 5% was jointly developed by the Company and Block Drug Company, and was subsequently purchased by Block Drug Company with the Company receiving an up front fee and future royalty payments. Amlexanox oral paste 5% is currently marketed in the United States by Block Drug under the trademark AphthasolTM. AphthasolTM was launched to the dental market in December 1997 and was launched to the general practice physician market in June 1998.

Access has announced agreements or letters of intent with the following international partners to market amlexanox 5% paste: In the UK and Ireland Access signed an agreement on August 18, 1998 with Strakan Limited. Under the terms of the agreement, Strakan will bear all costs

associated with the regulatory process in the UK and the European community, and will pay milestones based on cumulative sales and a royalty on sales. On August 20, 1998 Access announced it had signed a Letter of Intent with Paladin Labs, Inc. for marketing rights for amlexanox in Canada. Paladin will bear all costs associated with gaining regulatory approval in Canada, and will pay milestones based on cumulative sales revenue and a royalty on sales. Paladin is a subsidiary of PharmaScience. Access signed a Letter of Intent on October 2, 1998 with Meda AB of Sweden for licensing rights in Sweden, Finland, Norway, Denmark, Latvia, Estonia, Lithuania and Iceland. Under the terms of the agreement, Meda will make an up-front license payment, pay milestone payments and a royalty on sales. Access also announced on October 15, 1998 the signing of a Letter of Intent with Laboratoios Dr. Esteve to license amlexanox for Italy, Spain, Portugal and Greece. Esteve will make an up-front license payment, pay milestone payments and will pay a royalty on sales.

Access signed an agreement on August 25, 1998 with ViroTex Corporation ("ViroTex") to incorporate amlexanox in the proprietary mucoadhesive technologies being developed by ViroTex. ViroTex is developing an innovative bioerodiable mucoadhesive ("BEMA") delivery system, which is a thin film that adheres to the oral mucosa and erodes over time delivering the drug into the tissue. Also under development is a film forming mucocutaneous adsorption ("MCA") gel that deposits a film upon application to mucosal surfaces adhering well to wet or damp skin, this technology can also be adapted to an aerosal spray delivery system.

It is anticipated that within nine months a formulation could be ready for clinical testing. Access will fund the ViroTex project development activities; however, Block Drug Company will share in the development costs by way of a reduction in the royalty Access will pay Block for international sales. The international rights to any product resulting from the collaboration with ViroTex will be out-licensed by Access to its amlexanox licensing partners. ViroTex will receive a royalty on all worldwide sales of products incorporating its propriety technology.

Liquidity and Capital Resources

As of September 30, 1998 the Company's principal source of liquidity is $2,230,000 of cash and cash equivalents. Working capital as of September 30, 1998 was $1,768,000, representing an increase in working capital of $1,984,000 as compared to the working capital deficit as of December 31, 1997 of $216,000. The increase in working capital at September 30, 1998 was due to $4.6 million in net proceeds received from the private placement of the Company's Common Stock sold in June and July 1998 and the private placement

of units in March and April 1998 net of monthly operating expenses.

Since its inception, the Company's expenses have significantly exceeded its revenues, resulting in an accumulated deficit of $22,384,000 at September 30, 1998. The Company has funded its operations primarily through private sales of its equity securities, contract research payments from corporate alliances and the January 1996 merger.

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

If anticipated revenues are delayed or do not occur or the Company is unsuccessful in raising additional capital on acceptable terms, the Company would be required to curtail research and development and general and administrative expenditures so that working capital would 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.

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 affected.

Third Quarter 1998
Compared to
Third Quarter 1997

The Company had $113,000 in licensing revenue in the third quarter of 1997 as compared to no revenues in the third quarter 1998. Third quarter 1997 revenues were comprised of licensing income from an ongoing agreement with an emerging pharmaceutical company which made certain milestone payments and will make royalty payments in the future if a product is developed from the technology.

Total research spending for the third quarter of 1998 was $481,000, as compared to $787,000 for the same period in 1997, a decrease of $306,000. The decrease in expenses was the result of lower external contract research costs due primarily to the expiration of an agreement with the University of London and research funding of the Dow project in 1997- $263,000; lower consulting expenses - $29,000; lower equipment rent- $23,000; and lower other net costs totaling- $7,000; offset by higher salaries and related costs - $16,000. 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 accelerate activities 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 $319,000 for the third quarter of 1998, a decrease of $106,000 as compared to the same period in 1997. The decrease in spending was primarily due to the following: lower patent costs- $79,000; decreased general business consulting fees- $63,000; offset by increased shareholder expenses- $14,000; increased rent- $13,000; and other net increases totaling- $9,000. If the Company is not successful in raising additional capital, general and administrative spending will be curtailed.

Depreciation and amortization was $39,000 for the third quarter 1998 as compared to $31,000 for the same period in 1997 reflecting the additional depreciation of the assets acquired in the Tacora merger and amortization of licenses.

Interest and miscellaneous income was $29,000 for the third quarter of 1998 as compared to $23,000 for the same period in 1997, an increase of $6,000. The increase was due to higher interest income from higher cash balances in 1998.

Total operating expenses in the third quarter of 1998 were $839,000 with interest income of $29,000, and interest expense of $4,000 resulting in a loss for the quarter of $814,000 or a $0.24 basic and diluted loss per common share.

Nine Months ended September 30, 1998
Compared to
Nine Months ended September 30, 1997

Net revenues for the nine months ended September 30, 1997 were $301,000 as compared to no revenues for the same period in 1998. 1997 revenues were comprised of licensing income from an ongoing agreement with an emerging pharmaceutical company which made certain milestone payments and will make royalty payments in the future if a product is developed from the technology.

Research spending for the nine months ended September 30, 1998 was $1,417,000 as compared to $1,829,000 for the same period in 1997, a decrease of $412,000. The decrease in expenses was due to: lower external contract research costs- $154,000; lower salary and related costs- $132,000; lower equipment rent- $78,000; lower travel expenses- $39,000; and other net decreases totaling- $9,000. 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 accelerate activities to develop the Company's product candidates. If the Company is not successful in raising additional capital, research spending will be curtailed.

General and administrative expenses were $1,069,000 for the nine months ended September 30, 1998, a decrease of $185,000 as compared to the same period in 1997. The decrease was primarily due to the following: lower general business consulting fees and expenses- $210,000; and lower director and officer insurance costs- $56,000; offset by higher patent expenses- $51,000; higher shareholder expenses- $14,000 and other net increases totaling- $16,000.

Depreciation and amortization was $169,000 for the nine months ended September 30, 1998 as compared to $93,000 for the same period in 1997 reflecting the additional depreciation of the assets acquired in the Tacora merger and amortization of licenses.

Interest and miscellaneous income was $37,000 for the nine months ended September 30, 1998 as compared to $107,000 for the same period in 1997, a decrease of $70,000. The decrease was due to lower interest income from lower cash balances in 1998.

Accordingly, this resulted in a loss for the nine months ended September 30, 1998

of $2,636,000, or a $1.10 basic and diluted loss per common 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.

We have begun to develop a three-phase program to limit or eliminate Y2K exposures. Phase I is to identify those systems, applications and third-party relationships from which we have 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. We intend to complete all phases before the end of the third quarter of 1999.

We have 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, we are completing an internal review and contacting all software suppliers to determine major areas of Y2K exposure. In research, development and quality applications (Area 2), we are working with equipment manufactures to identify our exposures. With respect to Area 3, we are in the process of evaluating our reliance on third parties in order to determine whether their Y2K compliance will adequately assure our uninterrupted operations.

We have yet to complete 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 we have not completed Phase II contingency planning, we can not describe what action we 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 September 30, 1998, we have not identified any costs related to replacement or remediation and testing of our Area 1 computer information systems. Not having completed our Phase I and Phase II evaluations, at this time we have no basis for estimating the potential cost of our Y2K compliance programs. The funds for these costs will be part of our cash flow from operations and expenditures.

PART II -- OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

None

ITEM 2 CHANGES IN SECURITIES

On July 30, 1998 the Company sold to 16 individual accredited investors an aggregate of 300,000 shares of Common Stock at $3.00 per share. The placement agent for such offering received warrants to purchase 33,445 shares of Common Stock at $3.00 per share in accordance with the offering terms and elected to receive 34,450 shares of Common Stock in lieu of certain sales commissions and expenses. The Company raised an aggregate of $900,000 in gross proceeds. The shares issued in the Private Placement have not been registered; however, the Company has

filed, on August 30, 1998, a registration statement for the resale of such shares. The Company relied on Section 4(2) and/or 3(b) of the 1933 Securities Act of 1933 and the provisions of Regulation D as exemptions from the registration thereunder. The proceeds of the offering will be used to fund research and development, working capital, acquisitions of complementary companies or technologies and general corporate purposes.

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 October 29, 1998, the Registrant filed a Current Report on Form 8-K related to Changes in the Registrant's Certifying Accountants. The Company's previous auditors, KPMG Peat Marwick LLP, resigned as of October 22, 1998. The Board of Directors of the Company has begun the process of seeking to retain an accounting firm to audit the Company's consolidated financial statements for the current fiscal year ending December 31, 1998. The Board of Directors expects to complete its search and retain a new accounting firm prior to the end of this accounting year.

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 12, 1998 By: /s/ Kerry P. Gray

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

Date: November 12, 1998 By: /s/ Stephen B. Thompson

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

ACCESS PHARMACEUTICALS, INC. AND SUBSIDIARY
a development stage company

Condensed Consolidated Balance Sheets

<TABLE>
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	September 30, 1998	December 31, 1997
	(unaudited)	
Assets		
<S>	<C>	<C>

Current Assets		
Cash and cash equivalents	$ 2,230,000	$ 438,000
Accounts receivable	-	1,000
Prepaid expenses and other current assets	12,000	51,000
Total Current Assets	2,242,000	490,000
Property and Equipment, at cost	1,007,000	1,047,000
Less accumulated depreciation and amortization	(749,000)	(625,000)
	258,000	422,000
Licenses, net of accumulated amortization of $37,000 and $25,000 at September 30, 1998 and December 31, 1997, respectively	438,000	475,000
Other Assets	108,000	60,000
Total Assets	$ 3,046,000	$ 1,447,000
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	$ 380,000	$ 434,000
Royalties payable	-	53,000
Accrued insurance premium	-	38,000
Current portion of obligations under capital leases	94,000	181,000
Total Current Liabilities	474,000	706,000
Obligations under capital leases, net of current portion	53,000	142,000
Total Liabilities	527,000	848,000
Stockholders' Equity		
Preferred stock, $.01 par value, authorized 2,000,000 shares, none issued or outstanding at September 30, 1998; $.01 par value, authorized 10,000,000 shares, none issued or outstanding at December 31, 1997	-	-
Common stock, $.01 par value, authorized 20,000,000 shares, 3,439,266, issued and outstanding at September 30, 1998; authorized 3,000,000 shares, 1,630,450 issued and outstanding at December 31,1997	34,000	16,000
Additional paid-in capital	24,869,000	20,331,000
Deficit accumulated during the development stage	(22,384,000)	(19,748,000)
Total Stockholders' Equity	2,519,000	599,000
Total Liabilities and Stockholders' Equity	$ 3,046,000	$ 1,447,000

</TABLE>

See accompanying notes to condensed consolidated financial statements

ACCESS PHARMACEUTICALS, INC. AND SUBSIDIARY
a development stage company

Condensed Consolidated Statements of Operations
(unaudited)

<TABLE>
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	Three Months ended September 30,		Nine Months ended September 30,		February 24, 1988 (inception) to
	1998	1997	1998	1997	September 30, 1998
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Research and development	$ -	$ -	$ -	$ -	$ 2,711,000
Option income	-	-	-	-	2,149,000
Licensing revenues	-	113,000	-	301,000	325,000
Total Revenues	-	113,000	-	301,000	5,185,000
Expenses					
Research and development	481,000	787,000	1,417,000	1,829,000	10,026,000
General and administrative	319,000	425,000	1,069,000	1,254,000	7,932,000
Depreciation and amortization	39,000	31,000	169,000	93,000	1,225,000
Write-off of excess purchase price	-	-	-	-	8,894,000
Total Expenses	839,000	1,243,000	2,655,000	3,176,000	28,077,000
Loss From Operations	(839,000)	(1,130,000)	(2,655,000)	(2,875,000)	(22,892,000)
Other Income (Expense)					
Interest and miscellaneous income	29,000	23,000	37,000	107,000	811,000
Interest expense	(4,000)	(5,000)	(18,000)	(20,000)	(176,000)
	25,000	18,000	19,000	87,000	635,000
Loss Before Income Taxes	(814,000)	(1,112,000)	(2,636,000)	(2,788,000)	(22,257,000)
Provision for Income Taxes	-	-	-	-	127,000
Net Loss	$ (814,000)	$(1,112,000)	$(2,636,000)	$(2,788,000)	$(22,384,000)
Basic and Diluted Loss Per Common Share	$ (0.24)	$ (0.70)	$ (1.10)	$ (1.77)	
Weighted Average Basic and Diluted Common Shares Outstanding	3,322,668	1,595,979	2,393,068	1,578,467	

</TABLE>

See accompanying notes to condensed consolidated financial statements

ACCESS PHARMACEUTICALS, INC. AND SUBSIDIARY
a development stage company

Condensed Consolidated Statements of Cash Flows
(unaudited)

<TABLE>
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	Nine Months ended September 30,		February 24, 1988 (inception) to
	1998	1997	September 30, 1998
<S>	<C>	<C>	<C>
Cash Flows From Operating Activities:			
Net Loss	$(2,636,000)	$(2,788,000)	$(22,384,000)
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	-	-	532,000
Research expenses related to common stock granted and donated equipment	9,000	100,000	109,000
Depreciation and amortization	169,000	93,000	1,225,000
Unearned revenue	-	-	(110,000)
Change in operating assets and liabilities:			
Accounts receivable	1,000	(87,000)	(1,000)
Prepaid expenses and other current assets	39,000	60,000	(13,000)
Other assets	2,000	1,000	(6,000)
Accounts payable and accrued expenses	(145,000)	(309,000)	87,000
Net Cash Used In Operating Activities	(2,561,000)	(2,930,000)	(11,667,000)
Cash Flows From Investing Activities:			
Capital expenditures	(4,000)	(24,000)	(1,168,000)
Sales of capital equipment	-	-	6,000
Purchase of Tacora, net of cash acquired	-	-	(124,000)
Other Assets	(50,000)	-	(100,000)
Net Cash Used In Investing Activities	(54,000)	(24,000)	(1,386,000)
Cash Flows From Financing Activities:			
Proceeds from notes payable	-	-	721,000
Payments of principal on obligations under capital leases	(149,000)	(126,000)	(603,000)
Cash acquired in merger with Chemex Pharmaceuticals	-	-	1,587,000
Proceeds from stock issuances, net	4,556,000	-	13,578,000
Net Cash Provided By (Used In) Financing Activities	4,407,000	(126,000)	15,283,000
Net Increase (Decrease) in Cash and Cash Equivalents	1,792,000	(3,080,000)	2,230,000
Cash and Cash Equivalents at Beginning of Period	438,000	4,428,000	-
Cash and Cash Equivalents at End of Period	$ 2,230,000	$ 1,348,000	$ 2,230,000
Cash paid for interest	$ 18,000	$ 20,000	$ 173,000
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	500,000
Equipment purchases financed through capital leases	-	72,000	82,000
Net liabilities assumed in acquisition of Tacora Corporation	-	-	455,000

</TABLE>

See accompanying notes to condensed consolidated financial statements

(unaudited)

(1)Interim Financial Statements

The consolidated balance sheet as of September 30, 1998 and the consolidated statements of operations for the three and nine months ended and cash flows for the nine months ended September 30, 1998 and 1997 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 reclassifications have been made to prior year financial statements to conform with the September 30, 1998 presentation. The accompanying Consolidated Balance Sheets and Statements of Operations have been retroactively restated to reflect the Recapitalization including the one-for-twenty reverse stock split effected June 18, 1998.

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 audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997. The results of operations for the period ended September 30, 1998 are not necessarily indicative of the operating results which may be expected for a full year. The consolidated balance sheet as of December 31, 1997 contains financial information taken from the audited financial statements as of that date.

In 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share." In accordance with SFAS No. 128, the Company has presented basic loss per share, computed on the basis of the weighted average number of common shares outstanding during the period, and diluted loss per share, computed on the basis of the weighted average number of common shares and all dilutive potential common shares outstanding during the period. The adoption of this new accounting standard, which required the restatement of all presented periods' earnings per share data, did not have a material impact on previously reported earnings per share. Potentially dilutive effect of the Company's outstanding options and common stock warrants have not been considered in the computation of diluted net loss per common share since their inclusion would be anti-dilutive.

Effective with fiscal years beginning after December 15, 1997, companies are required to adopt Statement of Financial Accounting Standards ("SFAS") No. 130 "Reporting Comprehensive Income." The Statement establishes standards for the reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive income includes net income and other comprehensive income, which comprises certain specific items previously reported directly in stockholders' equity. Other comprehensive income comprises items such as unrealized gains and losses on debt and equity securities classified as available-for-sale securities, minimum pension liability adjustments, and foreign currency translation adjustments. Since the Company does not currently have any of these other comprehensive income items, SFAS No. 130 has no impact on the way the Company reports or has reported its financial statements.

(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 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 the anticipated revenues are delayed or do not occur or the Company is unsuccessful in raising additional capital on acceptable terms, the Company would be required to curtail research and development and general and administrative expenditures so that working capital would 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.

The Independent Auditor's Report on the Company's 1997 consolidated financial statements included an emphasis paragraph regarding the uncertainty of the Company's ability to continue as a going concern.

(3)Recapitalization

On June 18, 1998, in conjunction with the first closing of a private placement, the Company effected a recapitalization of the Company through a one-for-twenty reverse stock split of Access common stock, $.04 par value per share, which decreased the number of authorized shares of common stock from 60.0 million shares, at $0.04 par value per share, to 20.0 million shares, par value $0.01 per share (the "Common Stock"), and decreased the authorized shares of preferred stock of the Company from 10.0 million to 2.0 million (the "Recapitalization"). The Recapitalization decreased the number of outstanding shares of Common Stock from approximately 41.5 million to 2.1 million.

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)Private Placement

The Company, assisted by an investment bank, raised $1,200,000 in gross proceeds ($725,000 received on March 20, 1998 and $475,000 received on April 11, 1998) less cash issuance costs of $47,000, from the placement of 48 units, each unit consisting of 8,333 shares of Common Stock and warrants to purchase 8,333 shares of Common Stock at an exercise price of $3.00 per share. The placement agent received warrants to purchase 44,527 shares of Common Stock at $3.00 per share, in accordance with the offering terms and elected to receive 45,277 shares of Common Stock in lieu of certain sales commissions and expenses.

On June 18, 1998, the Company, assisted by the same investment bank, raised an aggregate of $2.9 million in gross proceeds, less cash issuance costs of $202,000, from the first closing of a private placement of 953,573 shares Common Stock at $3.00 per share. The placement agent for such offering received warrants to purchase 101,653 shares of Common Stock at $3.00 per share, in accordance with the offering terms and elected to receive 62,949 shares of Common Stock in lieu of certain sales commissions and expenses.

On July 30, 1998, the Company, assisted by the same investment bank, raised an aggregate of $900,000 in gross proceeds, less cash issuance costs of $24,000, from the second closing of a private

placement of 300,000 shares of Common Stock at $3.00 per share. The placement agent for such offering received warrants to purchase 33,445 shares of Common Stock at $3.00 per share, in accordance with the offering terms and elected to receive 34,450 shares of Common Stock in lieu of certain sales commissions and expenses. The proceeds of the offering will be used to fund research and development, working capital, acquisitions of complementary companies or technologies and general corporate purposes.

Through September 30, 1998, issuance costs for all placements totaled $405,000. The proceeds of the offering will be used to fund research and development, working capital, acquisitions of complementary companies or technologies and general corporate purposes.

The investment bank has been engaged to assist the Company in raising up to an additional $4.0 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 additional closings of the private placement will take place.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF THE QUARTERELY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 1998, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH QUARTERLY REPORT ON FORM 10-Q.
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