

AP PHARMA INC /DE/
Form SC 13G
September 12, 2011

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No.)*

A.P. PHARMA, INC.

(Name of Issuer)

COMMON STOCK, \$.01 par value per share

(Title of Class of Securities)

00202J203

(CUSIP Number)

August 31, 2011

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d 1(b)

Rule 13d 1(c)

Rule 13d 1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. NAMES OF REPORTING PERSONS.

Franklin Resources, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

22,286,201 [1]

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

10.7%

12. TYPE OF REPORTING PERSON

HC, CO (See Item 4)

[1] Includes 7,333,334 shares of Common Stock issuable on conversion of warrants (as computed under Rule 13d 3(d)(1)(i)).

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1. NAMES OF REPORTING PERSONS.

Charles B. Johnson

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

22,286,201

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

10.7%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

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1. NAMES OF REPORTING PERSONS.

Rupert H. Johnson, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

22,286,201

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

10.7%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

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1. NAMES OF REPORTING PERSONS.

Franklin Advisers, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

California

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

22,286,201

6. SHARED VOTING POWER

0

7. SOLE DISPOSITIVE POWER

22,286,201

8. SHARED DISPOSITIVE POWER

0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

22,286,201

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES []

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

10.7%

12. TYPE OF REPORTING PERSON

IA, CO (See Item 4)

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Item 1.

(a) Name of Issuer

A.P. PHARMA, INC.

(b) Address of Issuer's Principal Executive Offices

123 Saginaw Drive
Redwood City, CA 94063

Item 2.

(a) Name of Person Filing

(i): Franklin Resources, Inc.

(ii): Charles B. Johnson

(iii): Rupert H. Johnson, Jr.

(iv): Franklin Advisers, Inc.

(b) Address of Principal Business Office or, if none, Residence

(i), (ii), (iii), and (iv):

One Franklin Parkway

San Mateo, CA 94403 1906

(c) Citizenship

(i): Delaware

(ii) and (iii): USA

(iv): California

(d) Title of Class of Securities

COMMON STOCK, \$.01 par value per share

(e) CUSIP Number

00202J203

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Item 3. If this statement is filed pursuant to §§240.13d 1(b) or 240.13d 2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a 8).
- (e) An investment adviser in accordance with §240.13d 1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d 1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with §240.13d 1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c) (14) of the Investment Company Act of 1940 (15 U.S.C. 80a 3);
- (j) A non U.S. institution in accordance with §240.13d 1(b)(ii)(J);
- (k) Group, in accordance with §240.13d 1(b)(1)(ii)(K).

If filing as a non U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership

The securities reported herein (the "Securities") are beneficially owned by one or more open or closed end investment

companies or other managed accounts that are investment management clients of investment managers that are direct and

indirect subsidiaries (each, an "Investment Management Subsidiary" and, collectively, the "Investment Management

Subsidiaries") of Franklin Resources, Inc. ("FRI"), including the Investment Management Subsidiaries listed in Item 7.

Investment management contracts grant to the Investment Management Subsidiaries all investment and/or voting power

over the securities owned by such investment management clients, unless otherwise noted in this Item 4. Therefore, for

purposes of Rule 13d-3 under the Act, the Investment Management Subsidiaries may be deemed to be the beneficial

owners of the Securities.

Beneficial ownership by investment management subsidiaries and other affiliates of FRI is being reported in conformity with

the guidelines articulated by the SEC staff in Release No. 34-39538 (January 12, 1998) relating to organizations, such as

FRI, where related entities exercise voting and investment powers over the securities being reported independently from

each other. The voting and investment powers held by Franklin Mutual Advisers, LLC ("FMA"), an indirect wholly owned

Investment Management Subsidiary, are exercised independently from FRI and from all other Investment Management

Subsidiaries (FRI, its affiliates and the Investment Management Subsidiaries other than FMA are collectively, "FRI

affiliates”). Furthermore, internal policies and procedures of FMA and FRI establish informational barriers that prevent the

flow between FMA and the FRI affiliates of information that relates to the voting and investment powers over the securities

owned by their respective investment management clients. Consequently, FMA and the FRI affiliates report the securities

over which they hold investment and voting power separately from each other for purposes of Section 13 of the Act.

Charles B. Johnson and Rupert H. Johnson, Jr. (the “Principal Shareholders”) each own in excess of 10% of the

outstanding common stock of FRI and are the principal stockholders of FRI. FRI and the Principal Shareholders may be

deemed to be, for purposes of Rule 13d-3 under the Act, the beneficial owners of securities held by persons and entities for

whom or for which FRI subsidiaries provide investment management services. The number of shares that may be deemed

to be beneficially owned and the percentage of the class of which such shares are a part are reported in Items 9 and 11 of

the cover pages for FRI and each of the Principal Shareholders. FRI, the Principal Shareholders and each of the

Investment Management Subsidiaries disclaim any pecuniary interest in any of the Securities. In addition, the filing of this

Schedule 13G on behalf of the Principal Shareholders, FRI and FRI affiliates, as applicable, should not be construed as an

admission that any of them is, and each disclaims that it is, the beneficial owner, as defined in Rule 13d-3, of any of the

Securities.

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FRI, the Principal Shareholders, and each of the Investment Management Subsidiaries believe that they are not a "group"

within the meaning of Rule 13d-5 under the Act and that they are not otherwise required to attribute to each other the

beneficial ownership of the Securities held by any of them or by any persons or entities for whom or for which the

Investment Management Subsidiaries provide investment management services.

(a)	Amount beneficially owned:	
		22,286,201
(b)	Percent of class:	
		10.7%
(c)	Number of shares as to which the person has:	
(i)	Sole power to vote or to direct the vote	
	Franklin Resources, Inc.:	0
	Charles B. Johnson:	0
	Rupert H. Johnson, Jr.:	0
	Franklin Advisers, Inc.:	22,286,201
(ii)	Shared power to vote or to direct the vote	0
(iii)		

Sole power to dispose or to direct the disposition of

Franklin Resources, Inc.: 0

Charles B. Johnson: 0

Rupert H. Johnson, Jr.: 0

Franklin Advisers, Inc.: 22,286,201

(iv) Shared power to dispose or to direct the disposition of 0

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Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [].

Item 6. Ownership of More than Five Percent on Behalf of Another Person

The clients of the Investment Management Subsidiaries, including investment companies registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive or power to direct the receipt of dividends from, and the proceeds from the sale of, the Securities.

Franklin Biotechnology Discovery Fund, a series of Franklin Strategic Series, an investment company registered under the Investment company Act of 1940, has an interest in 16,354,805 shares, or 7.9%, of the class of securities reported herein.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By