SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

[x] QUARTERLY REPORT PURSUANT SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarter ended September 30, 1997

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 No. 0-26422

ANSAN PHARMACEUTICALS, INC.
(Exact Name of Small Business Issuer as Specified in Its Charter)

DELAWARE	94-3171943
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

400 Oyster Point Blvd. Suite 435
South San Francisco, California 94080
(Address of Principal Executive Offices)

(650) 635-0200
(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 _X_ No ___

State the number of shares outstanding of each of the issuer's classes of common equity, as of November 10, 1997: 2,851,954 shares of Common Stock outstanding, $0.001 par value.

Traditional Small Business Disclosure Format. Yes _X_ No ___

INDEX TO FORM 10-QSB

PART I. FINANCIAL INFORMATION

ANSAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED BALANCE SHEETS

	September 30, 1997 (Unaudited)	December 31, 1996 (Note A)
Assets		
Current assets:		
Cash and cash equivalents	$ 274,157	$ 245,778
Short-term investments	2,200,000	1,500,000
Prepaid expenses and other current assets	5,308	83,760
Total current assets	2,479,465	1,829,538
Deferred financing costs	386,368	-
Furniture and equipment, net	79,010	93,936
	$ 2,944,843	$ 1,923,474
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 244,898	$ 91,041
Payable to Titan Pharmaceuticals, Inc.	232,004	117,881
Accrued sponsored research	-	36,330
Accrued legal fees	-	26,327
Other accrued liabilities	17,415	62,457
Debenture payable to Titan Pharmaceuticals, Inc.	1,000,000	-
Total current liabilities	1,494,317	334,036
Commitments		
Stockholders' Equity		
Common stock, at amounts paid in	10,699,996	10,850,017
Preferred stock, at amounts paid in	1,300,000	-
Deferred compensation	-	(180,561)
Deficit accumulated during the development stage	(10,549,470)	(9,080,018)
Total stockholders' equity	1,450,526	1,589,438
	$ 2,944,843	$ 1,923,474

Note A: The balance sheet at December 31, 1996 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See accompanying notes

ANSAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,		(November 6, 1992) to September 30,
	1997	1996	1997	1996	1997
COSTS AND EXPENSES					
Research and development	$ 131,953	$ 471,737	$ 759,385	$ 934,713	$ 6,739,927
General and administrative	196,690	350,830	725,219	792,756	3,639,416
Loss from operations	(328,643)	(822,567)	(1,484,604)	(1,727,469)	(10,379,343)
Other income/(expenses)					
Interest income	32,949	36,383	72,509	129,666	322,379
Interest expense	(28,042)	-	(57,357)	-	(492,506)
Net loss	$(323,736)	$(786,184)	$(1,469,452)	$(1,597,803)	$(10,549,470)
Net loss per share	$ (0.13)	$ (0.32)	$ (0.59)	$ (0.66)	
Shares used in calculating net loss per share	2,485,971	2,431,299	2,485,282	2,414,530	

See accompanying notes

ANSAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996	Period from Incorporation (November 6, 1992 to September 30, 1997
Cash flows from operating activities			
Net loss	$(1,469,452)	$(1,597,803)	$(10,549,470)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation expense	25,689	15,193	49,672
Amortization of debt discount	-	-	400,000
Amortization of deferred compensation	26,718	41,668	123,941
Forgiveness of stockholder receivable	-	-	205
Issuance of common stock in exchange for consulting services	-	-	19,984
Grant of common stock to employee	-	155,000	155,000
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	78,452	98,371	(5,308)
Deferred financing costs	(386,368)	-	(386,368)
Accounts payable	153,857	16,809	244,898
Accrued sponsored research	(36,330)	730	-
Accrued legal fees	(26,327)	(32,890)	-
Other accrued liabilities	(45,042)	(63,886)	17,415
Net cash used in operating activities	(1,678,803)	(1,366,808)	(9,930,031)
Cash flows from investing activities			
Purchase of furniture and equipment	(10,763)	(72,984)	(128,682)
Purchase of short-term investments	(3,100,000)	(129,667)	(11,850,000)
Sales of short-term investments	2,400,000	1,525,000	9,650,000
Net cash provided by (used in) investing activities	(710,763)	1,322,349	(2,328,682)
Cash flows from financing activities			
Proceeds from issuance of Series A preferred stock	1,300,000	-	2,292,592
Proceeds from issuance of common stock	3,822	8,976	5,976,058
Proceeds from related party notes	-	-	220,000
Proceeds from issuance of debenture to Titan Pharmaceuticals, Inc.	1,000,000	-	1,000,000
Payment on related party notes	-	-	(190,000)
Issuance of notes payable	-	-	1,025,000
Repayment of note payable	-	-	(1,425,000)
Issuance of warrants to purchase common stock	-	-	400,000
Proceeds from stockholder receivable	-	-	1,900
Payable to Titan Pharmaceuticals, Inc.	114,123	41,668	3,232,320
Net cash provided by financing activities	2,417,945	50,644	12,532,870
Net increase (decrease) in cash and cash equivalents	28,379	6,185	274,157
Cash and cash equivalents, beginning of period	245,778	45,202	-
Cash and cash equivalents, end of period	$ 274,157	$ 51,387	$ 274,157

See accompanying notes

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY

Ansan, Inc. (the "Company") was incorporated in the State of Delaware on November 6, 1992 to engage in the development of analogs of butyric acid for the treatment of cancer, blood disorders and other serious diseases. The Company is in the development stage.

RELATIONSHIP WITH TITAN PHARMACEUTICALS, INC.

Titan Pharmaceuticals, Inc. ("Titan"), a biopharmaceutical company engaged, through the operations of its subsidiaries and affiliates, in the development of new proprietary therapeutic products for use in the fields of cancer, immunology, viral diseases, and disorders of the central nervous system, was the Company's parent until the Company's initial public offering (the "IPO") in August 1995. Subsequent to the IPO, Titan's ownership interest was reduced to 43%. At September 30, 1997, Titan owned approximately 32% of the Company.

In March 1997, Ansan and Titan entered into an agreement for financing pursuant to which Titan advanced Ansan $1,000,000 in return for a debenture (the "Debenture") which was convertible at any time prior to June 21, 1997 into 333,333 shares of common stock. Titan did not convert the Debenture prior to June 21, 1997. The Debenture bears interest at prime plus 2% and is due in April 1998. In connection with the issuance of the Debenture, Ansan granted Titan an option to acquire an additional 333,333 shares of Ansan common stock for an aggregate purchase price of $1,000,000. The option expired unexercised on June 21, 1997.

The Company contracts with Titan for limited financial and administrative services. Titan has previously supplied working capital financing to the Company and may in the future provide such financing. As part of its affiliation with Titan, the Company and Titan have a number of members in common of their respective boards of directors.

BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principals for interim financial information and with the instructions to form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principals for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered for fair presentation have been included. Operating results for the three- and nine-month periods ended September 30, 1997 are not necessarily indicative of the results that may expected for the year ending December 31, 1997. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's 1996 Annual Report on Form 10-KSB.

The Company's activities since incorporation have consisted primarily of conducting research and development, performing business and financial planning and raising capital. Accordingly, the Company is considered to be in the development stage and expects to incur increasing losses and require additional financial resources to achieve commercialization of its products. The Company also depends on third parties to conduct certain research on the Company's behalf through various research arrangements. All of the Company's current products under development are the subject of license agreements that may require the payment of future royalties.

NET LOSS PER SHARE

Net loss per share for the three- and nine-month periods ended September 30, 1996 and September 30, 1997 is computed using the weighted average number of common shares outstanding, reduced by the number of shares held in escrow (see Release of Escrowed Shares and Options below). Common equivalent shares are excluded from the calculation as their effect is antidilutive.

In February 1997, the Financial Accounting Standards Board issued Statement No. 128 "Earnings Per Share", which is required to be adopted on December 31, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The impact is not expected to result in a change in reported earnings per share for the three and nine month periods ended September 30, 1997 and September 30, 1996, as the Company incurred net losses in those periods, and accordingly, the calculation of earnings per share for those periods excluded stock options as their effect was antidilutive.

RELEASE OF ESCROWED SHARES AND OPTIONS

In connection with the IPO, certain stockholders of the Company placed an aggregate of 365,983 shares of Common Stock (the "Escrow Shares"), and the current holders of certain options which are exercisable at less than the initial public offering price of $5.00 placed options to purchase 34,017 shares (the "Escrow Options"), into escrow pending the Company's attainment of certain revenue or share price goals. The Securities and Exchange Commission has taken the position with respect to the release of securities from escrow that in the event any of the Escrow Shares or Escrow Options are released from escrow to directors, officers, employees or consultants of the Company, the release will be treated, for financial reporting purposes, as a compensation expense to the Company. Accordingly, the Company will, in the event of the release of the Escrow Shares and Escrow Options, recognize during the period in which the earnings or market price targets are met what could be a substantial one-time charge which would substantially increase the Company's loss or reduce or eliminate earnings, if any, at such time. The amount of compensation expense recognized by the Company will not affect the Company's total stockholders' equity.

2. PROPOSED MERGER WITH DISCOVERY LABORATORIES, INC.

In July of 1997 the Company entered into an Agreement and Plan of Reorganization and Merger with Discovery Laboratories, Inc. ("Discovery"), a privately-held development stage biotechnology company, pursuant to which Discovery will be merged with and into Ansan. The parties also entered into a Stock Purchase Agreement pursuant to which Discovery has purchased shares of a new class of convertible preferred stock of Ansan for aggregate cash consideration of $1,300,000, representing a common stock equivalent price of approximately $1.40 per share.

In connection with these transactions, Ansan has entered into a sublicense agreement with Titan. Pursuant to the agreement, and contingent upon completion of the merger, Titan will receive an exclusive worldwide sublicense to certain butyrate compounds licensed by Ansan for certain indications in exchange for Titan's payment of a 2% royalty on net sales and Titan's transfer to Ansan of all its equity holdings in Ansan.

The closing of the merger is subject to customary closing conditions, including approval by the stockholders of Ansan and Discovery. If the merger is completed, it is anticipated that the shareholders of Discovery will be issued securities representing approximately 90% of the outstanding stock of the combined entity. In the event the merger is not completed, the preferred stock held by Discovery may, under certain circumstances, be convertible into shares of common stock representing 51% of Ansan's then outstanding shares. In such circumstances, Ansan would have the right to redeem the preferred stock for $1,300,000 plus a redemption premium of $13,000 per month that the stock is outstanding.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

This Form 10-QSB contains forward-looking statements. These forward-looking statements are subject to risks and uncertainties which may cause actual results to differ materially from stated expectations. These risks and uncertainties include but are not limited to: timeliness of completion, if ever, of the merger with Discovery Laboratories, Inc.; timeliness of completion, if at all of IND filings; FDA approval of IND's if filed; timeliness of commencement, if ever, of clinical trials; timeliness of completion, if ever, of clinical trials; changing requirements for regulatory approval; technological uncertainties; the impact of competitive products and pricing; future availability of capital; uncertainties arising from patents; and a number of other risks, including those described above, those set forth in the Company's 1996 annual report on form 10-KSB and other reports filed with the Securities and Exchange Commission; and those which may not be identifiable as yet.

RESULTS OF OPERATIONS

The Company is in the development stage. Since its inception in November 1992, the Company's efforts have been principally devoted to research and development, securing patent protection and raising capital. From inception through September 30, 1997, the Company has sustained cumulative losses of approximately $10,550,000. These losses have resulted from expenditures in connection with research and development and general and administrative activities, including legal and professional activities.

Through September 30, 1997, research and development expenses since inception have been approximately $6,740,000 and general and administrative expenses since inception have been approximately $3,639,000. Total research and development expenses were approximately $132,000 and $759,000 during the three- and nine-month periods ended September 30, 1997, compared with approximately $472,000 and $935,000 for the three- and nine-month periods ended September 30, 1996, a decrease of approximately 258% and 23% for the three- and nine-month periods, respectively. The higher level of expenditures during the three- and nine-month periods ended September 30, 1996 can be largely attributed to an issuance of stock to a member of management, a portion of which was allocated to research and development.

Total general and administrative expenses were approximately $197,000 and $725,000 during the three- and nine-month periods ended September 30, 1997, compared with approximately $351,000 and $793,000 for the three- and nine-month periods ended September 30, 1996, a decrease of approximately 78% and 9% for the three- and nine-month periods, respectively. The higher level of expenditures during the three- and nine-month periods ended September 30, 1996 can also be largely attributed to the issuance of stock to a member of management, a portion of which was allocated to general and administrative expenses.

Interest income was approximately $33,000 and $73,000 for the three- and nine-month periods ended September 30, 1997, respectively, compared with approximately $36,000 and $130,000 for the three- and nine-month periods ended September 30, 1996. This decrease is the result of declining cash balances. The Company has also incurred interest expense of approximately $57,000 for the nine months ended September 30, 1997, related to the $1,000,000

note payable to Titan (see Liquidity and Capital Resources). The Company had no interest bearing debt for the comparable period in 1996.

The Company expects to continue to incur substantial research and development costs in the future due to ongoing and new research and development programs, manufacturing of products for use in clinical trials, patent and regulatory activities, and preclinical and clinical testing of the Company's products. In May of 1996, the Company signed a licensing agreement with Boehringer Ingelheim GmbH to acquire the rights in the United States and the European Union to develop a new intravenous formulation of the drug Apafant for all clinical indications. The Company expects to incur substantial research and development costs related to this acquisition. The Company also expects that general and administrative costs necessary to support clinical trials, research and development, manufacturing and the creation of a marketing and sales organization, if warranted, will increase in the future. Accordingly, the Company expects to incur increasing operating losses for the foreseeable future. There can be no assurance that the Company will ever achieve profitable operations.

LIQUIDITY AND CAPITAL RESOURCES

In August and September 1995, the Company completed an IPO which resulted in net proceeds to the Company, after deduction of underwriting discounts and commissions and other expenses of the IPO, of approximately $5,950,000. As of September 30, 1997, the Company had working capital of approximately $985,000.

In March 1997, Ansan and Titan entered into an agreement for financing pursuant to which Titan advanced Ansan $1,000,000 in return for a debenture (the "Debenture") which was convertible at any time prior to June 21, 1997 into 333,333 shares of common stock. Titan did not convert the Debenture prior to June 21, 1997. The Debenture bears interest at prime plus 2% and is due in April 1998. In connection with the issuance of the Debenture, Ansan granted Titan an option to acquire an additional 333,333 shares of Ansan common stock for an aggregate purchase price of $1,000,000. The option expired unexercised on June 21, 1997.

In July of 1997 the Company entered into an Agreement and Plan of Reorganization and Merger with Discovery Laboratories, Inc. ("Discovery"), a privately-held development stage biotechnology company, pursuant to which Discovery will be merged with and into Ansan. The parties also entered into a Stock Purchase Agreement pursuant to which Discovery has purchased shares of a new class of convertible preferred stock of Ansan for aggregate cash consideration of $1,300,000, representing a common stock equivalent price of approximately $1.40 per share.

In connection with these transactions, Ansan has entered into a sublicense agreement with Titan. Pursuant to the agreement, and contingent upon the completion of the merger, Titan will receive an exclusive worldwide sublicense to certain butyrate compounds licensed by Ansan for certain indications in exchange for Titan's payment of a 2% royalty on net sales and Titan's transfer to Ansan of all its equity holdings in Ansan.

The closing of the merger is subject to customary closing conditions, including approval by the stockholders of Ansan and Discovery. If the merger is completed, it is anticipated that the

shareholders of Discovery will be issued securities representing approximately 90% of the outstanding stock of the combined entity. In the event the merger is not completed, the preferred stock held by Discovery may, under certain circumstances, be convertible into shares of common stock representing 51% of Ansan's then outstanding shares. In such circumstances, Ansan would have the right to redeem the preferred stock for $1,300,000 plus a redemption premium of $13,000 per month that the stock is outstanding.

The Company believes that it has necessary capital to sustain planned operations through July 1998. In the event that the Company's internal estimates relating to its planned expenditures prove materially inaccurate, the Company may be required to reallocate funds among its planned activities or to curtail certain planned expenditures. In any event, the Company anticipates that it will require substantial additional financing after such time in order to continue its research and development capabilities, fund operating expenses, pursue regulatory approval, and build production, sales, and marketing activities, as necessary. There can be no assurance as to the availability or terms of any additional financing, when and if needed. In the event that the Company fails to raise any funds it requires, it may be necessary for the Company to curtail its activities significantly or to cease operations altogether.

PART II

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits
11.1 Statement of Computation of Net Loss Per Share
27 Financial Data Schedule

(b) A current report on Form 8-K was filed with the Securities and Exchange Commission on July 21, 1997.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ANSAN PHARMACEUTICALS, INC.

November 13, 1997 By: /s/ Vaughan H.J. Shalson

Vaughan H.J. Shalson
President and Chief Executive Officer
(Principal Executive Officer)

November 13, 1997 By: /s/ James M. Ahlers

Director of Finance & Operations
(Principal Financial and Accounting Officer)

EXHIBIT 11

ANSAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF COMPUTATION OF NET LOSS PER SHARE

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
Net Loss	$ (323,736)	$ (786,184)	$ (1,469,452)	$ (1,597,803)
Weighted average shares of Common Stock outstanding	2,851,954	2,795,059	2,851,265	2,778,290
Escrow Shares	(365,983)	(363,760)	(365,983)	(363,760)
Shares used in calculating net loss per share	2,485,971	2,431,299	2,485,282	2,414,530
Net loss per share	$ (0.13)	$ (0.32)	$ (0.59)	$ (0.66)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
BALANCE SHEET AND STATEMENT OF OPERATIONS AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SHEET FINANCIAL STATEMENTS.

9-MOS
DEC-31-1997
SEP-30-1997
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1,200,000
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0
2,474,241
79,010
25,689
2,889,619
1,444,317
0
0
1,300,000
10,699,996
(10,554,694)
2,889,619
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0
0
328,643
0
28,042
(323,736)
0
0
0
0
0
(323,736)
(0.59)
(0.59)