UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the period ended October 31, 1999

OR

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from __________ to _________

Commission file number 0-20772

QUESTCOR PHARMACEUTICALS, INC.
(formerly Cypros Pharmaceutical Corporation)
(Exact name of registrant as specified in its charter)

CALIFORNIA	33-0476164
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
26118 RESEARCH ROAD HAYWARD, CALIFORNIA	94545
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (510) 732-5551

Indicate by mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] YES [ ] NO

As of December 13, 1999, the Registrant had 24,361,113 shares of Common Stock, no par value, outstanding.

TABLE OF CONTENTS

* No information provided due to inapplicability of item.

BALANCE SHEETS

ASSETS	OCTOBER 31, 1999 (UNAUDITED)	JULY 31, 1999 (NOTE)
Current assets:		
Cash and cash equivalents	$ 1,438,574	$ 2,509,386
Short-term investments, held to maturity	1,534,417	2,964,689
Accounts receivable	456,553	391,888
Inventories	141,019	205,207
Prepaid expenses and other current assets	36,400	112,540
Total current assets	3,606,963	6,183,710
Investment grade securities, non current portion	1,798,231	1,788,749
Property, equipment and leasehold improvements, net	1,413,994	1,471,565
Purchased technology, net	3,041,753	3,266,100
Licenses and patents, net	150,451	158,215
Deferred acquisition costs	1,037,210	-
Other assets	270,525	270,525
Total assets	$ 11,319,127	$ 13,138,864
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 513,842	$ 497,985
Accrued acquisition costs	463,860	
Accrued compensation	159,712	201,024
Other accrued liabilities	34,887	63,565
Current portion of long-term debt	54,551	53,616
Current portion of capital lease obligations	96,575	105,892
Total current liabilities	1,323,427	922,082
Long-term debt	5,380	6,541
Capital lease obligations	122,089	140,380
Deferred rent	178,021	155,854
Shareholders' equity:		
Common stock, 30,000,000 shares authorized, 15,735,007 and 15,711,877 shares issued and outstanding as of October 31, 1999 and July 31, 1999, respectively	41,551,662	41,497,174
Deferred compensation	(59,987)	(69,441)
Accumulated deficit	(31,801,465)	(29,513,726)
Total shareholders' equity	9,640,210	11,914,007
Total liabilities and shareholders' equity	$ 11,319,127	$ 13,138,864

Note: The balance sheet at July 31, 1999 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.

QUESTCOR PHARMACEUTICALS, INC.
(formerly Cypros Pharmaceutical Corporation)

STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED OCTOBER 31, 1999	1998
Net sales	$ 498,295	$ 640,354
Cost of sales	355,392	160,478
Gross profit	142,903	479,876
Operating expenses:		
Sales and marketing	583,824	405,628
General and administrative	899,582	692,811
Clinical testing and regulatory	649,885	679,374
Pre-clinical research and development	161,128	150,136
Depreciation and amortization	289,178	311,297
Total operating expenses	2,583,597	2,239,246
Loss from operations	(2,440,694)	(1,759,370)
Research grant income	65,522	10,871
Interest and other income, net	74,204	188,290
Sublease income, net	13,229	20,702
Net loss	$ (2,287,739)	$ (1,539,507)
Net loss per share, basic and diluted	$ (0.15)	$ (0.10)
Shares used in computing net loss per share, basic and diluted	15,723,693	15,711,877

SEE ACCOMPANYING NOTES.

QUESTCOR PHARMACEUTICALS, INC.
(formerly Cypros Pharmaceutical Corporation)
STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED OCTOBER 31, 1999	1998
OPERATING ACTIVITIES		
Net loss	$(2,287,739)	$(1,539,507)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of deferred compensation	63,942	117,107
Depreciation and amortization	310,990	319,224
Deferred rent expense	22,167	(8,164)
Gain on sale of equipment	-	(5,752)
Deferred acquisition costs, net	(573,350)	-
Changes in operating assets and liabilities:		
Accounts receivable	(64,665)	109,139
Inventories	64,188	(17,584)
Prepaid expenses and other current assets	76,140	(16,595)
Accounts payable	15,857	(285,400)
Other accrued liabilities	(69,990)	61,584
Net cash flows used in operating activities	(2,442,460)	(1,265,948)
INVESTING ACTIVITIES		
Purchases of short-term investments	(1,360,028)	(1,356,215)
Maturities of short-term investments	2,780,818	2,550,355
Proceeds from the sale of equipment	-	11,000
Purchase of property, equipment and leasehold improvements	(21,308)	(7,419)
Increase in licenses and patents	-	(4,702)
Decrease in deposits and other assets	-	21,420
Net cash flows provided by investing activities	1,399,482	1,214,439
FINANCING ACTIVITIES		
Issuance of long-term debt	825	2,675
Repayment of long-term debt	(1,051)	(952)
Repayments of capital leases/obligations	(27,608)	(22,641)
Net cash flows used in financing activities	(27,834)	(20,918)
Decrease in cash and cash equivalents	(1,070,812)	(72,427)
Cash and cash equivalents at beginning of period	2,509,386	3,015,890
Cash and cash equivalents at end of period	$ 1,438,574	$ 2,943,463
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 5,582	$ 7,493

SEE ACCOMPANYING NOTES.

QUESTCOR PHARMACEUTICALS, INC.
(formerly Cypros Pharmaceutical Corporation)
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS ACTIVITY

Questcor Pharmaceuticals, Inc. (the "Company") is engaged in the development and marketing of acute-care, hospital-based products. The Company is currently marketing three products, Ethamolin-Registered Trademark-, Glofil and Inulin, expects to launch two burn and wound care products using the Company's Dermaflo-TM- technology and is developing two drugs, Cordox-TM- and Emitasol-TM-. The Company is conducting a Phase III clinical trial of Cordox in sickle cell anemia crisis patients. Effective with the acquisition described in the following paragraph, the Company is conducting a Phase III clinical trial of Emitasol in diabetic gastroparesis through its partner, Roberts Pharmaceutical Corporation.

On August 4, 1999, the Company announced that it had entered into a definitive agreement to acquire all of the shares of RiboGene, Inc. in a stock-for-stock transaction. On November 5, 1999, the shareholders of the Company and the stockholders of RiboGene approved the transaction, and the acquisition was closed on November 17, 1999. Simultaneously, the name of the Company was changed to Questcor Pharmaceuticals, Inc and its common stock began trading on the American Stock Exchange, Inc. under the symbol "QSC" on November 18, 1999. The acquisition is structured to be a tax-free reorganization and will be accounted for under the purchase method, whereby the purchase price will be allocated to the underlying assets and liabilities based upon their estimated fair values. Additionally, for more complete information about the acquisition of RiboGene, this discussion should be read in conjunction with the Form S-4 (Registration Statement No. 333-87611) filed with the U.S. Securities and Exchange Commission on September 23, 1999.

BASIS OF PRESENTATION

The unaudited financial statements for the three months ended October 31, 1999 have been prepared on the same basis as the Company's audited financial statements for the year ended July 31, 1999 and reflect all adjustments (consisting only of normal recurring accruals) which are, in the opinion of management, necessary for the fair presentation of the results of the interim periods presented. Results for the interim periods are not necessarily indicative of the results for the entire year.

For more complete financial information, these financial statements should be read in conjunction with the audited financial statements and the related notes thereto for the year ended July 31, 1999 included in the Company's Annual Report on Form 10-K.

The Company has experienced significant quarterly fluctuations in operating results and increases in expenses and losses since inception and it expects these fluctuations, expenses and losses will continue.

INVENTORY

Inventory is stated at the lower of cost (first-in, first-out method) or market and is comprised of raw materials of $50,121 and finished goods of $90,898.

REVENUE RECOGNITION

Revenues from product sales of whole vials of Glofil and Inulin are recognized upon shipment. Revenues from Glofil unit sales are recognized upon receipt by the Company of monthly sales reports from Syncor, the exclusive marketing agent for Glofil in this form.

Sales are reported net of returns during the period in which product is shipped. These sales are adjusted for discounts and allowances due to contractual discounts under certain contracts with hospitals and hospital buying groups. At October 31, 1999, such discounts and allowances totaled $42,585.

The Company's policy is not to accept returns of product sold. However, certain contracts with wholesale drug distributors provide for product returns if the product is within a certain number of months of expiration.

NET LOSS PER SHARE DATA

Under Financial Accounting Standards Board Statement ("SFAS") No. 128, "Earnings Per Share", basic and diluted loss per share is based on net loss for the relevant period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share gives effect to all potential dilutive common shares outstanding during the period such as options, warrants, and convertible securities, and contingently issuable shares. All potential dilutive common stock equivalents have been excluded from the calculation of diluted loss per share as their inclusion would have been antidilutive.

RECLASSIFICATIONS

Certain previously reported amounts have been reclassified to conform with the 1999 presentation.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. Actual results could differ from those estimates.

2. RECENTLY-ISSUED ACCOUNTING STANDARDS

COMPREHENSIVE INCOME

The Company's comprehensive net loss and net loss are the same for the three months ended October 31, 1999 and 1998.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, which will be effective January 1, 2001. This statement established accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments imbedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement also requires that changes in the derivative's fair value be recognized in earnings unless specific hedge accounting criteria are met. The Company believes the adoption of SFAS No. 133 will not have a material effect on the financial statements.

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

EXCEPT FOR THE HISTORICAL INFORMATION CONTAINED HEREIN, THE FOLLOWING DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES, INCLUDING STATEMENTS REGARDING THE PERIOD OF TIME DURING WHICH THE COMPANY'S EXISTING CAPITAL RESOURCES AND INCOME FROM VARIOUS SOURCES WILL BE ADEQUATE TO SATISFY ITS CAPITAL REQUIREMENTS. THE COMPANY'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE DISCUSSED HEREIN. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN THIS SECTION, AS WELL AS IN THE SECTIONS ENTITLED "BUSINESS", "LICENSES", "MANUFACTURING", "SALES AND MARKETING", "COMPETITION", "GOVERNMENT REGULATION", "PATENTS AND PROPRIETARY

RIGHTS" OF THE COMPANY'S ANNUAL REPORT (FORM 10-K) FOR THE FISCAL YEAR ENDED JULY 31, 1999 AND THOSE DISCUSSED IN THE S-3 REGISTRATION STATEMENT FILE NO. 333-25661 FILED WITH U.S. SECURITIES AND EXCHANGE COMMISSION, AS WELL AS THOSE DISCUSSED IN ANY DOCUMENTS INCORPORATED BY REFERENCE HEREIN OR THEREIN.

The Company's predecessor, Cypros Pharmaceutical Corporation, was founded in 1990, commenced its research and development activities in 1991, completed an initial public offering (the "IPO") in November 1992, commenced clinical trials in December 1994, acquired two FDA-cleared products, Glofil and Inulin, in August 1995, acquired a third FDA-cleared product, Ethamolin-Registered Trademark-, in November 1996, and acquired the Dermaflo topical burn/wound care technology and two FDA-cleared products, Neoflo and Sildaflo, in November 1997. On November 17, 1999, Cypros changed its name to Questcor Pharmaceuticals, Inc. after completing the acquisition of RiboGene, Inc. The Company has sustained an accumulated deficit of $31,801,465 from inception through October 31, 1999. The acquisition of RiboGene will not cause the Company to have positive net operating cash flow, and since the Company's expenses during the next few years will be substantial and increasing, the Company expects to incur increasing losses for the foreseeable future.

RESULTS OF OPERATIONS

During the first quarter ended October 31, 1999, the Company sustained a loss of $2,287,739 (or $.15 per share) compared to a loss of $1,539,507 (or $.10 per share) for the prior-year quarter. During the current quarter, the Company reported net sales of $498,295, a 22.2% decrease over the $640,354 reported in the prior-year period, principally due to the decline in Ethamolin sales volume due to increased competition. Gross profit on sales amounted to $142,903, a 70.2% decrease over the $479,876 reported in the prior-year period.

As a percent of sales, the gross margin in the current quarter was 28.7% compared to 74.9% in the prior-year period. As there were no Dermaflo product sales in the prior-year period, the overhead costs of the Dermaflo manufacturing facility were recorded as general and administrative expense during that period. The gross margin will continue to be adversely affected by the overhead costs of the facility until sales to NutraMax of the triple antibiotic rolled padded stock reach a critical mass and other Dermaflo products are launched.

Total operating expenses during the first quarter ended October 31, 1999 amounted to $2,583,597, a 15.4% increase over the $2,239,246 incurred during the prior-year quarter. Sales and marketing expenses increased by 43.9% to $583,824 due to expenses incurred for advertising, materials, brochures and consulting.

General and administrative expense increased 29.8% to $899,582 due to increases in legal fees, investor relations, board of director fees and expenditures related to the Dermaflo-TM- manufacturing facility allocated to the development of Sildaflo-TM- and the professional form of the Neoflo-TM- product.

In addition, net interest and other income for the current quarter decreased 61.0% to $74,204 from $188,290 during the prior-year quarter, principally because the Company had a larger investment portfolio during the prior-year quarter, which yielded more interest income.

As a consequence of the acquisition of RiboGene, the Company expects to record a significant charge off of in-process research and development in the next fiscal quarter, currently estimated at $16 million. However, the Company intends to obtain an independent valuation for such charge.

LIQUIDITY AND CAPITAL RESOURCES

The Company has principally funded its activities to date through various issuances of equity securities, which have raised total net proceeds of $35 million, as well as from product sales.

At October 31, 1999, the Company had cash, cash equivalents and short-term investments of $2,972,991 compared to $5,474,075 at July 31, 1999. At October 31, 1999, working capital was $2,283,536, compared to $5,261,628 at July 31, 1998. The decrease in both balance sheet items was principally due to the loss from operations for the current quarter. The Company's cash, cash equivalents and short-term investments and its working capital will improve significantly as a result of the acquisition of RiboGene. At September 30, 1999, RiboGene had cash, cash equivalents and short-term investments of approximately $22,427,000 and working capital of $18,457,000. In addition, at September 30, 1999, RiboGene had a $5 million long-term note payable to a bank. The note is collateralized by the Company's assets and the Company is required to maintain $5 million on deposit with the bank.

The Company expects that its cash needs will increase significantly in future periods due to increased clinical testing activity, growth of administrative, clinical and laboratory staff and expansion of facilities to accommodate increased numbers of employees. With the acquisition of RiboGene subsequent to the October 31 quarter-end, the Company's management believes that the Company's working capital will be sufficient to fund the operations of the Company into the first half of 2001 dependent, in part, on the timing of the commencement of each phase of the clinical trials on Cordox and Ceresine and the results of clinical tests and research programs; competing technological and market developments; the time and costs involved in obtaining regulatory approvals and in obtaining, maintaining and enforcing patents; the cost of product acquisitions: the delay in scaling up manufacturing operations; the growth in sales of the acquired products and their resulting cash flows; and other factors.

The Company is funding a portion of its operating expenses through cash flow from product sales, but expects to seek additional funds through public or private equity financings, collaborations, or from other sources. There can be no assurance that additional funds can be obtained on desirable terms or at all. The Company may seek to raise additional capital whenever conditions in the financial markets are favorable, even if the Company does not have an immediate need for additional cash at that time.

IMPACT OF THE YEAR 2000 ISSUE

The Year 2000 problem is the result of computer applications being written using two digits rather than four digits to define the applicable year. Any of the

Company's computer applications (and computer applications used by any of the Company's customers, collaborators and manufacturers) that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruption of operations.

The Company has modified or replaced portions of its software so that its computer systems will function properly with respect to dates in the year 2000 and thereafter. The costs associated with such modifications were not significant. The Company believes that, with these modifications to existing software and conversions to new software, the Year 2000 problem will not pose significant operational problems for its computer systems. However, because of the many uncertainties associated with Year 2000 compliance issues, and because the Company's assessment is necessarily based on information from third-party customers, collaborators and manufacturers, there can be no assurance that the Company's assessment is correct or as to the materiality or effect of any failure of such assessment to be correct.

The Company has initiated a program to determine whether the computer applications of its significant customers, collaborators and manufacturers will be upgraded in a timely manner. The Company has not completed its review and it is unknown whether the computer applications of its customers, collaborators and manufacturers will be Year 2000 compliant. The Company has not determined the extent to which any disruption in the computer applications of third parties caused by the Year 2000 issues will affect the Company's operations, and has no contingency plans in the event of any such disruption. However, any disruptions in payments by customers or in the manufacture of the Company's products could have a material adverse effect upon the Company's business, financial condition and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company's exposure to market risk at October 31, 1999 has not changed materially from July 31, 1999, and reference is made to the more detailed disclosures of market risk included in the Company's Form 10-K for the fiscal year ended July 31, 1999 as filed with the U.S. Securities and Exchange Commission on October 29, 1999.

PART II.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

None.

(b) Reports on Form 8-K.

(1) The Registrant filed a Report on Form 8-K on August 16, 1999 pertaining to the execution of the Agreement and Plan of Reorganization with RiboGene.

(2) The Registrant filed another Report on Form 8-K on December 2, 1999 pertaining to the closing of the acquisition of RiboGene, and the

changing of the Registrant's name to Questcor Pharmaceuticals, Inc. The Registrant filed a Report on Form 8-K/A on December 14, 1999 amending that Form 8-K to include various historical and pro forma financial statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Hayward, County of Alameda, State of California, on the 15th day of December, 1999.

QUESTCOR PHARMACEUTICALS, INC.

By Charles J. Casamento

Charles J. Casamento
Chairman of the Board,
President and Chief Executive Officer
(Chief Executive Officer)

Michael D. Rose

Michael D. Rose
Acting Chief Financial Officer

(Principal Financial and Accounting Officer)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FORM 10
Q FOR THE PERIOD ENDED OCTOBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY
REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
JUL-31-2000
AUG-01-1999
OCT-31-1999
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