SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934.

For the quarterly period ended June 30, 1995

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 #0-14732

ADVANCED MAGNETICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-2742593
(State or other jurisdiction of organization)	(I.R.S. Employer Incorporation or Identification No.)

61 Mooney Street
Cambridge, MA 02138
(Address of principal executive offices)

Registrant's telephone number, including area code: (617) 497-2070

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 requirements for the past 90 days.

Yes __X__ No _____

At August 3, 1995, 6,745,992 shares of registrant's common stock (par value, $.01) were outstanding.

ADVANCED MAGNETICS, INC.
FORM 10-Q
QUARTER ENDED JUNE 30, 1995

PART I. FINANCIAL INFORMATION

Item 1 -- Financial Statements

ADVANCED MAGNETICS, INC.
BALANCE SHEET
JUNE 30, 1995 AND SEPTEMBER 30, 1994
(Unaudited)

ASSETS	June 30, 1995	September 30, 1994
Current assets:		
Cash and cash equivalents	$ 3,477,318	$ 6,462,193
Marketable securities (Note B)	35,725,442	33,199,085
Accounts receivable	1,847,773	248,390
Recoverable income taxes	143,617	90,117
Prepaid expenses	338,381	112,846
Total current assets	41,532,531	40,112,631
Property, plant and equipment:		
Land	360,000	360,000
Building	4,320,766	4,316,706
Laboratory equipment	6,763,656	5,598,456
Furniture and fixtures	514,082	324,453
	11,958,504	10,599,615
Less--accumulated depreciation and amortization	4,892,038	4,136,092
Net property, plant and equipment	7,066,466	6,463,523
Other assets	145,072	96,546
Total assets	$ 48,744,069	$ 46,672,700
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 599,210	$ 273,385
Accrued expenses	610,114	947,840
Total current liabilities	1,209,324	1,221,225
Stockholders' equity:		
Preferred stock, par value $.01 per share, authorized 2,000,000 shares; none issued	---	---
Common stock, par value $.01 per share, authorized 15,000,000 shares; issued and outstanding 6,741,867 shares at June 30, 1995 and 6,712,572 shares at September 30, 1994	67,419	67,126
Additional paid-in capital	45,009,586	44,660,834
Retained earnings	1,996,079	723,515
Unrealized gains on marketable		

securities	461,661	---
Total stockholders' equity	47,534,745	45,451,475
Total liabilities and stockholders' equity	$ 48,744,069	$ 46,672,700

The accompanying notes are an integral part of the financial statements.

ADVANCED MAGNETICS, INC.
STATEMENT OF OPERATIONS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
JUNE 30, 1995 AND 1994
(Unaudited)

	Three-Month Period Ended June 30,		Nine-Month Period Ended June 30,	
	1995	1994	1995	1994
Revenues:				
License fees	$ ---	$ 2,500,000	$ 5,000,000	$ 5,505,000
Royalties	38,366	---	38,366	13,461
Product sales	1,276,172	25,665	2,120,457	226,215
Interest, dividends and net gains and losses on sales of securities	575,172	535,896	1,695,827	1,422,048
Total revenues	1,889,710	3,061,561	8,854,650	7,166,724
Cost and expenses:				
Cost of product sales	256,333	5,133	425,187	44,033
Research and development expenses	2,578,498	1,671,133	6,158,014	5,020,285
Credit for purchase of in-process research and development (Note F)	---	---	(380,000)	---
Selling, general and administrative expenses	511,506	576,243	1,299,926	1,520,566
Total costs and expenses	3,346,337	2,252,509	7,503,127	6,584,884
Other income:				
Gain on sale of in-vitro product line (Note C)	---	---	---	2,649,580
Income (loss) before provision for income taxes	(1,456,627)	809,052	1,351,523	3,231,420
Provision (benefit) for income taxes	(178,500)	(96,500)	196,500	5,500
Income (loss) before cumulative effect of accounting change	(1,278,127)	905,552	1,155,023	3,225,920
Cumulative effect of accounting change (Note B)	---	---	117,540	---

Net income (loss)	$(1,278,127)	$ 905,552	$ 1,272,563	$ 3,225,920
Net income (loss) per share before cumulative effect of accounting change	$ (0.19)	$ 0.13	$ 0.17	$ 0.47
Cumulative effect of accounting change	---	---	0.02	---
Income (loss) per share	$ (0.19)	$ 0.13	$ 0.19	$ 0.47
Weighted average number of common and common equivalent shares	6,895,251	6,840,411	6,851,389	6,851,370

The accompanying notes are an integral part of the financial statements.

ADVANCED MAGNETICS, INC.
STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED
JUNE 30, 1995 AND 1994
(Unaudited)

	Nine-Month Periods Ended June 30,	
	1995	1994
Cash flows from operating activities:		
Cash received from customers	$ 5,961,705	$ 5,712,442
Cash paid to suppliers and employees	(6,984,616)	(6,381,265)
Dividends and interest received	1,255,921	846,451
Income taxes paid	(250,000)	(205,067)
Income tax refund	---	622,849
Net realized gains (losses) on sales of securities	(2,428)	169,696
Net cash provided by (used in) operating activities	(19,418)	765,106
Cash flows from investing activities:		
Proceeds from sales of securities	750,000	5,959,534
Proceeds from U.S. Treasury Notes maturing	2,987,638	---
Purchase of securities	(5,644,725)	(24,629,610)
Capital expenditures	(1,358,889)	(680,874)
(Increase) in other assets	(48,526)	(46,296)
Net cash (used in) investing activities	(3,314,502)	(19,397,246)
Cash flows from financing activities:		
Proceeds from issuances of common stock	349,045	462,280
Purchase of treasury stock	---	(316,589)
Net cash provided by financing activities	349,045	145,691
Net (decrease) in cash and cash equivalents	(2,984,875)	(18,486,449)

Cash and cash equivalents at beginning of the period	6,462,193	25,837,909
Cash and cash equivalents at end of the period	$ 3,477,318	$ 7,351,460

The accompanying notes are an integral part of the financial statements.

ADVANCED MAGNETICS, INC.
RECONCILIATION OF NET INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES
FOR THE NINE-MONTH PERIODS ENDED
JUNE 30, 1995 AND 1994
(Unaudited)

	Nine-Month Periods Ended June 30, 1995	1994
Net income	$ 1,272,563	$ 3,225,920
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Cumulative effect of accounting change	(117,540)	---
Credit for purchase of in-process research and development	(380,000)	---
Depreciation and amortization	755,946	627,321
Amortization of U.S. Treasury Notes Discount	(40,070)	---
(Increase) in accounts receivable	(1,599,383)	(438,135)
(Increase) decrease in prepaid expenses	(225,535)	313,449
(Decrease) increase in accounts payable and accrued expenses	368,101	(313,869)
Gain on sale of in-vitro product line	---	(2,649,580)
(Increase) in recoverable income taxes	(53,500)	---
Total adjustments	(1,291,981)	(2,460,814)
Net cash provided by (used in) operating activities	$ (19,418)	$ 765,106

The accompanying notes are an integral part of the financial statements.

ADVANCED MAGNETICS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1995

A. Summary of Accounting Policies.

The balance sheet of Advanced Magnetics, Inc. (the "Company") as of June 30, 1995 and the statement of operations and cash flows for the quarter then ended are unaudited and in the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been recorded. Such adjustments consisted only of

normal recurring items.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The year-end balance sheet data was derived from audited financial statements, but does not include disclosures required by generally accepted accounting principles. It is suggested that these interim financial statements be read in conjunction with the Company's most recent Form 10-K and Annual Report as of September 30, 1994.

B. Marketable Securities.

The cost and market value of the marketable securities portfolio are as follows:

	June 30, 1995	September 30, 1994
Cost	$ 35,263,781	$ 33,316,625
Market	$ 35,725,442	$ 33,199,085

The Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", in its first fiscal quarter ended December 31, 1994. Prior period financial statements have not been restated. The Company's current portfolio consists of securities classified as available-for-sales securities at fair market value. At June 30, 1995, net unrealized gains on marketable securities amounted to $461,661 and were recorded as a separate component of equity. The Company recorded a $117,540 unrealized loss on market value of securities in the fiscal year ended September 30, 1994. In the first fiscal quarter ended December 31, 1994, the Company recorded a cumulative effect of the accounting change of $117,540 including the reversal of the reserve for the carrying value of marketable securities. At June 30, 1995, 71% of the Company's portfolio was invested in U. S. Treasury Notes, 6% in corporate bonds, 17% in preferred stocks and 6% in common stocks.

C. Sale of In-Vitro Product Line.

On October 15, 1993, the Company sold its in-vitro product line to PerSeptive Biosystems, Inc. ("PerSeptive") for $4,156,674 in PerSeptive's common stock, plus an earn out based on 1995 revenues. The Company recognized a pre-tax gain of $2,649,580 on this sale in the first fiscal quarter of 1994.

D. Income Taxes.

The Company accounts for income taxes in conformance with FAS 109 "Accounting for Income Taxes," which requires the asset and liability approach for financial accounting and reporting for income taxes.

The provision for income taxes for the fiscal nine-month periods ended June 30, 1995 and 1994 was at a different rate than the U. S. Statutory rate for the following reasons:

	Nine-Month Periods Ended June 30, 1995	1994
U. S. Statutory Tax Rate	34.0%	34.0%

State income taxes, net of Federal benefit	---	0.4
Dividend Received Deduction	(5.6)	(8.5)
Amortization of Purchased Technology	(12.9)	(19.7)
Alternative Minimum Tax	13.4	---
Utilization of Net Operating Loss	(15.8)	---
Other	0.3	(5.8)
Effective Tax Rate	13.4%	0.4%

During the fiscal nine months ended June 30, 1995, the net change in the valuation allowance was a decrease of approximately $498,000. The decrease resulted from the realization of certain net operating loss and purchase technology carryforwards. During the fiscal nine months ended June 30, 1994, the net change in the valuation allowance was a decrease of approximately $582,000. The decrease resulted from the realization of certain operating loss and purchase technology carryforwards which were offset against the gain realization upon sale of the Company's in-vitro product line.

E. Legal Proceedings.

The Company and certain of its officers were sued in an action in the United States District Court for the District of Massachusetts on September 3, 1992. The plaintiff, a former consultant to the Company, claims that he was incorrectly omitted as an inventor or joint inventor on six of the Company's patents and on pending applications, and seeks injunctive relief and unspecified monetary damages. The plaintiff filed a related case in the Superior Court of the Commonwealth of Massachusetts. The Superior Court has dismissed some of the claims on summary judgment. While the final outcome of these actions cannot be determined, the Company believes that the plaintiff's claims are without merit and intends to defend the actions vigorously.

F. Agreements.

On August 30, 1994, the Company signed an agreement with Bristol-Myers Squibb Co. to reacquire the development and marketing rights to AMI-227 previously licensed to Squibb Diagnostics, a division of Bristol-Myers Squibb Co. ("Squibb"). As part of the transaction, Bristol-Myers Squibb Co. returned to the Company a warrant to purchase 600,000 shares of the Company's common stock, valued at $240,000. The Company agreed to pay Bristol-Myers Squibb Co. $1,000,000 in two cash payments, of which $500,000 was paid on August 30, 1994 and $500,000 was to be paid upon acceptance of 1,200 vials of the AMI-227 suitable for worldwide preclinical and clinical studies. Furthermore, the Company agreed to pay up to $2,750,000 for future royalties based on the Company's sales of AMI-227. In connection with the purchase, the Company recorded a charge of $760,000 in the fourth quarter of fiscal 1994 which represented the value of the purchase of in-process research and development. In the first quarter of fiscal 1995, the Company and Bristol-Myers Squibb Co. agreed that the 1,200 vials of AMI-227 delivered to the Company by Squibb were not acceptable. In addition, they agreed that any future delivery of AMI-227 under the agreement will not be required and that the Company will not be required to make the $500,000 payment. Accordingly, the Company recorded a credit for $380,000 to the purchase of in-process research and development and adjusted the value of the warrant to purchase 600,000 shares of the Company's common stock by $120,000 in the first quarter of fiscal 1995.

On February 1, 1995, the Company entered into an agreement with Berlex Laboratories, Inc. ("Berlex") granting Berlex a product license and exclusive marketing rights to the Company's Feridex I.V. (trademark) magnetic resonance imaging (MRI) contrast agent in the United States and Canada. Under the terms of the agreement, Berlex paid a $5,000,000 non-refundable license fee and will pay an additional $5,000,000 license fee when the product has been approved for commercial marketing in the United States by the U.S. Food and Drug Administration (FDA). In addition, the Company will receive payments for manufacturing the product and royalties on future sales. The Company submitted a New Drug Application (NDA) for Feridex I.V. to the FDA in February 1994 which was accepted for filing in April 1994.

On May 9, 1995, the Company entered into a Research and License Agreement with the General Hospital Corporation, a not-for-profit Massachusetts Corporation doing business as Massachusetts General Hospital ("MGH"). The agreement covers organ-specific, receptor-directed, ultrasmall superparamagnetic iron oxide for use as MRI contrast agents. The target organ for the initial collaboration is the pancreas. Minimum payment to MGH under the agreement is $300,000 payable quarterly but payments could exceed this amount depending on milestone achievements and product sales. In the fiscal third quarter ended June 30, 1995, the Company recorded a $75,000 quarterly research and development expense.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Since its inception, Advanced Magnetics, Inc. (the "Company") has focused its efforts on developing its core magnetic particle technology, primarily to develop MRI contrast agents. Advanced Magnetics has funded its operations with cash from license fees from corporate partners, royalties, sales of its in-vitro products, fees from contract research performed for third parties, the proceeds of financings, and income earned on invested cash. The Company has received substantial license fee revenues from licenses of both its MRI contrast agent technology and its in-vitro clinical laboratory technology. The Company has also received royalty revenues under licenses of its in-vitro clinical laboratory technology.

A substantial portion of the Company's expenses consists of research and development expenses. The Company expects its research and development expenses to increase as it funds clinical trials and associated toxicology and pharmacology studies and as it devotes resources to developing additional contrast agents and new therapeutic drugs.

The Company's revenues and operating results can vary substantially from period to period. In particular, the timing of the receipt by the Company of license fees has historically caused substantial variations in operating results from period to period. In addition, variations in revenues and expenses resulting from clinical trials, additional license or corporate partnering arrangements, timing of regulatory approvals and royalty payments may cause significant future variations in period to period results.

Results of Operations for the quarter ended June 30, 1995 as compared to the quarter ended June 30, 1994.

Revenues

Total revenues of the Company were $1,889,710 for the third fiscal quarter ended June 30, 1995 compared to $3,061,561 in the third

fiscal quarter ended June 30, 1994. The Company's revenues consisted primarily of direct sales of contrast agent products and investment income. The decrease in revenues of $1,171,851 resulted primarily from the absence of license fee revenues in the third fiscal quarter ended June 30, 1995 compared to $2,500,000 in the third fiscal quarter ended June 30, 1994, partially offset by an increase in direct product sales of $1,276,172 compared to direct product sales of $25,665 in the third fiscal quarter ended June 30, 1994.

The third fiscal quarter of 1994 included a non-refundable license fee of $2,500,000 paid by Sterling Winthrop, Inc., a subsidiary of Eastman Kodak Company ("Sterling"). The fee was a milestone payment for the Company's filing of a New Drug Application (NDA) with the FDA for the magnetic resonance liver imaging contrast agent Feridex I.V. The Company terminated its marketing and distribution agreement for the Feridex I.V. contrast agent with Sterling on October 6, 1994.

Product sales for the third fiscal quarter ended June 30, 1995 were $1,276,172 compared to $25,665 for the third fiscal quarter ended June 30, 1994. Product sales consisted primarily of $1,224,842 of Feridex I.V. contrast agent sales to Guerbet S.A., under the name Endorem (registered trademark). Product sales for the third fiscal quarter ended June 30, 1994 were $25,665 resulting from the initial product launch in December 1993 of Lumirem (registered trademark) (ferumoxsil), the Company's gastrointestinal imaging contrast agent in Europe.

Royalties revenues for the third fiscal quarter ended June 30, 1995 were $38,366 and were paid by Guerbet S.A. on European product sales of the Feridex I.V. imaging contrast agent. There were no royalties revenues for the third fiscal quarter ended June 30, 1994.

Interest, dividends and net gains and losses on sales of securities were $575,172 for the third fiscal quarter ended June 30, 1995 compared to $535,896 for the third fiscal quarter ended June 30, 1994. These amounts included an increase from interest and dividends to $575,172 in the third fiscal quarter ended June 30, 1995 from $522,844 in the third fiscal quarter ended June 30, 1994. The increase was primarily a result of an increase in interest revenue from the purchase of United States Treasury notes. There were no sales of securities in the third fiscal quarter ended June 30, 1995. In the third fiscal quarter ended June 30, 1994, there was a net gain on sales of securities of $13,052.

Costs and Expenses

The cost of product sales for the third fiscal quarter ended June 30, 1995 was $256,333 compared to $5,133 for the third fiscal quarter ended June 30, 1994. The cost of product sales was 20% of sales for both third quarters. The Company produced products for sale on a made-to-order basis only. Research and development expenses for the third fiscal quarter ended June 30, 1995 were $2,578,498, an increase of 54% compared to $1,671,133 for the third fiscal quarter ended June 30, 1994. The increase in research and development expenses was primarily due to expenditures for the Clinical Development Group in the Company's Princeton, New Jersey office, human clinical trials for certain of the Company's development stage products and a $200,000 milestone payment by the Company to Hafslund Nycomed A.S. of Oslo, Norway under an agreement concerning certain patent rights within the superparamagnetic subgroup of MRI contrast agent field. General and administrative expenses for the third fiscal quarter ended June 30, 1995 were $511,506, a decrease of 11% compared to $576,243 for the third fiscal quarter ended June 30, 1994. The decrease was primarily due to a decrease in legal and consulting fees.

Earnings

For the reasons stated above, there was a net loss of $1,278,127, or $(0.19) per share, for the third fiscal quarter ended June 30, 1995 compared to net income of $905,552, or $0.13 per share, for the third fiscal quarter ended June 30, 1994.

Results of Operations for the Nine Months Ended June 30, 1995 as Compared to the Nine Months Ended June 30, 1994

Revenues

Total revenues for the nine-month period ending June 30, 1995 increased 24% to $8,854,650 from $7,166,724 for the nine-month period ended June 30, 1994.

License fee revenues for the fiscal nine-month period ended June 30, 1995 were $5,000,000 compared to $5,505,000 for the fiscal nine-month period ended June 30, 1994. There was a $5,000,000 payment received on February 1, 1995 from Berlex under an agreement granting Berlex a product license and exclusive marketing rights to the Company's Feridex I.V. MRI contrast agent in the United States and Canada. License fee revenues for the fiscal nine-month period ended June 30, 1994 included a non-refundable license fee of $3,000,000 paid by Squibb Diagnostics and a non-refundable milestone license fee of $2,500,000 paid by Sterling.

Product sales for the fiscal nine-month period ended June 30, 1995 were $2,120,457 compared to $226,215 for the fiscal nine-month period ended June 30, 1994. Product sales included $2,013,868 of Feridex I.V. contrast agent sales to Guerbet S.A., the Company's European licensee. The product sales for the fiscal nine-month period ended June 30, 1994 were primarily for the launch of Lumirem (registered trademark) (ferumoxsil), the Company's gastrointestinal imaging contrast agent in Europe by Guerbet S.A.

Royalties revenues for the fiscal nine-month period ended June 30, 1995 were $38,366 compared to $13,461 for the fiscal nine-month period ended June 30, 1994.

Interest, dividends and gains and losses on sales of securities resulted in a gain of $1,695,827 in the fiscal nine-month period ended June 30, 1995 compared to a gain of $1,422,048 in the fiscal nine-month period ended June 30, 1994. These amounts include interest and dividend revenues of $1,698,255 for the fiscal nine-month period ended June 30, 1995 compared to $1,252,352 for the fiscal nine-month period ended June 30, 1994. The increase was primarily a result of an increase in interest revenue from the purchase of United States Treasury notes. Net gains (losses) for the sales of marketable securities was a loss of $(2,428) for the fiscal nine-month period ended June 30, 1995 compared to a net gain of $169,696 for the fiscal nine-month period ended June 30, 1994.

Costs and Expenses

The cost of product sales for the fiscal nine-month period ended June 30, 1995 related primarily to the sale in Europe of Endorem (ferumoxide), the Company's liver imaging contrast agent. The cost of products sales for the fiscal nine-month period ended June 30, 1994 related primarily to the sale in Europe of Lumirem (ferumoxsil), the Company's gastrointestinal imaging contrast agent. The cost of product sales for both nine-month periods was 20% of sales. The Company produced products for sale on a made-to-order

basis only. Research and development expenses for the fiscal nine-month period ended June 30, 1995 increased 23% to $6,158,014 from $5,020,285 for the fiscal nine-month period ended June 30, 1994. The increase in research and development expenses was primarily due to expenditures for the newly formed Clinical Development Group in the Company's Princeton, New Jersey office, human clinical trials for several of the Company's development stage products and a $200,000 milestone payment by the Company to Hafslund Nycomed S.A. of Oslo, Norway. In the first fiscal quarter, the Company and Bristol-Myers Squibb Co. agreed that the 1,200 vials of AMI-227 delivered were not acceptable. In addition, they agreed that any future delivery of AMI-227 under the agreement will not be required and that the Company will not be required to make the $500,000 payment. Accordingly, the Company recorded a credit for $380,000 to the purchase of in-process research and development as well as a $120,000 adjustment to the value of the warrant to purchase 600,000 shares of the Company's common stock. General and administrative expenses for the fiscal nine-month period ended June 30, 1995 of $1,299,926 decreased 15% from $1,520,566 for the fiscal nine-month period ended June 30, 1994. The decrease was primarily due to a decrease in legal and consulting fees.

Other

In the fiscal nine-month period ended June 30, 1994, the Company recognized a pre-tax gain of $2,649,580 from the sale of its in-vitro product line to PerSeptive Biosystems, Inc. on October 15, 1993.

The company adopted Statement of Financial Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", in the first quarter of fiscal 1995. As a result, the Company recorded a cumulative effect for the accounting change of $117,540. Income before the cumulative effect was $1,155,023.

Income Taxes

The income tax provision for the fiscal nine-month period ended June 30, 1995 was $196,500 or 13.4% of income before taxes. The income tax provision for the fiscal nine-month period ended June 30, 1994 was $5,500 (Note D).

Earnings

For the reasons stated above, net income for the fiscal nine-month period ended June 30, 1995 was $1,272,563, or $0.19 per share, compared to net income of $3,225,920, or $0.47 per share, for the fiscal nine-month period ended June 30, 1994.

Liquidity and Capital Resources

At June 30, 1995, the Company's cash and cash equivalents totaled $3,477,318, representing a decrease of $2,984,875 from cash and cash equivalents at September 30, 1994. Additionally, the Company had marketable securities of $35,725,442 at June 30, 1995 compared to $33,199,085 at September 30, 1994. Cash used in operating activities was $19,418 for the fiscal nine-month period ended June 30, 1995 compared to $765,106 cash provided by operating activities for the fiscal nine-month period ended June 30, 1994. Cash used in investing activities was $3,314,502 for the fiscal nine-month period ended June 30, 1995 compared to $19,397,246 for the fiscal nine-month period ended June 30, 1994. Cash used in investing activities for the fiscal nine-month period ended June 30, 1995 includes the purchase of United States Treasury notes at a cost of $4,003,516. Cash used in investing activities for the fiscal nine-month period ended June 30, 1994 included the purchase of

United States Treasury notes at a cost of $22,290,547. Cash provided by financing activities for the fiscal nine-month period ended June 30, 1995 was $349,045 which resulted from issuance of common stock under employee stock option and purchase plans. Cash used by financing activities for the fiscal nine-month period ended June 30, 1994 was $145,691.

Capital expenditures for the fiscal nine-month period ended June 30, 1995 were $1,358,889 compared to $680,874 in the fiscal nine-month period ended June 30, 1994. The increase in capital expenditures for the fiscal nine-month period ended June 30, 1995 was primarily attributable to an upgrade in the Company's magnetic resonance imaging equipment and for the expenses associated with the newly formed Clinical Development Group in the Company's Princeton, New Jersey office. The Company has not planned any near term additional acquisitions or major equipment expenditures and believes its available cash and cash equivalents and marketable securities are sufficient to meet its anticipated needs through fiscal 1996.

The Company expects that its expenditures for research and development for the 1995 fiscal year will increase significantly compared to the fiscal year ended September 30, 1994. The expected increase in research and development expenses is due to the newly formed Clinical Development Group responsible for human clinical trials for the Company's development stage products and the funding for the development of additional contrast agents and antiviral therapeutics for treatment of hepatitis.

Management believes that the Company's current operations are not materially impacted by the effects of inflation.

PART II. OTHER INFORMATION

Item 6. Exhibits

Statement Recomputation of Per Share Earnings is filed as Part II, Exhibit 11, of this report.

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.

ADVANCED MAGNETICS, INC.

Date August 9, 1995 By /s/ Jerome Goldstein
Jerome Goldstein, President, Treasurer and Chairman of the Board of Directors

Date August 9, 1995 By /s/ Anthony P. Annese
Anthony P. Annese, Vice

President and Principal
Accounting Officer

ADVANCED MAGNETICS, INC.

Exhibit 11 - Statement Recomputation of Per Share Earnings
Attached to and made part of Part II of Form 10-Q for the
Three-Month and Nine-Month Periods Ended June 30, 1995 and 1994
(unaudited)

	Three-Month Periods Ended June 30,		Nine-Month Periods Ended June 30,	
	1995	1994	1995	1994
Weighted average number of shares issued and outstanding	6,731,245	6,697,203	6,724,384	6,684,084
Assumed exercise of options reduced by the number of shares which could have been purchased with the proceeds of those options	164,006	96,266	127,005	106,937
Assumed exercise of warrants reduced by the number of shares could have been purchased with the proceeds of those warrants	---	46,942	---	60,349
As adjusted	6,895,251	6,840,411	6,851,389	6,851,370

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<TOTAL-REVENUES>	1,889,710
<CGS>	256,333
<TOTAL-COSTS>	3,346,337
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	0
<INCOME-PRETAX>	(1,456,627)
<INCOME-TAX>	(178,500)
<INCOME-CONTINUING>	0
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(1,278,127)
<EPS-PRIMARY>	(.19)
<EPS-DILUTED>	0