U.S. 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, 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 number 0-26866

SONUS PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	95-4343413
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

22026 20TH AVE. S.E., SUITE 102, BOTHELL, WASHINGTON 98021
(Address of Principal Executive Offices)

(425) 487-9500
(Registrant's Telephone Number, Including Area Code)

Indicate by check whether the issuer (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__

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date.

Class	Outstanding at October 31, 1997
Common Stock, $.001 par value	8,598,827

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Exhibit is on Page 12

SONUS PHARMACEUTICALS, INC.
INDEX TO FORM 10-Q

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SONUS PHARMACEUTICALS, INC.
BALANCE SHEETS

<TABLE>
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	SEPTEMBER 30, 1997	DECEMBER 31, 1996
ASSETS	(UNAUDITED)	
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Current assets:		
Cash and cash equivalents	$ 7,254,351	$ 7,236,615
Marketable securities	18,605,097	17,894,450
Prepaid expenses and other current assets	325,718	397,733
Total current assets	26,185,166	25,528,798
Equipment, furniture and leasehold improvements, net of accumulated depreciation of $1,568,001 and $1,144,721	1,610,722	1,168,503
Other assets	40,667	64,878
Total assets	$ 27,836,555	$ 26,762,179
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank line of credit	$ 5,000,000	$ 5,000,000
Accounts payable and accrued expenses	2,959,633	2,203,806
Accrued clinical trial expenses	1,616,596	1,213,563
Deferred revenue	--	1,000,000
Current portion of capitalized lease obligations	210,624	228,049
Total current liabilities	9,786,853	9,645,418
Capitalized lease obligations, less current portion	110,446	239,511
Commitments		
Stockholders' equity:		
Preferred stock, $.001 par value: 5,000,000 authorized; no shares issued or outstanding	--	--
Common stock, $.001 par value:		

20,000,000 shares authorized; 8,598,827 and 8,530,911 shares issued and outstanding in 1997 and 1996, respectively .	34,665,004	34,275,015
Accumulated deficit	(16,703,444)	(17,355,374)
Deferred compensation	(22,304)	(42,391)
Total stockholders' equity	17,939,256	16,877,250
Total liabilities and stockholders' equity	$ 27,836,555	$ 26,762,179

</TABLE>

See accompanying notes to financial statements.

SONUS PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
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	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenues:				
Collaborative agreements	$ 4,700,000	$ 6,400,000	$ 14,500,000	$ 11,200,000
Operating expenses:				
Research and development	3,921,921	2,495,893	9,415,246	9,380,292
General and administrative	2,162,093	923,611	4,976,441	2,659,356
	6,084,014	3,419,504	14,391,685	12,039,648
Operating income (loss)	(1,384,014)	2,980,496	108,313	(839,648)
Other income (expense):				
Interest income	294,550	204,711	815,551	506,768
Interest expense	(32,712)	(43,462)	(94,260)	(172,157)
Income (loss) before income taxes	(1,122,176)	3,141,745	829,604	(505,037)
Income taxes	--	340,000	190,000	420,000
Net income (loss)	$ (1,122,176)	$ 2,801,745	$ 639,604	$ (925,037)
Net income (loss) per share	$ (0.13)	$ 0.31	$ 0.07	$ (0.11)
Shares used in computation of net income (loss) per share	8,573,029	9,130,921	9,166,890	8,467,100

</TABLE>

See accompanying notes to financial statements.

SONUS PHARMACEUTICALS, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income (loss)	$ 639,604	$ (925,037)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	443,367	347,451
Amortization of premium (discount) on marketable securities	(35,058)	32,541
Realized loss on marketable securities	28,154	--
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	96,226	(105,743)
Accounts payable and accrued expenses	755,828	849,557
Accrued clinical trial expenses	403,033	(62,639)
Deferred revenue	(1,000,000)	--
Net cash provided by operating activities	1,331,154	136,130
INVESTING ACTIVITIES:		
Purchases of equipment, furniture and leasehold improvements	(865,499)	(259,190)
Purchases of marketable securities	(27,731,702)	(56,969,288)
Proceeds from sale of marketable securities	15,797,079	50,484,820
Proceeds from maturities of marketable securities	11,243,205	2,895,942
Net cash used in investing activities	(1,556,917)	(3,847,716)
FINANCING ACTIVITIES:		
Proceeds from line of credit	15,000,000	16,400,000
Repayment of line of credit	(15,000,000)	(16,400,000)
Repayment of capitalized lease obligations	(146,490)	(162,057)
Proceeds from issuance of common stock and warrants	389,989	4,143,173
Net cash provided by financing activities	243,499	3,981,116
Change in cash and cash equivalents for the period	17,736	269,530
Cash and cash equivalents at beginning of period	7,236,615	5,656,621
Cash and cash equivalents at end of period	$ 7,254,351	$ 5,926,151
Supplemental cash flow information:		
Interest paid	$ 87,928	$ 178,106
Income taxes paid	$ 105,272	$ 420,000

</TABLE>

See accompanying notes to financial statements.

SONUS PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required to be presented for complete

financial statements. The accompanying financial statements reflect all adjustments (consisting only of normal recurring items) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented.

The financial statements and related disclosures have been prepared with the assumption that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year. Accordingly, these financial statements should be read in conjunction with the audited financial statements and the related notes thereto included in the Form 10-K for the year ended December 31, 1996.

2. RECENT PRONOUNCEMENTS

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. The new rule will require specific disclosure of both diluted earnings per share and earnings per share calculated without the dilutive impact of stock options or convertible securities. When adopted the Company believes there will be no material difference between reported earnings per share and diluted earnings per share for any period presented.

In June 1997, the Financial Accounting Standards Board issued Statement No. 130, Reporting Comprehensive Income, which is required to be adopted on December 31, 1998. The new rule will require the presentation of comprehensive income and the components of comprehensive income on the Statement of Operations. When adopted the Company believes there will be no material difference between reported net income and comprehensive income for any period presented.

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

OVERVIEW

The Company is primarily engaged in the research and development of proprietary contrast agents for use in ultrasound imaging. The Company has financed its research and development and clinical trials through payments received under agreements with its collaborative partners, private equity and debt financings, and an initial public offering completed in October 1995. Clinical trials of the Company's principal product under development, EchoGen(R) Emulsion, began in January 1994. The Company has completed various Phase 1, 2 and Phase 3 clinical trials of EchoGen since 1994 and, in August 1996, submitted a New Drug Application ("NDA") with the United States Food and Drug Administration ("FDA"). In November 1996, the Company submitted a Marketing Authorization Application ("MAA") for EchoGen with the European Medicines Evaluation Agency ("EMEA").

On April 21, 1997, the United States District Court for the District of Columbia issued an order of preliminary injunction against the FDA from continuing any approval or review procedures with respect to EchoGen and three other ultrasound contrast agents until the FDA resolved the merits of various Citizen Petitions that were filed with the FDA. The Citizen Petition filed by SONUS asked that all ultrasound contrast agents be regulated through the Center for Drug Evaluation and Research ("CDER") rather than through the Center for Devices and Radiological Health ("CDRH"). Two other Citizen Petitions were filed with the FDA on the same issue. On July 29, 1997, the FDA released a consolidated response to the Citizen Petitions with a determination that all ultrasound contrast agents will be regulated as drugs rather than as devices and on August 5, 1997, the court lifted the injunction on the FDA, allowing resumption of approval and review procedures with respect to the EchoGen NDA.

The Company will not be able to commence sales of EchoGen in the United States or various international markets unless and until it receives the appropriate regulatory approvals in the United States and international markets, respectively. To date, all of the Company's revenues have been derived from agreements with third parties for the collaborative development of EchoGen worldwide.

In May 1996, the Company formed a strategic alliance with Abbott

Laboratories ("Abbott") for marketing and selling EchoGen in the United States. Under the agreement, Abbott has agreed to pay the Company an aggregate of $31.0 million in up-front, clinical support and milestone payments, of which $20.0 million has been paid as of September 30, 1997. In addition, Abbott purchased in May 1996, for $4.0 million, warrants to acquire 500,000 shares of common stock of the Company, equal to approximately six percent (6%) of the Company's outstanding common stock. The warrants are exercisable over five years at $16.00 per share. In October 1996, the Company and Abbott entered into an agreement expanding Abbott's territory to include Europe, Latin America, Canada, Middle East, Africa and certain Asia/Pacific countries. Under the October 1996 agreement, Abbott has agreed to pay the Company $34.6 million in license and milestone payments, a portion of which will be credited against future royalties once EchoGen is approved for commercial sale. As of September 30, 1997, $7.1 million has been paid to the Company by Abbott under the October 1996 agreement of which $2.1 million are creditable against future royalties.

The Company has granted Daiichi Pharmaceutical Co. Ltd. ("Daiichi"), exclusive marketing and distribution rights to EchoGen in certain countries in the Pacific Rim. As of September 30, 1997, Daiichi has paid the Company option, license and milestone fees totaling $12.8 million and has agreed to pay an additional $19.2 million in the form of milestone payments conditioned on the achievement of certain clinical development, regulatory and commercialization milestones in Japan.

The Company's results of operations have varied and will continue to vary significantly from quarter to quarter and depend on, among other factors, the timing of fees and milestone payments made by collaborative partners, the entering into product license agreements by the Company and the timing and costs of the clinical trials conducted by the Company. The Company's current collaborative partners can terminate their agreements at any time, and there can be no assurance that the Company will receive any additional funding or milestone payments.

RESULTS OF OPERATIONS

Revenue from collaborative agreements was $4.7 million for the three months ended September 30, 1997 compared with $6.4 million for the three months ended September 30, 1996. The revenue in the current period represents a regular quarterly payment from Abbott of $1.0 million, as well as milestone payments from Abbott of $3.7 million including a $2.0 million payment from Abbott resulting from the Food and Drug Administration's ("FDA") notification that a Medical Imaging Drug Advisory Committee meeting is not necessary to complete the review of the EchoGen NDA. The revenue in the prior period represents $3.0 million and $3.4 million of payments under the license agreements with Abbott and Daiichi, respectively. For the first nine months of 1997, revenue from collaborative agreements increased to $14.5 million for the nine months ended September 30, 1997 as compared to $11.2 million for the nine months ended September 30, 1996.

Research and development expenses increased to $3.9 million for the three months ended September 30, 1997 compared with $2.5 million for the three months ended September 30, 1996, primarily due to ongoing and new clinical trials investigating additional indications for EchoGen, and an expansion in research activities. For the first nine months of 1997, research and development expenses were $9.4 million, approximately the same as the prior year period.

General and administrative expenses were $2.2 million for the three months ended September 30, 1997 compared with $0.9 million for the three months ended September 30, 1996. For the first nine months of 1997, general and administrative expenses were $5.0 million as compared to $2.7 million for the nine months ended September 30, 1996. The increase in 1997 reflects an increase in the costs of filing, prosecuting and protecting patents and patent applications, the implementation of marketing programs in anticipation of FDA approval of the EchoGen NDA and planned product launch of EchoGen, and growth in support personnel.

The Company anticipates total operating expenses will increase in future quarters due to on-going and planned clinical trials to study additional indications for EchoGen and due to higher marketing and administrative expenses as the Company continues to prepare for commercialization of EchoGen. The Company may also incur significant expenses relating to legal matters - see "Legal Proceedings". In addition, revenues in future quarters are partially dependent upon the timing of certain regulatory milestones.

Interest income increased to $295,000 and $816,000 for the three and

nine months ended September 30, 1997 as compared to $205,000 and $507,000 for the three and nine months ended September 30, 1996, respectively, primarily reflecting a larger average invested cash balance as a result of payments from the Abbott and Daiichi strategic alliances.

Income tax expense was $0 and $340,000 for the three months ended September 30, 1997 and 1996 and was $190,000 and $420,000 for the nine months ended September 30, 1997 and 1996, respectively. Income tax expense primarily represents withholding taxes relating to the collaborative payments received from Daiichi.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations with payments from collaborative partners, proceeds from an initial public offering, proceeds from the issuance of stock and warrants, and a $5.0 million line of credit. At September 30, 1997, the Company had cash, cash equivalents and marketable securities of $25.9 million, compared to $25.1 million at December 31, 1996. Cash provided by operations for the nine months ended September 30, 1997 was $1.3 million as compared to $136,000 for the nine months ended September 30, 1996. Cash used in operations for the three months ended September 30, 1997 was $645,000 as compared to cash provided by operations of $3.0 million for the three months ended September 30, 1996.

In August 1997, the Company renewed a loan agreement with Silicon Valley Bank which provides for a $5.0 million revolving line of credit facility, which is secured by the tangible assets of the Company. At September 30, 1997 there was $5.0 million outstanding under the line of credit. The line of credit expires in August 1998 and bears interest at the prime rate plus 1.0% per annum and the Company is required to maintain certain minimum balances of cash, cash equivalents and marketable securities.

The Company expects that its cash needs will increase in future periods due to ongoing and planned clinical trials of EchoGen, the initiation of clinical trials for additional applications of the Company's technology and expenses to be incurred in connection with the commercialization of EchoGen and litigation. The Company estimates that existing cash, cash equivalents and marketable securities will be sufficient to meet the Company's capital requirements for at least the next 12 months. The Company's future capital requirements will, however, depend on many factors, including the progress of the Company's research and development programs, clinical trials, the time and costs required to gain regulatory approvals, the ability of the Company to obtain and retain continued funding from third parties under collaborative agreements, the costs of filing, prosecuting and enforcing patents, patent applications, patent claims and trademarks, the costs of marketing and distribution, the status of competing products and the market acceptance of the Company's products, if and when approved. The Company may have to raise substantial additional funds to complete development of any product or to commercialize any products if and when approved by the FDA. There can be no assurance that additional financing will be available on acceptable terms, if at all.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. Examples of these forward-looking statements include, but are not limited to, (i) the progress and results of clinical trials, (ii) future regulatory and marketing approvals, (iii) the anticipated outcome or financial impact of litigation, (iv) market acceptance of the Company's products and future product revenues, and (v) the future uses of capital and financial needs of the Company. While these statements are made by the Company based on management's current beliefs and judgment, they are subject to risks and uncertainties that could cause actual results to vary.

In evaluating such statements, stockholders and investors should specifically consider a number of factors and assumptions, including those discussed in the text and the financial statements and their accompanying footnotes in this Report and the risk factors detailed from time to time in the Company's filings with the Securities and Exchange Commission. As discussed in the Company's annual report on Form 10-K for the year ended December 31, 1996, actual results could differ materially from those projected in the forward-looking statements as a result of the following factors, among others: uncertainty of governmental regulatory requirements in the United States and

foreign countries; lengthy regulatory approval process; uncertainty of safety and efficacy; uncertainty of clinical trials; uncertainty of market acceptance; competitive products; future capital requirements and uncertainty of additional funding and dependence on third parties for manufacturing, marketing and sales.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On August 1, 1997, the Company was notified of a lawsuit filed in the U.S. District Court for the District of Columbia by Molecular Biosystems, Inc. (MBI) and Mallinckrodt, Inc. against SONUS, Nycomed Imaging A.S. (Nycomed), ImaRx Pharmaceutical Corp., DuPont Merck and Bracco International BV. The suit alleges that certain of the companies' ultrasound contrast agent patents are invalid and that SONUS has made false public statements and engaged in other actions intended to damage MBI and a proposed MBI product, Optison(TM). On September 3, 1997, the Company was notified that Nycomed filed a claim against SONUS in this action alleging that a Nycomed patent is entitled to priority over one of SONUS' patents and that the SONUS patent is invalid. No discovery proceedings have been undertaken in connection with this action. However, based on the extensive patent investigations that have been undertaken by the Company and other information presently available to the Company, the Company believes this suit is without merit and will vigorously defend and assert its rights under its eight U.S. patents to fluorocarbon-based ultrasound contrast agents. The Company believes the lawsuit will not affect the EchoGen New Drug Application review nor will it have any adverse impact on the marketing of EchoGen following approval, if obtained.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Number	Description
11.1	Computation of net income (loss) per share
27.1	Financial Data Schedule

(b) REPORTS ON FORM 8-K

The Company filed no reports on Form 8-K during the quarter ended September 30, 1997.

ITEMS 2, 3, 4 AND 5 ARE NOT APPLICABLE AND HAVE BEEN OMITTED.

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.

SONUS PHARMACEUTICALS, INC.

Date: November 4, 1997

By: /s/ Gregory Sessler

Gregory Sessler
Chief Financial Officer and

Assistant Secretary

EXHIBIT 11.1

SONUS PHARMACEUTICALS, INC.
COMPUTATION OF NET INCOME (LOSS) PER SHARE

<TABLE>
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	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Net income (loss)	$(1,122,176)	$ 2,801,745	$ 639,604	$ (925,037)
Weighted average shares outstanding	8,573,029	8,490,201	8,573,029	8,467,100
Net effect of common stock equivalents using the treasury stock method	--	640,790	593,861	--
Shares used in computation of net income (loss) per share	8,573,029	9,130,991	9,166,890	8,467,100
Net income (loss) per share	$ (0.13)	$ 0.31	$ 0.07	$ (0.11)

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