U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

☑ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **June 30, 2008**

☐ For the transition period from _ to _.

Commission File Number 0-8092

OXIS International, Inc.
(Exact name of small business issuer as specified in its charter)

Delaware	**94-1620407**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification number)**

323 Vintage Park Drive, Suite B, Foster City, CA 94404
(Address of principal executive offices and zip code)
(650) 212-2568
(Registrant's telephone number, including area code)

Check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 ☑ NO ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☑

At August 19, 2008, the issuer had outstanding the indicated number of shares of common stock: 46,850,809.

Transitional Small Business Disclosure Format YES ☐ NO ☑

OXIS INTERNATIONAL, INC.
FORM 10-QSB
For the Quarter Ended June 30, 2008

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
As of June 30, 2008 and December 31, 2007

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 232,000	$ 1,140,000
Accounts receivable, net	267,000	830,000
Inventory	235,000	520,000
Prepaid expenses and other current assets	86,000	129,000
Deferred tax assets	—	8,000
Total Current Assets	820,000	2,627,000
Property, plant and equipment, net	46,000	169,000
Patents, net	514,000	561,000
Goodwill and other assets, net	7,000	1,500,000
Total Other Assets	567,000	2,230,000
TOTAL ASSETS	$ 1,387,000	$ 4,857,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable	$ 1,343,000	$ 1,034,000
Accrued expenses	1,009,000	1,039,000
Income tax payable	—	—
Warrant liability	668,000	244,000
Accrued derivative liability	60,000	89,000
Convertible debentures, net of discounts of $216,000 and $552,000	1,074,000	797,000
Total Current Liabilities	4,154,000	3,203,000
Long-term deferred taxes	—	25,000
Total Liabilities	4,154,000	3,228,000
Minority interest	—	866,000
Stockholders' Equity (Deficit):		
Convertible preferred stock - $0.01 par value; 15,000,000 shares authorized:	—	—
Series B - 0 and 0 shares issued and outstanding at June 30, 2008 and December 31, 2007, respectively (aggregate liquidation preference of $1,000)	—	—
Series C - 96,230 and 96,230 shares issued and outstanding at June 30, 2008 and December 31, 2007, respectively	1,000	1,000
Common stock - $0.001 par value; 150,000,000 shares authorized; 46,850,809 and 46,850,809 shares issued and outstanding at June 30, 2008 and December 31, 2007, respectively	47,000	47,000
Additional paid-in capital	71,077,000	70,980,000
Accumulated deficit	(73,475,000)	(69,848,000)
Accumulated other comprehensive loss	(417,000))	(417,000)
Total Stockholders' Equity (Deficit)	(2,767,000)	763,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 1,387,000	$ 4,857,000

The accompanying condensed notes are an integral part of these consolidated financial statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
For the Three Months and Six Months Ended June 30, 2008 and 2007

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Revenue:				
Product revenues	$ 1,361,000	$ 1,207,000	$ 2,845,000	$ 2,475,000
License revenues	115,000	606,000	159,000	729,000
TOTAL REVENUE	1,476,000	1,813,000	3,004,000	3,204,000
Cost of Product Revenue	738,000	773,000	1,595,000	1,502,000
Gross profit	738,000	1,040,000	1,410,000	1,702,000
Operating Expenses:				
Research and development	88,000	194,000	274,000	367,000
Selling, general and administrative	352,000	441,000	1,165,000	1,382,000
Total operating expenses	440,000	635,000	1,439,000	1,749,000
Income (Loss) from Operations	298,000	405,000	(29,000)	(47,000)
Other Income (expenses):				
Loss on disposition of asset	(2,873,000)	—	(2,873,000)	—
Interest income	4,000	—	12,000	25,000
Other income	16,000	13,000	28,000	33,000
Change in value of warrant and derivative liabilities	(1,000)	1,053,000	(396,000)	1,117,000
Interest expense	(254,000)	(259,000)	(511,000)	(500,000)
Other expense	—	8,000	—	—
Total Other Income (Expense)	(3,108,000)	815,000	(3,740,000)	675,000
Loss before minority interest and provision for income taxes	(2,810,000)	1,220,000	(3,769,000)	628,000
Minority Interest in Subsidiary	(277,000)	(57,000)	(222,000)	(134,000)
Income (loss) before provision for income taxes	(2,533,000)	1,163,000	(3,547,000)	494,000
Provision for income taxes	—	78,000	80,000	183,000
Net income (loss)	$ (2,533,000)	$ 1,085,000	$ (3,627,000)	$ 311,000
Earnings (Loss) Per Share				
Basic	$ (0.02)	$ 0.02	$ (0.08)	$ 0.01
Diluted	$ (0.02)	$ 0.02	$ (0.08)	$ 0.01
'eighted Average Shares Outstanding				
Basic	46,850,809	44,527,476	46,850,809	44,527,476
Diluted	46,850,809	44,823,548	46,850,809	44,884,985

The accompanying condensed notes are an integral part of these consolidated financial statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statement of Stockholders' Equity (Deficit)
For the Six Months Ended June 30, 2008

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance, December 31, 2007	96,230	$ 1,000	46,850,809	$ 47,000	$ 70,980,000	$ (69,848,000)	$ (417,000)	$ 763,000
Stock compensation expense for options issued to non-employees					82,000			82,000
Stock compensation expense for options issued to employees					15,000			15,000
Net income						(3,627,000)		(3,627,000)
Balance, June 30, 2008	96,230	$ 1,000	46,850,809	$ 47,000	$ 71,077,000	$ (73,475,000)	$ (417,000)	$ (2,767,000)

The accompanying condensed notes are an integral part of these consolidated financial statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2008 and 2007

	Six Months Ended June 30, 2008 (unaudited)	Six Months Ended June 30, 2007 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (3,627,000)	$ 311,000
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on disposition of asset	2,873,000	—
Depreciation of property, plant and equipment	16,000	37,000
Amortization of intangible assets	21,000	79,000
Stock compensation expense for options and warrants issued to employees and non-employees	97,000	296,000
Amortization of debt discounts	336,000	334,000
Change in value of warrant and derivative liabilities	395,000	(1,117,000)
Minority interest in subsidiary	—	135,000
Changes in operating assets and liabilities:		
Accounts receivable	(695,000)	(394,000)
Inventory	(371,000)	31,000
Prepaid expense and other current assets	68,000	50,000
Accounts payable	9,000	185,000
Accrued expenses	(30,0000	128,000
Accounts payable to related party	—	7,000
Net cash used in operating activities	(908,000)	82,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from restricted certificate of deposit	—	3,060,000
Capital expenditures	—	—
Increase in patents	—	(82,000)
Net cash provided by investing activities	—	2,978,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of short-term borrowings	—	(3,060,000)
Net cash provided by financing activities	—	(3,060,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(908,000)	—
CASH AND CASH EQUIVALENTS - Beginning of period	1,140,000	1,208,000
CASH AND CASH EQUIVALENTS - End of period	$ 232,000	$ 1,208,000

The accompanying condensed notes are an integral part of these consolidated financial statements.

OXIS INTERNATIONAL, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008
(UNAUDITED)

Note 1 -- The Company and Summary of Significant Accounting Policies

The unaudited consolidated financial statements have been prepared by Oxis International, Inc. (the "Company"), pursuant to the rules and regulations of the Securities Exchange Commission ("SEC"). The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-KSB filed with the SEC on April 11, 2008. The results for the three months and six months ended June 30, 2008 are not necessarily indicative of the results to be expected for the full year ending December 31, 2008.

Organization and Line of Business

OXIS International, Inc. with its subsidiaries (collectively, "OXIS" or the "Company") is engaged in the development of research assays, nutraceutical and therapeutic products, which include new technologies applicable to conditions and diseases associated with oxidative stress. OXIS derives its revenues primarily from sales of research assays to research laboratories. The Company's diagnostic products include 26 research assays to measure markers of oxidative and nitrosative stress.

In 1965, the corporate predecessor of OXIS, Diagnostic Data, Inc., was incorporated in the State of California. Diagnostic Data changed its incorporation to the State of Delaware in 1972; and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc. The Company's principal executive offices were relocated to Foster City, California from Portland, Oregon on February 15, 2006.

The Company had a net loss of $2,533,000 and $3,627,000 for the three months and six months ended June 30, 2008 compared to net income of $1,085,000 and $311,000 for the three months and six months ended June 30, 2007. The net loss in the first six months of 2008 was primarily affected by the loss on disposition of investment in subsidiary of $2,873,000 and non-cash expense relating to an increase in warrant and derivative liabilities of $396,000, as well as interest expense associated with notes payable of $511,000. Net income in the first six months of 2007 was primarily affected by non-cash income relating to a decrease in warrant and derivative liabilities.

Going Concern

The Company incurred income (loss) from operations of $298,000 and $(29,000) compared to $405,000 and $(47,000) for the three months and six months ended June 30, 2008 and 2007, respectively. Net loss for the six months ended June 30, 2008 was primarily affected by the disposition of investment in subsidiary and by non-cash expenses relating to changes in value of warrant and derivative liabilities.

As shown in the accompanying consolidated financial statements, the Company has incurred an accumulated deficit of $73,475,000 through June 30, 2008. On a consolidated basis, the Company had cash and cash equivalents of $232,000 at June 30, 2008. The Company will need to seek additional loan and/or equity financing to pay for basic operating costs, or to expand operations, implement its marketing campaign, or hire additional personnel.

The current rate of cash usage raises substantial doubt about the Company's ability to continue as a going concern, absent any new sources of significant cash flows. In an effort to mitigate this near-term concern, the Company is seeking additional equity financing to obtain sufficient funds to sustain operations. The Company plans to increase revenues by introducing new products. However, the Company may not successfully obtain debt or equity financing on terms acceptable to the Company, or at all, that will be sufficient to finance its goals or to increase product related revenues. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue operations.

Use of Estimates

The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities revenues and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Revenue Recognition

Product Revenue

The Company manufactures, or has manufactured on a contract basis, research and clinical diagnostic assays and fine chemicals, which are the Company's primary products sold to customers. Revenue from the sale of the Company's products, including shipping fees, is recognized when title to the products is transferred to the customer which usually occurs upon shipment or delivery, depending upon the terms of the sales order and when collectability is reasonably assured. Revenue from sales to distributors of the Company's products is recognized, net of allowances, upon delivery of product to the distributors. According to the terms of individual distributor contracts, a distributor may return product up to a maximum amount and under certain conditions contained in its contract. Allowances are calculated based upon historical data, current economic conditions and the underlying contractual terms. The Company's mix of product sales are substantially at risk to market conditions and demand, which may change at anytime.

License Revenue

License arrangements may consist of non-refundable upfront license fees, exclusive licensed rights to patented or patent pending technology, and various performance or sales milestones and future product royalty payments. Some of these arrangements are multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by the Company, and require no consequential continuing involvement on its part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered. The Company defers recognition of non-refundable upfront fees if it has continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of the Company's performance under the other elements of the arrangement. In addition, if the Company has continuing involvement through research and development services that are required because the Company's know-how and expertise related to the technology is proprietary to the Company, or can only be performed by the Company, then such up-front fees are deferred and recognized over the period of continuing involvement.

Royalty Revenue

The Company recognizes royalty revenues from licensed products when earned in accordance with the terms of the license agreements. Net sales figures used for calculating royalties include deductions for costs of unsaleable returns, managed care chargebacks, cash discounts, freight and warehousing, and miscellaneous write-offs.

Segment Reporting

The Company operates in one reportable segment.

Derivative Instruments

In February 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments, an Amendment of FASB Standards No. 133 and 140" (hereinafter "SFAS No. 155"). This statement established the accounting for certain derivatives embedded in other instruments. It simplifies accounting for certain hybrid financial instruments by permitting fair value remeasurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation under SFAS No. 133 as well as eliminating a restriction on the passive derivative instruments that a qualifying special-purpose entity ("SPE") may hold under SFAS No. 140. This statement allows a public entity to irrevocably elect to initially and subsequently measure a hybrid instrument that would be required to be separated into a host contract and derivative in its entirety at fair value (with changes in fair value recognized in earnings) so long as that instrument is not designated as a hedging instrument pursuant to the statement. SFAS No. 140 previously prohibited a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity's fiscal year. Management believes the adoption of this statement will not change the way the Company accounts for its derivative transactions.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. The Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes. The Company has not engaged in any transactions that would be considered to contain derivative instruments, except for the convertible debenture issued in 2006.

Stock-Based Compensation

Management implemented SFAS 123R effective January 1, 2006, using the modified prospective application method. Under the modified prospective application method, SFAS 123R applies to new awards and to awards modified, repurchased or cancelled after January 1, 2006. Additionally, compensation costs for the portion of awards for which the requisite service has not been rendered that are outstanding as of January 1, 2006 are recognized as the requisite service is rendered on or after January 1, 2006. The compensation cost for awards issued prior to January 1, 2006 attributed to services performed in years after January 1, 2006 uses the attribution method applied prior to January 1, 2006 according to SFAS 123, except that the method of recognizing forfeitures only as they occur was not continued. The Company recognized $0 and $116,000 in share-based compensation expense for the six months ended June 30, 2008 and 2007, respectively.

The Company issued 0 and 55,000 stock options to employees and directors during the six months ended June 30, 2008 and 2007, respectively. The fair values of employee stock options are estimated for the calculation of the pro forma adjustments at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions during 2008: expected volatility of 176%; average risk-free interest rate of 5.0%; initial expected life of 4.45 years; no expected dividend yield; and amortized over the vesting period of typically one to four years.

The Company undertook a comprehensive study of options issued over the life of the Company's option plans to determine historical patterns of options being exercised and forfeited. The results of this study were used as a source to estimate expected life and forfeiture rates. The new estimated life of 4.45 years was applied only to determine the fair value of awards issued after January 1, 2006. The estimated forfeiture rate of 40% was applied to all awards that vested after January 1, 2006, including awards issued prior to that date, to determine awards expected to be exercised.

Stock options issued to non-employees as consideration for services provided to the Company have been accounted for under the fair value method in accordance with SFAS 123 and Emerging Issues Task Force No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," which requires that compensation expense be recognized for all such options. The company recognized in share-based compensation expense for non-employees of $97,000 and $152,000 for the six months ended June 30, 2008 and 2007, respectively.

Earnings Per Share

Basic earnings per share is computed by dividing the net income or loss for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing the earnings for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period. Since the Company incurred a net loss for the six months ended June 30, 2008, all instruments convertible into shares of common stock are excluded from net diluted loss per share because of their anti-dilutive effect.

Recent Accounting Pronouncements

On January 1, 2008, the Company adopted SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosures requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets include cash equivalents, primarily institutional money market funds, whose carrying value represents fair value because of their short-term maturities of the investments held by these funds.

- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The Company's Level 2 liabilities consist of two liabilities arising from the issuance of a convertible debenture in 2006 and in accordance with EITF 00-19: a warrant liability for detachable warrants, as well as an accrued derivative liability for the beneficial conversion feature. These liabilities are remeasured on a quarterly basis. Fair value is determined using the Black-Scholes valuation model based on observable market inputs, such as share price data and a discount rate consistent with that of a government-issued security of a similar maturity.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table represents the Company's assets and liabilities by level measured at fair value on a recurring basis at June 30, 2008.

Description	Level 1	Level 2	Level 3
Assets			
Cash equivalents	$ 232,000	$ -	$ -
Liabilities			
Warrant liability	-	668,000	-
Accrued derivative liability	-	60,000	-

The Company has not applied the provisions of SFAS No. 157 to non-financial assets and liabilities that are of a nonrecurring nature in accordance with FASB Staff Position (FSP) Financial Accounting Standard 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2). FSP 157-2 delayed the effective date of application of SFAS 157 to non-financial assets and liabilities that are of a nonrecurring nature until January 1, 2009. FSP 157-2 will not have a material effect on the Company's financial position, results of operations and cash flows.

Note 2 -- Inventories

The Company states its inventories at the lower of cost or market. Cost has been determined by using the first-in, first-out method. The physical count of inventory takes place at the end of the year, and the Company makes estimates of inventory at interim dates. The Company periodically reviews its reserves for slow moving and obsolete inventory and believes that such reserves are adequate at June 30, 2008 and December 31, 2007. Below is a summary of inventory at June 30, 2008 and December 31, 2007.

	June 30, 2008	**December 31, 2007**
Raw materials	$ 125,000	$ 129,000
Work in process	34,000	174,000
Finished goods	76,000	217,000
	$ 235,000	$ 520,000

Note 3 -- Debt

Convertible Debentures

On October 25, 2006, the Company entered into a securities purchase agreement (“Purchase Agreement”) with four accredited investors (the “Purchasers”). In conjunction with the signing of the Purchase Agreement, the Company issued secured convertible debentures (“Debentures”) and Series A, B, C, D, and E common stock warrants (“Warrants”) to the Purchasers.

Pursuant to the terms of the Purchase Agreement, the Company issued the Debentures in an aggregate principal amount of $1,694,250 to the Purchasers. The Debentures were subject to an original issue discount of 20.318% resulting in proceeds to the Company of $1,350,000 from the transaction. The Debentures mature on October 25, 2008, but may be prepaid by the Company at any time provided that the common stock issuable upon conversion and exercise of the Warrants is covered by an effective registration statement. The Debentures are convertible, at the option of the Purchasers, at any time, into shares of common stock at $0.35 per share, as adjusted pursuant to a full ratchet anti-dilution provision. Pursuant to the terms of the Debentures, beginning on February 1, 2007, we began to amortize the Debentures in equal installments on a monthly basis resulting in a complete repayment by the maturity date (the “Monthly Redemption Amounts”). The Monthly Redemption Amounts can be paid in cash or in shares, subject to certain restrictions. If the Company chooses to make any Monthly Redemption Amount payment in shares of common stock, the price per share is the lesser of the conversion price then in effect and 85% of the weighted average price for the 10 trading days prior to the due date of the Monthly Redemption Amount. The Company was not allowed to make its monthly redemption payments in shares due to contractual restrictions on its ability to do so. The Company has not made the required cash Monthly Redemption Amounts and as of June 30, 2008, the Company was in default and was 17 months behind on these payments. Pursuant to the provisions of the secured convertible Debentures, such non-payment is an event of default. Penalty interest accrues on any unpaid redemption balance at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law until such amount is paid in full. Upon an event of default, each Purchaser has the right to accelerate the cash repayment of at least 130% of the outstanding principal amount of the Debenture plus accrued but unpaid liquidated damages and interest. If the Company fails to make such payment in full, the Purchasers have the right sell substantially all of the Company’s assets pursuant to their security interest to satisfy any such unpaid balance. The Monthly Redemption Amount is approximately $85,000 per month. As of about June 30, 2008, the Company would have to issue approximately 15,000,000 shares of common stock to satisfy the Monthly Redemption Amount in arrears in an amount of $1,290,000 and unpaid interest of $215,000, for a total of approximately $1,505,000 in arrears.

Pursuant to the Debentures, the Company agreed that it will not incur additional indebtedness for borrowed money. The Company also agreed that it will not pledge, grant or convey any new liens on its assets. The obligation to pay all unpaid principal will be accelerated upon an event of default, including upon failure to perform its obligations under the debenture covenants, failure to make required payments, default on any of the transaction documents or any other material agreement, lease, document or instrument to which the Company is obligated, the bankruptcy of the Company or related events. The Purchasers have a right of first refusal to participate in up to 100% of any future financing undertaken by the Company until the later of the date that the Debentures are no longer outstanding and the one year anniversary of the effective date of the registration statement. The Company was restricted from issuing shares of common stock or instruments convertible into common stock for 90 days after the effective date of the registration statement with certain exceptions. The Company is also prohibited from effecting any subsequent financing involving a variable rate transaction until such time as no purchaser holds any of the Debentures. In addition, until such time as any purchaser holds any of the securities issued in the debenture transaction, if the Company issues or sells any common stock or instruments convertible into common stock which a purchaser reasonably believes is on terms more favorable to such investors than the terms pursuant to the transaction documents, the Company is obligated to amend the terms of the transaction documents to such purchaser the benefit of such better terms. The Company may prepay the entire outstanding principal amount of the Debentures, plus accrued interest and other amounts payable, at its option at any time without penalty, provided that a registration statement is available for the resale of shares underlying the Debentures and warrants, as more fully described in the Debentures. The purpose of this debenture transaction was to provide the corporation with intermediate term financing as it seeks longer term financing.

On October 25, 2006, in conjunction with the signing of the Purchase Agreement, the Company issued to the Purchasers five year Series A warrants to purchase an aggregate of 2,420,357 shares of common stock at an initial exercise price of $0.35 per share, one year Series B warrants to purchase 2,420,357 shares of common stock at an initial exercise price of $0.385 per share, and two year Series C warrants to purchase an aggregate of 4,840,714 shares of common stock at an initial exercise price of $0.35 per share. In addition, the Company issued to the Purchasers Series D and E warrants which become exercisable on a pro-rata basis only upon the exercise of the Series C warrants. The six year Series D warrants to purchase 2,420,357 shares of common stock have an initial exercise price of $0.35 per share. The six year Series E warrants to purchase 2,420,357 shares of common stock have an initial exercise price of $0.385 per share. The initial exercise prices for each warrant are adjustable pursuant to a full ratchet anti-dilution provision and upon the occurrence of a stock split or a related event.

Pursuant to the registration rights agreement, the Company must file a registration statement covering the public resale of the shares underlying the Series A, B, C, D and E Warrants and the Debentures within 45 days of the closing of the transaction and cause the registration to be declared effective within 120 days of the closing date. The registration statement was filed and declared effective within the 120 days of the closing date. Cash liquidated damages equal to 2% of the face value of the Debentures per month are payable to the Purchasers for any failure to timely file or maintain an effective registration statement.

Pursuant to the security agreement dated October 25, 2006 (“Security Agreement”), the Company agreed to grant the Purchasers, pari passu, a security interest in substantially all of the Company’s assets. The Company also agreed to pledge its respective ownership interests in its wholly-owned subsidiaries, OXIS Therapeutics, OXIS Isle of Man, and its 53% owned subsidiary, BioCheck, Inc. In addition, OXIS Therapeutics and OXIS Isle of Man each provided a subsidiary guarantee to the Purchasers in connection with the transaction.

On April 9, 2008 and April 28, 2008, the Company was sent demand letters from one of the Purchasers, Bristol Investment Fund, Ltd. ("Bristol") stating that the Company was in default under the Debentures due to lack of payment of required monthly principal installment payments starting in February 1, 2007. At the time of the April 9, 2008 letter, the Company and Bristol were in active negotiations on a proposed financing transaction which would provide the Company an opportunity to resolve the existing default under the Debentures. The proposed financing transaction was not accepted by all Purchasers and therefore was not executed. In the April 28, 2008 letter, Bristol demanded that the Company provide them with a definitive plan of action to resolve the existing default within three business days. Bristol did not make any specific demands for other costs, expenses or liquidated damages to date. On May 30, Cranshire Capital, LP ("Cranshire"), another Purchaser, sent a letter to the Company stating that the Company was in default on the Debentures and that Cranshire intended to seek all potential remedies. In response to the default letters received from Bristol and Cranshire, the Company's management had communicated its plan to pay all amounts due under the terms of the Debentures upon the sale of its 53% interest in BioCheck, Inc. and its research assay business prior to the maturity date of the Debentures on October 25, 2008 and referenced four non-binding letters of intent that it had received from potential purchasers. The indications of value contained in the letters of intent would provide, if closed, funds sufficient to pay off the Purchasers and additionally provide cash resources to support a business plan based on its neutraceutical and therapeutic assets. The Company was in active negotiations with the Purchasers aimed at resolving the existing default under the Debentures and avoiding the foreclosure sale.

On June 6, 2008, the Company received notification from Bristol that the collateral held under the Security Agreement would be sold to the highest qualified bidder for public on Thursday, June 19, 2008 at 10:00 a.m. at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP in New York, New York.

On June 16, 2008, the Company requested via letter to its four Purchasers that the debenture holders retract their Notice of Disposition of Collateral. Also on June 16, 2008, the Company issued a press release announcing that the Company's four Purchasers had been notified that the sale of its majority interest in BioCheck Inc. and its diagnostic businesses were proceeding in a timely manner, and that the recently commenced foreclosure efforts would both jeopardize repayment efforts and harm shareholder value.

On June 19, 2008, the Company received a Notice of Disposition of Collateral from Bristol in which Bristol notified the Company that Bristol, acting as the agent for itself and the three other Purchasers, purchased certain assets held as collateral under the security agreement (referred to in this report as the "Security Agreement"). Bristol purchased 111,025 shares of common stock of BioCheck, Inc., the Company's majority owned subsidiary, on a credit bid of $50,000, and Bristol also purchased 1,000 shares of the capital stock of OXIS Therapeutics, Inc., a wholly owned subsidiary of OXIS, for a credit bid of $10,000. In December 2005, OXIS purchased the 111,025 shares of common stock of BioCheck, Inc. for $3,060,000. After crediting the aggregate amount of $60,000 to the aggregate amount due under the Debentures, plus fees and charges due through June 19, 2008, Bristol notified the Company that the Company remains obligated to the Purchasers in a deficiency in an aggregate amount of $2,687,785.71 as of June 19, 2008.

Per EITF 00-19, paragraph 4, these convertible debentures do not meet the definition of a "conventional convertible debt instrument" since the debt is not convertible into a fixed number of shares. The monthly redemption amounts can be paid with common stock at a conversion price that is a percentage of the market price; therefore the number of shares that could be required to be delivered upon "net-share settlement" is essentially indeterminate. Therefore, the convertible debenture is considered "non-conventional," which means that the conversion feature must be bifurcated from the debt and shown as a separate derivative liability. This beneficial conversion liability was calculated to be $690,000 on October 25, 2006. In addition, since the convertible debenture is convertible into an indeterminate number of shares of common stock, it is assumed that the Company could never have enough authorized and unissued shares to settle the conversion of the warrants issued in this transaction into common stock. Therefore, the warrants issued in connection with this transaction had a fair value of $2,334,000 at October 20, 2006. The value of the warrants was calculated using the Black-Scholes model using the following assumptions: Discount rate of 4.5%, volatility of 158% and expected term of one to six years. The fair value of the beneficial conversion feature and the warrant liability will be adjusted to fair value on each balance sheet date with the change being shown as a component of net loss.

The fair value of the beneficial conversion feature and the warrants at the inception of these convertible debentures were $690,000 and $2,334,000, respectively. The first $1,350,000 of these discounts has been shown as a discount to the convertible debentures which will be amortized over the term of the convertible debenture.

At June 30, 2008, the Company determined the fair value of the beneficial conversion feature and the warrants was $60,000 and $668,000, respectively. The fair value was calculated using the Black-Scholes model using the following assumptions: discount rate of 3.0%, volatility of 127%; dividend yield of 0% and expected term of one to five years. The aggregate increase in fair value of these two liabilities from December 31, 2007 to June 30, 2008 of $396,000 is shown as other expense in the accompanying consolidated statements of operations for the six months ended June 30, 2008. The fair value of beneficial conversion feature and the warrants will be determined at each balance sheet date with the change from the prior period being reported as other income (expense).

Note 4 -- Stockholders' Equity

On January 8, 2008, the Company entered into an agreement with Richardson & Patel LLP ("the Firm"), whereby the Company provided the option to the Firm to convert, at their election, the unpaid balance of $190,434 in invoices due as of October 31, 2007, or a portion thereof of the unpaid balance. The initial conversion price will be $0.385 per share, which conversion price is subject to adjustment based on certain terms. The conversion price will be reduced (but not increased) to the greater of: (i) the lowest conversion price per share under the Bristol Debentures, (ii) $0.10 per share, or (iii) the lowest price per share of common stock offered by the Company in a bona fide financing transaction; provided however, that (i) above shall only apply so long as the Bristol Debentures are issued and outstanding. Further, in connection with this agreement, the Company issued to the Firm a 5-year warrant to purchase up to 879,121 shares of common stock of the Company at an initial exercise price of $0.385 per share, which conversion price is also subject to adjustment based on certain terms. The conversion price will be reduced (but not increased) to the greater of: (i) the highest exercise price per share under the Bristol Warrants or the Fagan Warrant, (ii) $0.10 per share, or (iii) the lowest price per share of common stock offered by the Company in a bona fide financing transaction; provided however, that (i) above shall only apply so long as either the Bristol Warrants or the Fagan Warrant remain issued and outstanding. At January 8, 2008, the Company determined the fair value of the warrants was $31,000, and recorded the amount as legal expenses incurred during the six months ended June 30, 2008 in the accompanying consolidated statements of operations. The value of the warrants was calculated using the Black-Scholes model using the following assumptions: Discount rate of 3%, volatility of 121% and expected term of two years.

In addition to the warrants issued, the Company issued to the Firm a 5-year option to four individuals of the Firm to purchase up to a total of 1,025,217 shares of common stock of the Company at an initial exercise price of $0.385 per share, as adjusted pursuant to the same terms as aforementioned the warrant issue. The option expense incurred in the six months ended June 30, 2008 related to these options was $51,000. The value of the warrants was calculated using the Black-Scholes model using the following assumptions: Discount rate of 3%, volatility of 121% and expected term of two years.

Note 5 -- Stock Options and Warrants

Stock Options

Following is a summary of the stock option activity:

	Options Outstanding	Weighted Average Exercise Price
Outstanding as of December 31, 2007	5,280,272	$ 0.32
Granted	1,025,217	0.39
Forfeited	(546,500)	0.20
Exercised	-	-
Outstanding as of June 30, 2008	5,758,989	$ 0.39

Warrants

Following is a summary of the warrant activity:

	Options Outstanding	Weighted Average Exercise Price
Outstanding as of December 31, 2007	31,562,895	$ 0.54
Granted	879,121	0.39
Forfeited	-	-
Exercised	-	-
Outstanding as of June 30, 2008	32,442,016	$ 0.54

Note 6 -- Supplemental Cash Flow Disclosures

The Company recognized non-cash compensation expense of $82,000 and $180,000 related to the issuance and vesting of stock options issued to consultants in the six months ended June 30, 2008 and 2007, respectively. The Company recognized non-cash compensation expense of $15,000 and $116,000 related to the issuance and vesting of stock options issued to employees in the six months ended June 30, 2008 and 2007, respectively. No cash interest was paid in the six months ended June 30, 2008 and 2007.

Note 7 -- Subsequent Events

On July 11, 2008 the Company's board of directors appointed William John Reininger as a member of the board of directors, effective immediately, to serve until the next annual meeting of stockholders.

On July 30, 2008, the Company's board of directors appointed Maurice Ian Spitz as President and Acting Chief Executive Officer.

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

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This discussion contains forward-looking statements based upon our current expectations and involves risks and uncertainties. To the extent that the information presented in this report discusses financial projections, information or expectations about our business plans, results of operations, products or markets, or otherwise makes statements about future events, such statements are forward-looking. Such forward-looking statements can be identified by the use of words such as "may," "will," "should," "might," "would," "intends," "anticipates," "believes," "estimates," "projects," "forecasts," "expects," "plans," and "proposes." Although we believe that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. These include, among others, the cautionary statements in the "Risk Factors" and "Management's Discussion and Analysis and Plan of Operation" sections of this report. These cautionary statements identify important factors that could cause actual results to differ materially from those described in the forward-looking statements. When considering forward-looking statements in this report, you should keep in mind the cautionary statements in the "Risk Factors" and "Management's Discussion and Analysis or Plan of Operation" sections below, and other sections of this report.

The statements contained in this Form 10-QSB that are not purely historical are 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, including, without limitation, statements regarding our expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future.

All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. It is important to note that our actual results could differ materially from those included in such forward-looking statements. For a more detailed explanation of such risks, please see "Risk Factors" below. Such risks, as well as such other risks and uncertainties as are detailed in our SEC reports and filings for a discussion of the factors that could cause actual results to differ materially from the forward-looking statements.

The following discussion should be read in conjunction with the consolidated financial statements and the notes included in this report on Form 10-QSB.

Overview

OXIS International, Inc. focuses on the research and development of technologies and therapeutic products in the field of oxidative stress/inflammatory reaction, diseases that are associated with damage from free radicals and reactive oxygen species. Biological free radicals are the result of naturally occurring processes such as oxygen metabolism and inflammatory reactions. Free radicals react with key organic substances such as lipids, proteins and DNA. Oxidation of these biomolecules can damage them, disturbing normal functions and may contribute to a variety of disease states. Organ systems that are predisposed to oxidative stress and damage are the pulmonary system, the brain, the eye, the circulatory and reproductive systems. A prime objective of OXIS is to use its broad portfolio of oxidative stress biomarkers to identify associations between reactive biomarker signals and various disease etiologies and conditions.

We presently derive our revenues primarily from sales of research diagnostic reagents and assays to medical research laboratories. Our diagnostic products include approximately 45 research reagents and 26 assays to measure markers of oxidative and nitrosative stress. We hold the rights to four therapeutic classes of compounds in the area of oxidative stress and inflammation. One such compound is L-Ergothioneine, a potent antioxidant produced by OXIS that may be appropriate for sale over-the-counter as a dietary supplement. Our cash holdings of $232,000 at June 30, 2008 are not sufficient to sustain our operations through the third quarter of 2008.

We had a net loss of $2,533,000 and $3,627,000 compared to net income of $1,085,000 and $311,000 for the three months and six months ended June 30, 2008 and 2007 respectively. The net loss in the first six months of 2008 was primarily affected by the loss on disposition of subsidiary of $2,873,000 and non-cash expense relating to increase in warrant and derivative liabilities of $396,000, as well as interest expense associated with notes payable of $511,000. Net income in 2007 was primarily affected by non-cash income relating to a decrease in warrant and derivative liabilities.

As shown in the accompanying consolidated financial statements, we have incurred an accumulated deficit of $73,475,000 through June 30, 2008. Our cash holdings were $232,000 at June 30, 2008. We will need to seek additional loan and/or equity financing to pay for basic operating costs, or to expand operations, implement our marketing campaign, or hire additional personnel. However, we may not successfully obtain debt or equity financing on terms acceptable to us, or at all, that will be sufficient to finance our operating costs in 2008 and our other goals. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event we cannot continue our operations.

Recent Developments

Disposition of Assets

On October 25, 2006, we completed a private placement of debentures and warrants under a securities purchase agreement (referred to in this report as the “Purchase Agreement”) with four accredited investors (referred to in this report as the “Purchasers”). In this financing we issued secured convertible debentures in an aggregate principal amount of $1,694,250 (referred to in this report as the “Debentures”), and Series A, B, C, D, and E common stock warrants (referred to in this report as the “Warrants”). We also provided the investors registration rights under a registration rights agreement and a security interest in our assets under a security agreement (referred to in this report as the “Security Agreement”) to secure performance of our duties and obligations under the debentures. Under the warrants, the investors have the right to purchase an aggregate of approximately 14.5 million shares of our common stock, at initial exercise prices ranging from $0.35 to $0.385 per share, and these exercise prices are adjustable according to a full ratchet anti-dilution provision, i.e., the exercise price may be adjusted downward in the event that we conduct a financing at a price per share below $0.35 or $0.385 per share, respectively. The Series D and E warrants are only exercisable pro rata subsequent to the exercise of the Series C warrants. The debentures were issued with an original issue discount of 20.318%, and resulted in proceeds to us of $1,350,000. The debentures are convertible, at the option of the holders, at any time into shares of common stock at $0.35 per share, as adjusted in accordance with a full ratchet anti-dilution provision. Pursuant to the terms of the debentures, beginning on February 1, 2007, we began to amortize the debentures in equal installments on a monthly basis resulting in a complete repayment by the maturity date (the “Monthly Redemption Amounts”). The Monthly Redemption Amounts can be paid in cash or in shares, subject to certain restrictions. If we choose to make any Monthly Redemption Amount payment in shares of common stock, the price per share is the lesser of the conversion price then in effect and 85% of the weighted average price for the 10 trading days prior to the due date of the Monthly Redemption Amount. We were not allowed to make Monthly Redemption Amount payments in shares due to contractual restrictions on our ability to do so. We have not made required cash monthly redemption payments and are currently in default. Pursuant to the provisions of the secured convertible Debentures, such non-payment is an event of default. Penalty interest accrues on any unpaid redemption balance at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law until such amount is paid in full. Upon an event of default, each Purchaser has the right to accelerate the cash repayment of at least 130% of the outstanding principal amount of the debenture plus accrued but unpaid liquidated damages and interest. If we fail to make such payment in full, the Purchasers have the right sell substantially all of our assets pursuant to their security interest to satisfy any such unpaid balance. The Monthly Redemption Amount is approximately $85,000 and as of June 30, 2008 we were 17 months behind. We would have to issue approximately 15,000,000 shares of common stock to satisfy the Monthly Redemption Amount in arrears in an amount of $1,290,000 and unpaid interest of $215,000, for a total of approximately $1,505,000 in arrears.

On April 9, 2008 and April 28, 2008, we were sent demand letters from one of the Purchasers, Bristol Investment Fund, Ltd. (referred to in this report as “Bristol”) stating that we were in default under the Debentures due to lack of payment of required monthly principal installment payments starting in February 1, 2007. At the time of the April 9, 2008 letter, we and Bristol were in active negotiations on a proposed financing transaction which would provide us an opportunity to resolve the existing default under the Debentures. The proposed financing transaction was not accepted by all Purchasers and therefore was not executed. In the April 28, 2008 letter, Bristol demanded that we provide them with a definitive plan of action to resolve the existing default within three business days. Bristol did not make any specific demands for other costs, expenses or liquidated damages to date. On May 30, Cranshire Capital, LP (referred to in this report as “Cranshire”), another Purchaser, sent a letter to us stating that we were in default on the Debentures and that Cranshire intended to seek all potential remedies. In response to the default letters received from Bristol and Cranshire, our management had communicated our plan to pay all amounts due under the terms of the Debentures upon the sale of its 53% interest in BioCheck, Inc. and our research assay business prior to the maturity date of the Debentures on October 25, 2008 and referenced four non-binding letters of intent that we had received from potential purchasers. The indications of value contained in the letters of intent would provide, if closed, funds sufficient to pay off the Purchasers and additionally provide cash resources to support a business plan based on our neutraceutical and therapeutic assets. We were in active negotiations with the Purchasers aimed at resolving the existing default under the Debentures and avoiding the foreclosure sale.

On June 6, 2008, we received notification from Bristol that the collateral held under the Security Agreement would be sold to the highest qualified bidder for public on Thursday, June 19, 2008 at 10:00 a.m. at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP in New York, New York.

On June 16, 2008, we requested via letter to our four Purchasers that they retract their Notice of Disposition of Collateral. Also on June 16, 2008, we issued a press release announcing that the four Purchasers had been notified that the sale of our majority interest in BioCheck Inc. and our diagnostic businesses were proceeding in a timely manner, and that the recently commenced foreclosure efforts would both jeopardize repayment efforts and harm shareholder value.

On June 19, 2008, we received a Notice of Disposition of Collateral from Bristol in which Bristol notified us that Bristol, acting as the agent for itself and the three other Purchasers, purchased certain assets held as collateral under the Security Agreement. Bristol purchased 111,025 shares of common stock of BioCheck, Inc., our majority owned subsidiary, on a credit bid of $50,000, and Bristol also purchased 1,000 shares of the capital stock of OXIS Therapeutics, Inc., our wholly owned subsidiary, for a credit bid of $10,000. In December 2005, we purchased the 111,025 shares of common stock of BioCheck, Inc. for $3,060,000. After crediting the aggregate amount of $60,000 to the aggregate amount due under the Debentures, plus fees and charges due through June 19, 2008, Bristol notified us that we remain obligated to the Purchasers in a deficiency in an aggregate amount of $2,687,785.71 as of June 19, 2008.

Departure of Officers and Directors

On June 20, 2008, the following officers resigned their officer positions with OXIS: Marvin S. Hausman, M.D. resigned as Chief Executive Officer, President and interim Chief Financial Officer effective August 20, 2008, Gary M. Post resigned as Chief Operating Officer immediately, and S. Colin Neill resigned as Secretary immediately. Gary M. Post will return to his capacity as advisor to us pursuant to his Advisory Agreement dated November 6, 2006.

Also on June 20, 2008, the following members of our board of directors resigned their board positions effective immediately: S. Colin Neill resigned as a member of our board of directors and John Repine, M.D., also resigned his position as a member of our board of directors. S. Colin Neill was the Chairman of the Audit Committee, and a member of the Nominating Committee. John Repine, M.D. was a member of the Audit Committee.

Appointment of Director

On June 27, 2008 our board of directors appointed Maurice Ian Spitz as a member of the board of directors, effective immediately, to serve until the next annual meeting of stockholders.

Results of Operations

The following table presents the changes in revenues from 2007 to 2008:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Increase (Decrease) from 2007	2008	2007	Increase (Decrease) from 2007
Product revenues	$ 1,361,000	$ 1,207,000	$ 154,000	$ 2,845,000	$ 2,475,000	$ 370,000
License revenues	$ 115,000	$ 606,000	$ (491,000)	$ 159,000	$ 729,000	$ (570,000)

The increase in product revenues for the six months ended June, 2008 compared to the same period in 2007 was primarily attributable to higher product sales from Biocheck.

The decrease in license revenues was attributable to the loss of a significant manufacturing contract.

Cost of Product Revenues

The following table presents the changes in cost of product revenues from 2007 to 2008:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Decrease from 2007	2008	2007	Increase from 2007
Cost of product revenues	$ 738,000	$ 773,000	$ (35,000)	$ 1,595,000	$ 1,502,000	$ 93,000

The change in cost of product revenues is attributable to the change in product sales. Cost of product revenue as a percentage was 54.2% and 56.1%, compared to 64.0% and 60.7% for the three months and six months ended June 30, 2008 and 2007, respectively. The change is not significant.

Gross profit was $738,000 and $1,410,000 compared to $1,040,000 and $1,702,000 for the three months and six months ended June 30, 2008 and 2007, respectively. Gross profit as a percentage of revenues was 50.0% and 46.9% compared to 57.4% and 53.1% for the three months and six months ended June 30, 2008 and 2007, respectively. The decrease in gross profit percentage is due to the decrease in licensing revenues.

Research and development expenses

The following table presents the changes in research and development expenses from 2007 to 2008:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Decrease from 2007	2008	2007	Decrease from 2007
Research and development expenses	$ 88,000	$ 194,000	$ (106,000)	$ 274,000	$ 367,000	$ (93,000)

The decrease in research and development expenses is primarily attributable to increased salaries and higher consulting expenses.

Selling, general and administrative expenses

The following table presents the changes in selling, general and administrative expenses from 2007 to 2008:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	Decrease from 2007	2008	2007	Decrease from 2007
Selling, general and administrative expenses	$ 352,000	$ 441,000	$ (89,000)	$1,165,000	$1,382,000	$ (217,000)

The decrease in selling, general and administrative expenses is primarily attributable to a decrease in non-cash compensation and a decrease in shareholder relations expenses.

Interest Income

Interest income was $4,000 and $12,000 compared to $0 and $25,000 for the three months and six months ended June 30, 2008 and 2007, respectively. The decrease is primarily due to the decrease in cash available for investment activities.

Change in value of warrant and derivative liabilities

The change in the value of warrant and derivative liabilities relates to the change in fair value of these liabilities recorded by us as a result of the convertible debentures issued in October 2006.

Interest Expense

Interest expense was $254,000 and $511,000 compared to $259,000 and $500,000 for the three months and six months ended June 30, 2008 and 2007, respectively. The increase is due to the interest on the convertible debentures and the amortization of the debt issuance costs associated with the convertible debentures as well as penalty interest associated with the delinquent payment of the issued debentures.

Liquidity and Capital Resources

On a consolidated basis, we had cash and cash equivalents of $232,000 at June 30, 2008. Cash used in operating activities was $908,000 during the six months ended June 30, 2008. In February 2008, we received $150,000 from BioCheck for reimbursement of management, market research, sales efforts, accounting fees and general corporate expenses incurred on their behalf. Our cash holdings of $232,000 at June 30, 2008, including the additional $150,000 received in 2008 from BioCheck, are not sufficient to sustain our operations through the third quarter of 2008.The current rate of cash usage raises substantial doubt about our ability to continue as a going concern, absent any new sources of significant cash flows. In an effort to mitigate this near-term concern we are seeking additional equity financing to obtain sufficient funds to sustain operations. We plan to increase revenues by introducing new products. However, we cannot provide assurance that we will successfully obtain equity or other financing, if any, sufficient to finance our goals or that we will increase product related revenues. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that we cannot continue in existence.

On October 25, 2006, we completed a private placement of Debentures and Warrants under a securities purchase agreement with four accredited investors. In this financing we issued secured convertible Debentures in an aggregate principal amount of $1,694,250, and Series A, B, C, D, and E common stock Warrants. We also provided the investors registration rights under a registration rights agreement and a security interest in our assets under a security agreement to secure performance of our duties and obligations under the Debentures. Under the Warrants, the investors have the right to purchase an aggregate of approximately 14.5 million shares of our common stock, at initial exercise prices ranging from $0.35 to $0.385 per share, and these exercise prices are adjustable according to a full ratchet anti-dilution provision, i.e., the exercise price may be adjusted downward in the event that we conduct a financing at a price per share below $0.35 or $0.385 per share, respectively. The Series D and E Warrants are only exercisable pro rata subsequent to the exercise of the Series C Warrants. The Debentures were issued with an original issue discount of 20.318%, and resulted in proceeds to us of $1,350,000. The Debentures are convertible, at the option of the holders, at any time into shares of common stock at $0.35 per share, as adjusted in accordance with a full ratchet anti-dilution provision. Pursuant to the terms of the Debentures, beginning on February 1, 2007, we began to amortize the Debentures in equal installments on a monthly basis resulting in a complete repayment by the maturity date. The Monthly Redemption Amounts can be paid in cash or in shares, subject to certain restrictions. If we choose to make any Monthly Redemption Amount payment in shares of common stock, the price per share is the lesser of the conversion price then in effect and 85% of the weighted average price for the ten trading days prior to the due date of the Monthly Redemption Amount. We have not made the required Monthly Redemption Amounts and is currently in default on these payments. We have not made required monthly redemption payments beginning on February 1, 2007 to Purchasers of Debentures issued in October 2006. Pursuant to the provisions of the secured convertible Debentures, such non-payment is an event of default. Penalty interest accrues on any unpaid redemption balance at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law until such amount is paid in full. Upon an event of default, each purchaser has the right to accelerate the cash repayment of at least 130% of the outstanding principal amount of the Debenture plus accrued but unpaid liquidated damages and interest. If we fail to make such payment in full, the Purchasers have the right sell substantially all of our assets pursuant to their security interest to satisfy any such unpaid balance. The Monthly Redemption Amount is approximately $85,000 and as of June 30, 2008 we were 17 months behind. We would have to issue approximately 15,000,000 shares of common stock to satisfy the Monthly Redemption Amount in arrears in an amount of $1,290,000 and unpaid interest of $215,000, for a total of approximately $1,505,000 in arrears.

On April 9, 2008 and April 28, 2008, we were sent demand letters from one of the Purchasers, Bristol Investment Fund, Ltd. stating that we were in default under the Debentures due to lack of payment of required monthly principal installment payments starting in February 1, 2007. At the time of the April 9, 2008 letter, we and Bristol were in active negotiations on a proposed financing transaction which would provide us an opportunity to resolve the existing default under the Debentures. The proposed financing transaction was not accepted by all Purchasers and therefore was not executed. In the April 28, 2008 letter, Bristol demanded that we provide them with a definitive plan of action to resolve the existing default within three business days. Bristol did not make any specific demands for other costs, expenses or liquidated damages to date. On May 30, Cranshire Capital, LP, another Purchaser, sent a letter to us stating that we were in default on the Debentures and that Cranshire intended to seek all potential remedies. In response to the default letters received from Bristol and Cranshire, our management had communicated our plan to pay all amounts due under the terms of the Debentures upon the sale of its 53% interest in BioCheck, Inc. and our research assay business prior to the maturity date of the Debentures on October 25, 2008 and referenced four non-binding letters of intent that we had received from potential purchasers. The indications of value contained in the letters of intent would provide, if closed, funds sufficient to pay off the Purchasers and additionally provide cash resources to support a business plan based on our neutraceutical and therapeutic assets. We were in active negotiations with the Purchasers aimed at resolving the existing default under the Debentures and avoiding the foreclosure sale.

On June 6, 2008, we received notification from Bristol that the collateral held under the Security Agreement entered into between us, Bristol, Cranshire and two other Purchasers would be sold to the highest qualified bidder for public on Thursday, June 19, 2008 at 10:00 a.m. at the offices of Olshan Grundman Frome Rosenzweig & Wolosky LLP in New York, New York.

On June 16, 2008, we requested via letter to our four Purchasers that they retract their Notice of Disposition of Collateral. Also on June 16, 2008, we issued a press release announcing that the four Purchasers had been notified that the sale of our majority interest in BioCheck Inc. and our diagnostic businesses were proceeding in a timely manner, and that the recently commenced foreclosure efforts would both jeopardize repayment efforts and harm shareholder value.

On June 19, 2008, we received a Notice of Disposition of Collateral from Bristol in which Bristol notified us that Bristol, acting as the agent for itself and three other Purchasers, purchased certain assets held as collateral under the Security Agreement. Bristol purchased 111,025 shares of common stock of BioCheck, Inc., our majority owned subsidiary, on a credit bid of $50,000, and Bristol also purchased 1,000 shares of the capital stock of OXIS Therapeutics, Inc., our wholly owned subsidiary, for a credit bid of $10,000. In December 2005, we purchased the 111,025 shares of common stock of BioCheck, Inc. for $3,060,000. After crediting the aggregate amount of $60,000 to the aggregate amount due under the Debentures, plus fees and charges due through June 19, 2008, Bristol notified us that we remain obligated to the Purchasers in a deficiency in an aggregate amount of $2,687,785.71 as of June 19, 2008.

Recent Accounting Pronouncements

On January 1, 2008, we adopted SFAS No. 157, Fair Value Measurements. SFAS No. 157 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosures requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follow:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company's Level 1 assets include cash equivalents, primarily institutional money market funds, whose carrying value represents fair value because of their short-term maturities of the investments held by these funds.

- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The Company's Level 2 liabilities consist of two liabilities arising from the issuance of a convertible debenture in 2006 and in accordance with EITF 00-19: a warrant liability for detachable warrants, as well as an accrued derivative liability for the beneficial conversion feature. These liabilities are remeasured on a quarterly basis. Fair value is determined using the Black-Scholes valuation model based on observable market inputs, such as share price data and a discount rate consistent with that of a government-issued security of a similar maturity.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table represents our assets and liabilities by level measured at fair value on a recurring basis at June 30, 2008.

Description	Level 1	Level 2	Level 3
Assets			
Cash equivalents	$ 232,000		-
Liabilities			
Warrant liability	-	$ 668,000	-
Accrued derivative liability	-	$ 60,000	-

We have not applied the provisions of SFAS No. 157 to non-financial assets and liabilities that are of a nonrecurring nature in accordance with FASB Staff Position (FSP) Financial Accounting Standard 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2). FSP 157-2 delayed the effective date of application of SFAS 157 to non-financial assets and liabilities that are of a nonrecurring nature until January 1, 2009. FSP 157-2 will not have a material effect on our financial position, results of operations and cash flows.

Critical Accounting Policies

We consider the following accounting policies to be critical given they involve estimates and judgments made by management and are important for our investors' understanding of our operating results and financial condition.

Basis of Consolidation

The consolidated financial statements contained in this report include the accounts of OXIS International, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated.

Revenue Recognition

Product Revenue

We manufacture, or have manufactured on a contract basis, research and clinical diagnostic assays and fine chemicals, which are our primary products sold to customers. Revenue from the sale of our products, including shipping fees, is recognized when title to the products is transferred to the customer which usually occurs upon shipment or delivery, depending upon the terms of the sales order and when collectability is reasonably assured. Revenue from sales to distributors of our products is recognized, net of allowances, upon delivery of product to the distributors. According to the terms of individual distributor contracts, a distributor may return product up to a maximum amount and under certain conditions contained in its contract. Allowances are calculated based upon historical data, current economic conditions and the underlying contractual terms. Our mix of product sales are substantially at risk to market conditions and demand, which may change at anytime.

License Revenue

License arrangements may consist of non-refundable upfront license fees, exclusive licensed rights to patented or patent pending technology, and various performance or sales milestones and future product royalty payments. Some of these arrangements are multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have continuing involvement through research and development services that are required because our know-how and expertise related to the technology is proprietary to us, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement.

Royalty Revenue

We recognize royalty revenues from licensed products when earned in accordance with the terms of the license agreements. Net sales figures used for calculating royalties include deductions for costs of unsaleable returns, managed care chargebacks, cash discounts, freight and warehousing, and miscellaneous write-offs.

Inventories

Inventories are stated at the lower of cost to purchase and/or manufacture the inventory or the current estimated market value of the inventory. We regularly review our inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand and/or our ability to sell the products and production requirements. Demand for our products can fluctuate significantly. Factors which could affect demand for our products include unanticipated changes in consumer preferences, general market conditions or other factors, which may result in cancellations of advance orders or a reduction in the rate of reorders placed by customers and/or continued weakening of economic conditions. Additionally, our estimates of future product demand may be inaccurate, which could result in an understated or overstated provision required for excess and obsolete inventory. Our estimates are based upon our understanding of historical relationships which can change at anytime.

Long-Lived Assets

Our long-lived assets include property, plant and equipment, capitalized costs of filing patent applications and goodwill and other assets. See Notes 1, 4, 5 and 6 to the audited consolidated financial statements for the year ended December 31, 2007 included in Form 10-KSB for more detail regarding our long-lived assets. We evaluate our long-lived assets for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Estimates of future cash flows and timing of events for evaluating long-lived assets for impairment are based upon management's judgment. If any of our intangible or long-lived assets are considered to be impaired, the amount of impairment to be recognized is the excess of the carrying amount of the assets over its fair value.

Applicable long-lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term in the case of patents. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management's judgment. Goodwill and other assets are not amortized.

Certain Expenses and Liabilities

On an ongoing basis, management evaluates its estimates related to certain expenses and accrued liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Share-Based Compensation

In December 2004, the FASB issued SFAS 123R, which replaces FASB Statement No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," or APB Opinion No. 25. SFAS 123R establishes standards for the accounting for share-based payment transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. SFAS 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award on the grant date (with limited exceptions). That cost will be recognized in the entity's financial statements over the period during which the employee is required to provide services in exchange for the award. Management implemented SFAS 123R effective January 1, 2006. Methodologies used for calculations such as the Black-Scholes option-pricing models and variables such as volatility and expected life are based upon management's judgment. Such methodologies and variables are reviewed and updated periodically for appropriateness and affect the amount of recorded charges.

Risk Factors

There have been no material changes from the disclosure provided in Part II, Item 6 of our Annual Report on Form 10-KSB for the year ended December 31, 2007 under the title "Risk Factors".

Item 3A(T). Controls And Procedures

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Quarterly Report on Form 10-QSB, an evaluation was carried out by our management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of June 30, 2008. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. Based on that evaluation, and in light of the previously identified material weaknesses in internal control over financial reporting, as of December 31, 2007, relating to ineffective control environment and inadequate procedures for intangible impairment evaluation described in the 2007 Annual Report on Form 10-KSB, our principal executive officer and our principal financial officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2008.

There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. There was no such change in our internal control over financial reporting because of the timing of the filing of Form 10-KSB in relation to the filing of the Form 10-QSB, there was insufficient time for us to implement any material changes in internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes from the disclosure provided in Part I, Item 3 of our Annual Report on Form 10-KSB for the year ended December 31, 2007.

Item 2. Unregistered Sales of Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

We have not made required monthly redemption payments beginning on February 1, 2007 to Purchasers of debentures issued in October 2006. Pursuant to the provisions of the Secured Convertible Debentures, such non-payment is an event of default. Penalty interest accrues on any unpaid redemption balance at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law until such amount is paid in full. Upon an event of default, each purchaser has the right to accelerate the cash repayment of at least 130% of the outstanding principal amount of the debenture plus accrued but unpaid liquidated damages and interest. If we fail to make such payment in full, the Purchasers have the right sell substantially all of our assets pursuant to their security interest to satisfy any such unpaid balance. The Monthly Redemption Amount is approximately $85,000 and as of June 30, 2008 we were 17 months behind. We would have to issue approximately 15,000,000 shares of common stock to satisfy the monthly redemption amount in arrears in an amount of $1,290,000 and unpaid interest of $215,000, for a total of approximately $1,505,000 in arrears.

On April 9, 2008 and April 28, 2008, we were sent demand letters on behalf of Bristol Investment Fund, Ltd, demanding immediate payment of all amounts in default under the convertible debenture agreement dated October 25, 2006 as described in Note 3 above.

On June 6, 2008, we received notification from Bristol that the collateral held under the Security Agreement would be sold to the highest qualified bidder for public.

On June 19, 2008, we received a Notice of Disposition of Collateral from Bristol in which Bristol notified us that Bristol purchased 111,025 shares of common stock of BioCheck, Inc., our majority owned subsidiary, on a credit bid of $50,000, and Bristol also purchased 1,000 shares of the capital stock of OXIS Therapeutics, Inc., our wholly owned subsidiary, for a credit bid of $10,000. After crediting the aggregate amount of $60,000 to the aggregate amount due under the Debentures, plus fees and charges due through June 19, 2008, Bristol notified us that we remain obligated to the Purchasers in a deficiency in an aggregate amount of $2,687,785.71 as of June 19, 2008.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

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.

	Oxis International, Inc.		
August 19, 2008	By:	/s/ Maurice Spitz Maurice Spitz President and Acting Chief Executive Officer	
August 19, 2008	By:	/s/ Maurice Spitz Maurice Spitz Acting Principal Financial and Accounting Officer	

Exhibit 31.1

CERTIFICATION

I, Maurice Spitz, Acting Chief Executive Officer of Oxis International, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Oxis International, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 19, 2008

By: /s/ Maurice Spitz
Maurice Spitz
Acting Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Maurice Spitz, Acting Principal Accounting and Financial Officer of Oxis International, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-QSB of Oxis International, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 19, 2008

By: /s/ Maurice Spitz
Maurice Spitz
Acting Principal Accounting and Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB of Oxis International, Inc. (the "Company") for the quarter ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Maurice Spitz, Acting Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 19, 2008

By: /s/ Maurice Spitz
Maurice Spitz
Acting Chief Executive Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-QSB of Oxis International, Inc. (the "Company") for the quarter ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Maurice Spitz, Acting Principal Accounting and Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 19, 2008

By: /s/ Maurice Spitz
Maurice Spitz
Acting Principal Accounting and Financial Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.