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 September 30, 2003.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission File Number O-8092

OXIS INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**94-1620407** **(I.R.S. Employer Identification No.)**
6040 N. Cutter Circle, Suite 317, Portland, Oregon **(Address of principal executive offices)**	**97217** **(Zip Code)**

(503) 283-3911
(Registrant's telephone number, including area code)

Indicate by check mark whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

At October 14, 2003, the issuer had outstanding the indicated number of shares of common stock: 26,306,255

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands of dollars)

	September 30, 2003 (unaudited)	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 238	$ 424
Accounts receivable, net of allowance of $6 and $5, respectively	265	188
Inventories	354	301
Prepaid and other current assets	167	138
Total current assets	1,024	1,051
Property, plant and equipment, net	37	62
Technology for developed products, net	149	224
Patents and patents pending, net	728	594
Other assets	—	54
Total assets	$ 1,938	$ 1,985

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS – CONTINUED
(In thousands of dollars)

	September 30, 2003	December 31, 2002
	(unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable to shareholder	$ 160	$ 160
Accounts payable	436	321
Accrued liabilities	257	166
Accrued payroll	111	107
Customer deposits	71	13
Total current liabilities	1,035	767
Shareholders' equity:		
Convertible preferred stock – $.01 par value; 15,000,000 shares authorized:		
Series B – 428,389 shares issued and outstanding (aggregate liquidation preference of $1,000,000)	4	4
Series C – 96,230 shares issued and outstanding	1	1
Series F – 0 shares outstanding at September 30, 2003 (1,500,000 shares issued and outstanding at December, 31, 2002)	—	15
Common stock – $.001 par value; 95,000,000 shares authorized; 26,306,255 shares issued and outstanding at September 30, 2003 (10,005,614 at December 31, 2002)	26	10
Warrants	236	2,009
Additional paid-in-capital	60,332	58,327
Accumulated deficit	(59,274)	(58,703)
Accumulated other comprehensive loss	(422)	(445)
Shareholders' equity	903	1,218
Total liabilities and shareholders' equity	$ 1,938	$ 1,985

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of dollars, except earnings per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	**2002**	**2003**	**2002**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Revenues	$ 560	$ 426	$ 1,770	$ 1,575
Cost of revenue	255	241	933	916
Gross profit	305	185	837	659
Operating expenses:				
Research and development	86	154	262	350
Selling, general and administrative	359	327	1,144	1,019
Total operating expenses	445	481	1,406	1,369
Operating loss	(140)	(296)	(569)	(710)
Other income and expenses:				
Other income	—	—	8	62
Interest income	—	2	1	6
Interest expense	(4)	(4)	(11)	(15)
Total other income and expenses	(4)	(2)	(2)	53
Loss before income taxes	(144)	(298)	(571)	(657)
Income taxes	—	—	—	—
Net loss	(144)	(298)	(571)	(657)
Other comprehensive income (loss) Foreign currency translation adjustment	(45)	(8)	23	(14)
Comprehensive loss	$ (189)	$ (306)	$ (548)	$ (671)
Net loss per share – basic and diluted	$ (.01)	$ (.03)	$ (.04)	$ (.07)
Weighted average number of shares used in computation – basic and diluted	25,941,132	9,795,841	15,465,095	9,741,378

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)

	Nine Months Ended September 30, 2003 (unaudited)	Nine Months Ended September 30, 2002 (unaudited)
Cash flows from operating activities:		
Net loss	$ (571)	$ (657)
Adjustments to reconcile net loss to cash used for operating activities:		
Depreciation and amortization	141	204
Gain on sale of investment	(8)	—
Changes in assets and liabilities:		
Accounts receivable	(77)	(47)
Inventories	(53)	(12)
Other current assets	(29)	(124)
Accounts payable	115	(284)
Customer deposits	58	(37)
Accrued payroll, payroll taxes and other	95	(77)
Net cash used for operating activities	(329)	(1,034)
Cash flows from investing activities:		
Proceeds from sale of investment	62	—
Purchases of equipment	(10)	—
Additions to other assets	(139)	(122)
Other, net	—	9
Net cash used for investing activities	(87)	(113)
Cash flows from financing activities:		
Repayment of short-term borrowings	—	(88)
Proceeds from issuance of preferred stock with warrants attached	—	1,500
Proceeds from exercise of warrants with warrants attached	227	—
Proceeds from exercise of stock options	7	—
Net cash provided by financing activities	234	1,412
Effect of exchange rate on cash	(4)	—
Net increase (decrease) in cash and cash equivalents	(186)	265
Cash and cash equivalents – beginning of period	424	221
Cash and cash equivalents – end of period	$ 238	$ 486

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)
(continued)

	Nine Months Ended September 30,	
	2003	2002
	(unaudited)	(unaudited)
Supplemental cash flow disclosure:		
Interest paid	$ —	$ —
Income tax paid	$ —	$ —
Non-cash transactions:		
Conversion of preferred stock into common stock	$ 15	$ —
Expiration of warrants	$ 1,582	$ —

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The foregoing unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Regulation S-B as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements for the period ended December 31, 2002. In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented.

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company’s financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company’s financial position and results of operations.

Operating results for the nine-month period ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

2. GOING CONCERN UNCERTAINTY

These financial statements have been prepared on a going concern basis, which contemplated the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred recurring losses and at September 30, 2003 had an accumulated deficit of $59,274,000. For the nine months ended September 30, 2003, the Company sustained a net loss of $571,000. These factors, among others, indicate that the Company may be unable to continue as a going concern for a reasonable period of time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. The Company’s continuation as a going concern is contingent upon its ability to obtain additional financing, and to generate revenue and cash flow to meet its obligations on a timely basis.

3. STOCKHOLDERS' EQUITY

The Company has a stock incentive plan under which 4,250,000 shares of the Company's common stock are reserved for issuance (the "1994 Plan"). The 1994 Plan permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights.

At September 30, 2003, options issued pursuant to the Plan to acquire 3,295,774 shares of common stock at exercise prices ranging from $0.085 to $17.50 remained outstanding. Options issued outside the Plan to acquire 775,168 shares of common stock at exercise prices of $0.085 to $8.438 and warrants to acquire 1,577,500 shares of common stock at an exercise price of $1.00 also remained outstanding at September 30, 2003.

During the 2003 Annual Meeting of Stockholders held in June 2003, the stockholders approved the adoption of the 2003 Stock Incentive Plan ("2003 Plan"), effective July 1, 2003. The 2003 Plan, under which 3,000,000 shares of the Company's common stock is reserved, permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights.

During July 2003, the board of directors of the Company agreed to unilaterally offer to all holders of warrants a reduced exercise price for a limited period of time. The exercise price for these warrants was reduced to $0.20 per share, and the maturity date for 598,449 warrants issued in 1998 was extended to August 11, 2003. The exercise price for these warrants was previously $1.00 per share. All warrants issued prior to July 1998 have lapsed and were not affected by this board action. The decrease of exercise price did not result in any change to the outstanding value of the warrants. Pursuant to the offered reduced exercise price, a total of 1,133,000 warrants were exercised at an aggregate purchase price of $226,600. As part of the offer, with each share of stock issued one new warrant was issued having a $1.00 exercise price and a two-year life.

During the nine months ended September 30, 2003, 100,000 shares of common stock were issued to former shareholders of Innovative Medical Systems Corp. under the terms of the Company's 1997 acquisition agreement with that entity. On June 30, 2003, all 1,500,000 outstanding shares of the Company's Series F preferred stock were converted into 15,000,000 shares of common stock. During the nine months ended September 30, 2003, 67,641 shares of common stock have been issued to employees and consultants upon the exercise of stock options.

4. OTHER INCOME

During the first quarter of 2003, the Company sold its equity interest in Caprius Inc., resulting in other income of $8,000. In association with the closing of the Company's instrument manufacturing facility in 2001, during the first quarter of 2002, the Company settled certain trade payables with creditors resulting in other income of $62,000.

5. COMMITMENTS AND CONTINGENCIES

In September 2002, the Company entered into an agreement with Finovelec Entreprise (“Finovelec”), a shareholder and holder of a delinquent note payable by the Company in the amount of $160,000. Under the agreement, Finovelec agreed to accept a cash payment of $120,000 in full settlement of note principal and accrued interest if paid by the Company within thirty days of the Company’s receiving at least $500,000 in cash from private investors. As of September 30, 2003, the Company had not received the requisite cash investment to retire the note.

6. OPERATING SEGMENTS

The Company is organized into two reportable segments – health products and therapeutic development. The two segments have different strategic goals and have been managed separately since 1997. The health products segment manufactures and sells diagnostic products, medical instruments, pharmaceutical forms of SOD and other fine chemicals. The therapeutic development segment operates a drug discovery business focused on development of new drugs to treat diseases associated with tissue damage from free radicals and reactive oxygen species.

General corporate expenses were allocated equally to the health products and therapeutics development segments in 2003 and 2002.

The following table presents information about the Company’s two operating segments:

	Health Products	Therapeutic Development	Total
Quarter ended September 30, 2003:			
Revenues from external customers	$ 560,000	$ —	$ 560,000
Segment income (loss)	29,000	(173,000)	(144,000)
As of September 30, 2003 – Segment assets	1,105,000	833,000	1,938,000
Quarter ended September 30, 2002:			
Revenues from external customers	$ 426,000	$ —	$ 426,000
Segment income (loss)	(115,000)	(183,000)	(298,000)
As of September 30, 2002 – Segment assets	1,181,000	906,000	2,087,000
Nine months ended September 30, 2003:			
Revenues from external customers	$1,770,000	$ —	$1,770,000
Segment income (loss)	(80,000)	(491,000)	(571,000)
Nine months ended September 30, 2002:			
Revenues from external customers	$1,575,000	$ —	$1,575,000
Segment income (loss)	(132,000)	(525,000)	(657,000)

7. SUBSEQUENT EVENTS

French filing obligations: As a consequence of the sale of its common stock to French and other European investors in 1997, the Company's common stock is listed on the Nouveau Marche in France. The Company has been notified that the Paris lower court (Tribunal de grande instance de Paris) on November 12, 2003, issued an order (the "Order") requiring the Company (i) to file its 2002 reference document as required under French law and the regulations of the Commission des Operations de Bourse (the "COB"), the French securities regulatory agency overseeing the Nouveau Marche, within eight days of the court's Order ("filing deadline") and (ii) if the Company has not filed with the COB its 2002 reference document by the filing deadline, to pay a fine of 1,500 Euros for each day until it files its 2002 reference document with the COB. The Company has not prepared and filed its 2002 reference document due to the substantial cost of doing so. The Company intends to file an appeal of the Order. In addition, the Company is attempting through discussions with the COB to resolve these filing issues and avoid the payment of any fines. In the event the Company fails to resolve these issues with the COB, the Company may incur substantial costs and fines. No assurances can be given that the Company will be able to settle this matter with the COB, or if it does settle this matter with the COB, it will do so on terms favorable to the Company. The Company intends to seek the delisting of its stock from trading on the Nouveau Marche.

Other matters: An issuance of 94,961 shares of common stock at approximately $0.20 per share is expected to take place in the fourth quarter of 2003 in settlement of an accounts payable debt of $19,000.

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

Certain statements set forth below may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations, hopes, intentions, beliefs or strategies regarding the future. These forward-looking statements include, without limitation, the statements herein regarding the Company's expectation to incur operating losses for the foreseeable future and that losses and expenses may fluctuate from quarter to quarter; the Company's expectation that it will expend capital resources for the continuation of operations; the Company's expectation to incur research and development expenses and that its sales and marketing expenses may increase; the possibility that capital resources may be used for the acquisition of complementary businesses, products or technologies; the Company's beliefs regarding its future capital requirements; the Company's belief that its existing and new products and technologies show considerable promise; the Company's belief that another shipment of bSOD will occur in the fourth quarter of 2003; the Company's ability to resolve outstanding issues with the COB; the Company's intention to delist its shares from trading on the Nouveau Marche; and the Company's belief that the unavailability of additional capital could cause the Company to cease or curtail its operation and/or delay or prevent the development and marketing of the Company's existing products and potential pharmaceutical/nutraceutical products. The forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements. With respect to the Company, the following factors, among others, including, without limitation, those set forth in the section entitled "RISK FACTORS" below, could cause actual results or outcomes to differ materially from current expectations: the possible inability to obtain additional financing; uncertainties relating to patents and proprietary information; the potential for patent-related litigation expenses and other costs resulting from claims asserted against the Company or its customers by third parties; achievement of product performance specifications; the ability of new products to compete successfully in either existing or new markets; the effect of product or market development activities; availability and future costs of materials and other operating expenses; competitive factors; and the performance and needs of industries served by the Company and the financial capacity of customers in these industries to purchase the Company's products. The Company disclaims any obligation subsequent to this report on Form 10-QSB to revise or update forward-looking statements contained herein to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

The following “Management’s Discussion and Analysis of Financial Condition and Results of Operations” should be read in conjunction with the financial statements and notes thereto included in Item 1 of this report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in our Form 10-KSB for the fiscal year ended December 31, 2002 as filed with the Securities and Exchange Commission.

Critical Accounting Policies

This summary of critical accounting policies of the Company is presented to assist in understanding the Company’s financial statements. 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.

Principles of consolidation—The accompanying financial statements include the accounts of the Company as well as its subsidiaries. The functional currency of the Company’s United Kingdom subsidiary is the British pound and the functional currency of the Company’s French subsidiary is the Euro. The foreign subsidiaries’ assets and liabilities are translated at the exchange rates at the end of the year, and their statements of operations are translated at the average exchange rates during each year. Gains and losses resulting from foreign currency translation are recorded as other comprehensive income or loss and accumulated as a separate component of shareholders’ equity. All significant intercompany balances and transactions are eliminated in consolidation.

Cash equivalents consist of money market accounts with commercial banks.

Accounting method—The Company’s financial statements are prepared using the accrual method of accounting.

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out method.

Property, plant and equipment is stated at cost. Depreciation of equipment is computed using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are amortized over the shorter of five years or the remaining lease term. Depreciation expense for the years ended December 31, 2002 and 2001 were $81,000 and $98,000, respectively.

Revenue recognition—The Company manufactures, or has manufactured on a contract basis, products that are sold to customers. The Company recognizes product sales upon shipment of the product to the customer. The Company also develops and acquires technology that is used in the Company’s operations or sold, licensed or assigned to third parties. The Company recognizes revenue upon the sale or assignment of technology to third parties.

RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2002

Revenues

The Company’s revenues for the quarters ended September 30, 2003 and 2002 were as follows:

	2003	2002
Research assays	$553,000	$423,000
Other	7,000	3,000
	$560,000	$426,000

Sales of research assays increased by $130,000, or 31%, from $423,000 in the third quarter of 2002 to $553,000 in the third quarter of 2003 due primarily to an increase in sales volumes.

Costs and Expenses

Cost of revenues was $241,000, or 57% of revenues, for the third quarter of 2002. Cost of revenues was $255,000, or 46% of revenues, for the third quarter of 2003. The decrease in the cost of sales as a percentage of sales is due primarily to a reduction in the cost of manufacturing.

Gross profit for the third quarter of 2002 was $185,000, or 43% of revenues, and increased in the third quarter of 2003 to $305,000, or 54% of revenues. This change is due primarily to the reduction in the cost of materials.

Research and development expenses decreased from $154,000, or 36% of revenues, in the third quarter of 2002 to $86,000, or 15% of revenues, in the third quarter of 2003. The decrease in research and development expenses resulted from a reduction in the Company’s therapeutic drug development efforts.

Selling, general and administrative expenses increased from $327,000, or 77% of revenues, in the third quarter of 2002 to $359,000, or 64% of revenues, in the third quarter of 2003. This increase is primarily due to expenses related to the development of the animal health profiling program. The decrease in the percentage of revenues of selling, general and administrative is due to an increase in revenues.

Net Loss

The Company continued to experience losses in the third quarter of 2003. The third quarter 2003 net loss of $144,000 ($0.01 per share-basic and diluted) was $154,000 (48%) less than the $298,000 ($0.03 per share-basic and diluted) net loss for the third quarter of 2002. The decrease in the net loss is primarily due to an increase in gross profit of $120,000 and reduced research and development expenses ($68,000) offset by increased selling, general and administrative expenses ($32,000).

RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2003
COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2002

Revenues

The Company's revenues for the nine-month periods ended September 30, 2003 and 2002 were as follows:

	2003	2002
Research assays	$1,517,000	$1,181,000
Bovine superoxide dismutase (bSOD) for research and human use	242,000	380,000
Other	11,000	14,000
	$1,770,000	$1,575,000

Sales of research assays increased by $336,000, or 28%, from $1,181,000 in the first nine months of 2002 to $1,517,000 in the first nine months of 2003. This increase was due primarily to an increase in sales volumes.

Sales of bSOD in the first nine months of 2003 and 2002 consisted of one shipment of bulk bSOD to the Company's Spanish licensee. Sales of bSOD in 2002 came in one order shipped in the first nine months of 2002 ($380,000). The Company expects that sales of bSOD in 2003 will be split into two equal shipments; one which occurred in the first nine months of 2003 ($242,000) and another shipment expected to occur in the fourth quarter of 2003. Future sales of bulk bSOD beyond 2003 are largely dependent on the needs of the Company's Spanish licensee. Because such needs are uncertain and difficult to predict, no assurance can be given that the Company will continue to sell bulk bSOD to its Spanish licensee.

Costs and Expenses

Cost of product sales for the first nine months of 2002 was $916,000, or 58% of revenues, compared to $933,000, or 53% of revenues for the first nine months of 2003. This decrease in the cost of sales as a percentage of sales is due primarily to a reduction in the cost of manufacturing.

Gross profit for the first nine months of 2002 was $659,000, or 42% of revenues. Gross profit for the first nine months of 2003 was $837,000, or 47% of revenues. This change is due primarily to the reduction in the cost of materials.

Research and development expenses decreased from $350,000 in the first nine months of 2002 to $262,000 in the first nine months of 2003. Research and development expense as a percentage of revenues were 22% in the first nine months of 2002 compared to 15% in the first nine months of 2003 primarily due to a reduction in the Company’s therapeutic development efforts.

Selling, general and administrative expenses increased by $125,000, from $1,019,000, or 65% of revenues, in the first nine months of 2002 to $1,144,000, or 65% of revenues, in the first nine months of 2003. The increase is primarily the result of the Company’s investment in its animal health profiling program.

Other Income

During the first quarter of 2003, the Company sold its equity interest in Caprius Inc., resulting in other income of $8,000. During the first quarter of 2002, in association with the closing of the Company’s instrument manufacturing facility in 2001, the Company settled certain trade payables with creditors resulting in other income of $62,000.

Net Loss

The Company continued to experience losses in the first nine months of 2003. The first nine months of 2003 net loss of $571,000 ($.04 per share-basic and diluted) was $86,000 less than the $657,000 ($.07 per share-basic and diluted) net loss for the first nine months of 2002. The decrease in the net loss is primarily due to an increase in revenues partially offset by the investment in the animal health profiling program.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company’s working capital decreased during the first nine months of 2003 by $295,000, from $284,000 at December 31, 2002 to a deficit of $11,000 at September 30, 2003. The decrease in working capital resulted primarily from the net loss of $571,000 adjusted for depreciation and amortization.

Cash and cash equivalents decreased from $424,000 at December 31, 2002 to $238,000 at September 30, 2003. This decrease of $186,000 is primarily due to the $326,000 used for operations offset by proceeds from exercised warrants during the first nine months of 2003.

The Company expects to incur operating losses for the foreseeable future. These losses and expenses may increase and fluctuate from quarter to quarter. There can be no assurance that the Company will ever achieve profitable operations. The report of the Company's independent auditors on the Company's financial statements for the period ended December 31, 2002, includes an explanatory paragraph referring to the Company's ability to continue as a going concern. The Company anticipates that it will expend capital resources for the continuation of operations (marketing, product research and development, therapeutic and nutraceutical development). Capital resources may also be used for the acquisition of complementary businesses, products or technologies. The Company's future capital requirements will depend on many factors including: continued marketing and scientific progress in the Company's research and development programs; the magnitude of such programs; the success of pre-clinical and potential clinical trials; the costs associated with the scale-up of manufacturing; the time and costs required for regulatory approvals; the time and costs involved in filing, prosecuting, enforcing and defending patent claims; the cost of complying with the requirements of the French COB; technological competition and market developments; the establishment of and changes in collaborative relationships and the cost of commercialization activities and arrangements.

The Company has incurred losses in each of the last six years. As of September 30, 2003, the Company has an accumulated deficit of $59,274,000. The Company expects to incur operating losses for the foreseeable future. The Company needs to raise additional capital for continuing operations of the health products segment and to complete the Company's contemplated drug development programs and no assurances can be given that the Company will be able to raise such capital on terms favorable to the Company or at all. The unavailability of additional capital could cause the Company to cease or curtail its operations and/or delay or prevent the development and marketing of the Company's existing and potential products.

Risk Factors

Future Profitability Uncertain

Although the Company has been able to reduce its operating losses during prior years, the Company cannot predict its ability to continue cost reductions or to obtain profitability with its limited capital resources. The Company expects to incur research and development expenses as the Company continues testing its products and the Company anticipates that its sales and marketing expenses may increase as it attempts to sell certain of its products into new markets. The Company's losses and expenses may increase and fluctuate from quarter to quarter. There can be no assurance that the Company will ever achieve profitable operations. The report of the Company's independent auditors on the Company's financial statements for the period ended December 31, 2002 includes an explanatory paragraph referring to the Company's ability to continue as a going concern.

While the Company believes that certain of its new products and technologies show considerable promise, its ability to realize significant revenues from such products and technologies is dependent upon many factors, including (i) the Company's ability to sell its assays and other products to companies in industries which have not previously purchased such products from the Company and (ii) the Company's success in developing business alliances with nutraceutical/pharmaceutical and/or other health related companies to develop and market the Company's products. To date, the Company has not successfully sold its products into new markets in material amounts and has not established such business alliances and there can be no assurance that the Company's effort to develop such new markets and business alliances will be successful.

Need for Additional Financing.

Although the Company has been able to reduce its operating losses the past two years, the Company cannot predict its ability to continue cost reductions or achieve profitability with its limited capital resources. The Company currently does not have sufficient capital resources to complete the Company's contemplated development and commercialization programs. No assurances can be given that the Company will be able to raise such needed capital on terms favorable to the Company or at all. The unavailability of additional capital could cause the Company at any time to cease or curtail its operations and/or delay or prevent the development and marketing of the Company's potential products. Such events would likely cause investors who have invested in the Company to lose some or all of their investment in the Company.

Item 3. Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2003, and, based on their evaluation, our principal executive officer and principal financial officer have concluded that these controls and procedures are effective. There were no significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As a consequence of the sale of its common stock to French and other European investors in 1997, the Company's common stock is listed on the Nouveau Marche in France. The Company has been notified that the Paris lower court (Tribunal de grande instance de Paris) on November 12, 2003, issued an order (the "Order") requiring the Company (i) to file its 2002 reference document as required under French law and the regulations of the Commission des Operations de Bourse (the "COB"), the French securities regulatory agency overseeing the Nouveau Marche, within eight days of the court's Order ("filing deadline") and (ii) if the Company has not filed with the COB its 2002 reference document by the filing deadline, to pay a fine of 1,500 Euros for each day until it files its 2002 reference document with the COB. The Company has not prepared and filed its 2002 reference document due to the substantial cost of doing so. The Company intends to file an appeal of the Order. In addition, the Company is attempting through discussions with the COB to resolve these filing issues and avoid the payment of any fines. In the event the Company fails to resolve these issues with the COB, the Company may incur substantial costs and fines. No assurances can be given that the Company will be able to settle this matter with the COB, or if it does settle this matter with the COB, it will do so on terms favorable to the Company. The Company intends to seek the delisting of its stock from trading on the Nouveau Marche.

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Exhibits and Reports on Form 8-K.

(a) Exhibits – See Exhibit Index on page 20.

(b) Form 8-K Reports:

On July 18, 2003 the Company furnished a Report on Form 8-K stating that on July 17, 2003, the Company released a public press statement announcing its financial results for quarter ended June 30, 2003.

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.

November 14, 2003 By /s/ RAY R. ROGERS

Ray R. Rogers
Chairman, President and
Chief Executive Officer

November 14, 2003 By /s/ SHARON ELLIS

Sharon Ellis
Principal Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Document
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 31.1

CERTIFICATION

I, Ray R. Rogers, 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 small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, 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) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our 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
   c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 14, 2003

/s/ RAY R. ROGERS

Ray R. Rogers
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Sharon Ellis, 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, 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) Evaluated the effectiveness of the small business issuer’s disclosure controls and procedures and presented in this report our 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

   c) Disclosed in this report any change in the small business issuer’s internal control over financial reporting that occurred during the small business issuer’s most recent fiscal quarter (the small business issuer’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer’s internal control over financial reporting; and

5. The small business issuer’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer’s auditors and the audit committee of the small business issuer’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 small business issuer’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 small business issuer’s internal control over financial reporting.

Date: November 14, 2003

/s/ SHARON ELLIS

Sharon Ellis
Chief Financial and Operations 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 of OXIS International, Inc. (the “Company”) on Form 10-QSB for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date therein specified (the “Report”), I, Ray R. Rogers, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 result of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

/s/ RAY R. ROGERS

Ray R. Rogers
Chief Executive Officer

November 14, 2003

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 of OXIS International, Inc. (the “Company”) on Form 10-QSB for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date therein specified (the “Report”), I, Sharon Ellis, Chief Financial and Operations Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 result of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

/s/ SHARON ELLIS

Sharon Ellis
Chief Financial and Operations Officer

November 14, 2003