UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

/x/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003

Commission File Number 0-9314

ACCESS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	83-0221517
(State of Incorporation)	(I.R.S. Employer I.D. No.)

2600 Stemmons Frwy, Suite 176, Dallas, TX 75207

(Address of principal executive offices)

Telephone Number (214) 905-5100

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

Yes X No
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Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No X
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The number of shares outstanding of each of the issuer's classes of common stock, as of May 14, 2003 was 13,213,899 shares of common stock, $0.01 par value per share.

Total No. of Pages 25

PART I -- FINANCIAL INFORMATION

Risk Factors

This Quarterly Report on Form 10-Q contains certain statements that are forward-looking within the meaning of Section 27a of the Securities Act of 1933 and that involve risks and uncertainties, including, but not limited to the uncertainties associated with research and development activities, clinical trials, our ability to raise capital, the integration of acquired companies and technologies, the timing of and our ability to achieve regulatory approvals, dependence on others to market our licensed products, collaborations, future cash flow, the timing and receipt of licensing and milestone

revenues, the future success of our marketed products and products in development, our ability to manufacture amlexanox products in commercial quantities, our sales projections, and the sales projections of our licensing partners, our ability to achieve licensing milestones and other risks described below as well as those discussed elsewhere in this 10-Q, the Annual Report on Form 10-K as of December 31, 2002 and documents incorporated by reference.

We have experienced a history of losses and we expect to incur future losses.

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We have recorded minimal revenue to date and we have incurred a cumulative operating loss of approximately $49.7 million through March 31, 2003. Our losses have resulted principally from costs incurred in research and development activities related to our efforts to develop clinical candidates and from the associated administrative costs. We expect to incur significant additional operating losses over the next several years. We also expect cumulative losses to increase due to expanded research and development efforts and preclinical and clinical trials.

We do not have significant operating revenue and we may never attain profitability.

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To date, we have funded our operations primarily through private sales of common stock and convertible notes. Contract research payments and licensing fees from corporate alliances and mergers have also provided funding for our operations. Our ability to achieve significant revenue or profitability depends upon our ability to successfully complete the development of drug candidates, to develop and obtain patent protection and regulatory approvals for our drug candidates and to manufacture and commercialize the resulting drugs. We have not received significant royalties for sales of amlexanox or Zindaclin(R) products to date and we may not receive significant revenues or profits from the sale of these products in the future. Furthermore, we may not be able to ever successfully identify, develop, commercialize, patent, manufacture, obtain required regulatory approvals and market any additional products. Moreover, even if we do identify, develop, commercialize, patent, manufacture, and obtain required regulatory approvals to market additional products, we may not receive revenues or royalties from commercial sales of these products for a significant number of years, if at all. Therefore, our proposed operations are subject to all the risks inherent in the establishment of a new business enterprise. In the next few years, our revenues may be limited to minimal royalties any amounts that we receive under strategic partnerships and research or drug development collaborations that

we may establish and, as a result, we may be unable to achieve or maintain profitability in the future or to achieve significant revenues in order to fund our operations.

We may not successfully commercialize our drug candidates.

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Our drug candidates are subject to the risks of failure inherent in the development of pharmaceutical products based on new technologies and our failure to develop safe, commercially viable drugs would severely limit our ability to become profitable or to achieve significant revenues. We may be unable to successfully commercialize our drug candidates because:

* some or all of our drug candidates may be found to be unsafe or ineffective or otherwise fail to meet applicable

regulatory standards or receive necessary regulatory clearances;

* our drug candidates, if safe and effective, may be too difficult to develop into commercially viable drugs;

* it will be difficult to manufacture or market our drug candidates on a large scale;

* proprietary rights of third parties may preclude us from marketing our drug candidates; and

* third parties may market superior or equivalent drugs.

The success of our research and development activities, upon which we primarily focus, is uncertain.

Our primary focus is on our research and development activities and the commercialization of compounds covered by proprietary biopharmaceutical patents and patent applications. Research and development activities, by their nature, preclude definitive statements as to the time required and costs involved in reaching certain objectives. Actual research and development costs, therefore, could exceed budgeted amounts and estimated time frames may require extension. Cost overruns, unanticipated regulatory delays or demands, unexpected adverse side effects or insufficient therapeutic efficacy will prevent or substantially slow our research and development effort and our business could ultimately suffer. We anticipate that we will remain principally engaged in research and development activities for an indeterminate, but substantial, period of time.

We may be unable to obtain necessary additional capital to fund operations in the future.

We require substantial capital for our development programs and operating expenses, to pursue regulatory clearances and to prosecute and defend our intellectual property rights. Although we believe that our existing capital resources, interest income, product sales, royalties and revenue from possible licensing agreements and collaborative agreements will be sufficient to fund our currently expected operating expenses and capital requirements through September 2004, we may need to raise substantial additional capital during that period because our actual cash requirements may vary materially from those now planned and will depend upon numerous factors, including :

* the results of our research and development programs;

* the timing and results of preclinical and clinical trials;

* our ability to maintain existing and establish new collaborative agreements with other companies to provide funding to us;

* technological advances; and

* activities of competitors and other factors.

If we do raise additional funds by issuing equity securities, further dilution to existing stockholders would result and future investors may be granted rights superior to those of existing stockholders. If adequate funds are not available to us through additional equity offerings, we may be required to delay, reduce the scope of or eliminate one or more of our research and development programs or to obtain funds by entering into arrangements with collaborative partners or others that require us to issue additional equity securities

or to relinquish rights to certain technologies or drug candidates that we would not otherwise issue or relinquish in order to continue independent operations.

We may be unable to successfully develop, market, or commercialize our products or our product candidates without establishing new relationships and maintaining current relationships.
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Our strategy for the research, development and commercialization of our potential pharmaceutical products may require us to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others, in addition to our existing relationships with other parties. Specifically, if we successfully develop any commercially marketable pharmaceutical products, we may seek to enter joint venture, sublicense or other marketing arrangements with parties that have an established marketing capability or we may choose to pursue the commercialization of such products on our own. We may, however, be unable to establish additional collaborative arrangements, license agreements, or marketing agreements as we may deem necessary to develop, commercialize and market our potential pharmaceutical products on acceptable terms. Furthermore, if we maintain and establish arrangements or relationships with third parties, our business may depend upon the successful performance by these third parties of their responsibilities under those arrangements and relationships. For our commercialized products we currently rely upon the following relationships in the following marketing territories:

* amlexanox 5% paste

- Strakan Ltd. - United Kingdom and Ireland manufacturing and marketing rights
- Zambon Group - France, Germany, Holland, Belgium, Luxembourg, Switzerland, Brazil, Columbia and Italy manufacturing and marketing rights
- Laboratories Dr. Esteve SA - Spain, Portugal and Greece manufacturing and marketing rights
- Meda, AB for Scandinavia, the Baltic states and Iceland marketing rights
- Mipharm SpA for Italy manufacturing and marketing rights
- Paladin Labs, Inc. for Canada manufacturing and marketing rights

* Zindaclin(R) and Residerm(R)

- Strakan Ltd. - worldwide manufacturing and marketing rights
- Fujisawa GmbH - sublicensed continental Europe marketing rights
- Taro - sublicensed Israel marketing rights
- Various companies for other smaller countries - sublicensed marketing rights

Our ability to commercialize, and market our products and product candidates could be limited if any of these existing relationships were terminated.

We may be unable to successfully manufacture our products and our product candidates in clinical quantities or for commercial purposes without the assistance of contract manufacturers, which may be difficult for us to obtain and maintain.
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We have no experience in the manufacture of pharmaceutical products in clinical quantities or for commercial purposes and we may not be able to manufacture any new pharmaceutical products that we may develop, so we intend to establish arrangements with contract manufacturers to supply sufficient quantities of products to conduct clinical trials and for the manufacture, packaging, labeling and distribution of finished pharmaceutical products if any of our potential products are approved for commercialization. If we are unable to contract for a sufficient supply of our potential pharmaceutical products on acceptable terms, our preclinical

and human clinical testing schedule may be delayed, resulting in the delay of our submission of products for regulatory approval and initiation of new development programs, which could cause our business to suffer. Delays or difficulties in establishing relationships with manufacturers to produce, package, label and distribute our finished pharmaceutical or other medical products, if any, market introduction and subsequent sales of such products could cause our business to suffer. Moreover, contract manufacturers that we may use must adhere to current Good Manufacturing Practices, as required by the FDA. In this regard, the FDA will not issue a pre-market approval or product and establishment licenses, where applicable, to a manufacturing facility for the products until after the manufacturing facility passes a pre-approval plant inspection. If we are unable to obtain or retain third party manufacturing on commercially acceptable terms, we may not be able to commercialize our products as planned. Our potential dependence upon third parties for the manufacture of our products may adversely affect our profit margins and our ability to develop and deliver such products on a timely and competitive basis.

Our amlexanox 5% paste is marketed in the US as Aphthasol(R) by Access. GSK has manufactured the 5% amlexanox paste since the product was approved by the FDA in 1996 in a facility that is certified by the FDA for Good Manufacturing Practices. We acquired the rights to amlexanox 5% paste from GSK on July 22, 2002. We have evaluated various manufacturers and selected a manufacturer of our product. Production is planned to start in June 2003.

Access and Block Drug Company entered into a Supply Agreement whereas Block Drug Company was to produce Aphthasol(R) for Access for a defined period of time at its Puerto Rico facility. Access has been advised by Block Drug Company that is unable to comply with the terms of the Supply Agreement and will not be able to produce Aphthasol(R) for Access. Access has notified Block Drug Company that it is in breach of the Supply Agreement and is conducting discussions with Block Drug Company to resolve this issue. Based on the current sales volumes of Aphthasol(R), Access believes that it has sufficient product to supply wholesalers through June 2003. An alternative supplier has been identified and Access is in the process of negotiating a contract for the supply of Aphthasol(R). In the event that Block Drug Company remains in breach of the Supply Agreement (which Access anticipates) and does not supply Aphthasol(R) to Access, there will be an interruption of supply to the wholesaler until an alternate manufacturer of Aphthasol(R) is able to produce the product. Wholesaler inventories may enable a continuing supply of the product to the consumer, although there is no guarantee that such inventory will be sufficient. Until the product supply issues are resolved our planned marketing relaunch of Aphthasol(R) will be delayed.

Amlexanox 5% paste was approved in the UK and is currently in the approval process in the remaining EU countries. We licensed manufacturing to Strakan, Zambon, Esteve and Mipharm for specific countries in Europe. Esteve is currently preparing to manufacture the product and is

obtaining the necessary European and FDA approvals. Esteve has experience in the manufacture of other commercial pharmaceutical products.

We licensed our patents for worldwide manufacturing and marketing for Zindaclin(R) and the ResiDerm(R) technology to Strakan Ltd. for the period of the patents. We receive a royalty on the sales of the product. Strakan has a contract manufacturer for Zindaclin(R) in a European Union approved facility. Zindaclin(R) was approved in the UK and seven additional European Union countries and is currently under review for approval in the remaining EU countries.

OraDisc(TM) is manufactured by a third party for our Phase III clinical trials. Enough product was manufactured to cover the needs of the clinical trials and testing. We are currently negotiating with a third party for manufacturing if the product is approved.

AP5280 and AP5346 are manufactured by a third party for our Phase I clinical trials. Manufacturing is ongoing for the current clinical trials. Some manufacturing may be completed by the Company if significant cost

savings can be achieved.

Our mucoadhesive technology is manufactured by a third party for our clinical trials.

We are subject to extensive governmental regulation which increases our cost of doing business and may affect our ability to commercialize any new products that we may develop.

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The FDA and comparable agencies in foreign countries impose substantial requirements upon the introduction of pharmaceutical products through lengthy and detailed laboratory, preclinical and clinical testing procedures and other costly and time-consuming procedures to establish their safety and efficacy. All of our drug candidates will require governmental approvals for commercialization, none of which have been obtained. Preclinical and clinical trials and manufacturing of our drug candidates will be subject to the rigorous testing and approval processes of the FDA and corresponding foreign regulatory authorities. Satisfaction of these requirements typically takes a significant number of years and can vary substantially based upon the type, complexity and novelty of the product. For example the status of our principal products are as follows:

* 5% amlexanox paste is an approved product for sale in the US (Aphthasol(R)); approved in the UK and Canada but not yet sold; and, in the approval process in the EU.

* Zindaclin(R) is an approved product for sale in the UK and seven additional European Union countries; in the approval process in the remaining EU countries; and waiting for finalized plans and approval to start a Phase III trial in the US.

* OraDisc(TM) has completed a Phase III clinical trial in the US.

* AP5280 is currently in a Phase I/II trial in Europe.

* AP5346 is currently in a Phase I trial in Europe.

* Mucoadhesive liquid technology is planned to start a Phase III trial in the US in 2003.

* Vitamin mediated delivery technology is currently in the pre-clinical phase.

* We also have other products in the preclinical phase.

Due to the time consuming and uncertain nature of the drug candidate development process and the governmental approval process described above, we cannot assure you when we, independently or with our collaborative partners, might submit a New Drug Application, or NDA, for FDA or other regulatory review.

Government regulation also affects the manufacturing and marketing of pharmaceutical products. Government regulations may delay marketing of our potential drugs for a considerable or indefinite period of time, impose costly procedural requirements upon our activities and furnish a competitive advantage to larger companies or companies more experienced in regulatory affairs. Delays in obtaining governmental regulatory approval could adversely affect our marketing as well as our ability to generate significant revenues from commercial sales. Our drug candidates may not receive the FDA or other regulatory approvals on a timely basis or at all. Moreover, if regulatory approval of a drug candidate is granted, such approval may impose limitations on the indicated use for which such drug may be marketed. Even if we obtain initial regulatory approvals for our drug candidates, we, or our drugs and our manufacturing facilities would be subject to continual review and periodic inspection, and later discovery of previously unknown problems with a drug, manufacturer or facility may result in restrictions on the marketing or manufacture of such drug, including withdrawal of the drug from the market. The FDA and other regulatory authorities stringently apply regulatory standards and failure to comply with regulatory standards can, among other things, result in fines, denial or withdrawal of regulatory approvals, product

recalls or seizures, operating restrictions and criminal prosecution.

The uncertainty associated with preclinical and clinical testing may affect our ability to successfully commercialize new products.
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Before we can obtain regulatory approvals for the commercial sale of any of our potential drugs, the drug candidates will be subject to extensive preclinical and clinical trials to demonstrate their safety and efficacy in humans. Preclinical or clinical trials of any of our future drug candidates may not demonstrate the safety and efficacy of such drug candidates at all or to the extent necessary to obtain regulatory approvals. In this regard, for example, adverse side effects can occur during the clinical testing of a new drug on humans or animals which may delay ultimate FDA approval or even lead us to terminate our efforts to develop the drug for commercial use. Companies in the biotechnology industry have suffered significant setbacks in advanced clinical trials, even after demonstrating promising results in earlier trials. In particular, OraDisc(TM) and AP5280 have taken longer to progress through clinical trials than originally planned. This extra time has not been related to concerns of the formulations but rather due to the lengthy regulatory process. The failure to adequately demonstrate the safety and efficacy of a drug candidate under development could delay or prevent regulatory approval of the drug candidate. A delay or failure to receive regulatory approval for any of our drug candidates could prevent us from successfully commercializing such candidates and we could incur substantial additional expenses in our attempts to further develop such candidates and obtain future regulatory approval.

We may incur substantial product liability expenses due to the use or misuse of our products for which we may be unable to obtain complete insurance coverage.
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Our business exposes us to potential liability risks that are inherent in the testing, manufacturing and marketing of pharmaceutical products. These risks will expand with respect to our drug candidates, if any, that receive regulatory approval for commercial sale and we may face substantial liability for damages in the event of adverse side effects or product defects identified with any of our products that are used in clinical tests or marketed to the public. We generally procure product liability insurance for drug candidates that are undergoing human clinical trials. Product liability insurance for the biotechnology industry is generally expensive, if available at all, and as a result, we may be unable able to obtain insurance coverage at acceptable costs or in a sufficient amount in the future, if at all. We may be unable to satisfy any claims for which we may be held liable as a result of the use or misuse of products which we have developed, manufactured or sold and any such product liability claim could adversely affect our business,

operating results or financial condition.

We may incur significant liabilities if we fail to comply with stringent environmental regulations or if we did not comply with these regulations in the past.
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Our research and development processes involve the controlled use of hazardous materials. We are subject to a variety of federal, state and local governmental laws and regulations related to the use, manufacture, storage, handling and disposal of such material and certain waste products. Although we believe that our activities and our safety procedures for storing, using, handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such accident, we could be held liable for any damages that result and any such liability could exceed our resources.

Intense competition may limit our ability to successfully develop and market commercial products.
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The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our competitors in the United States and elsewhere are numerous and include, among others, major multinational pharmaceutical and chemical companies, specialized biotechnology firms and universities and other research institutions. Cisplatin is marketed by Bristol-Myers-Squibb the originator of the drug and by several generic manufacturers. Carboplatin is marketed exclusively by Bristol-Myers-Squibb and Oxaliplatin by Sanofi-Synthelabo. Our principal competitors in the polymer area are Cell Therapeutics, Daiichi, Enzon, Inhale and Pharmacia, which are developing alternate drugs in combination with polymers. Several companies are working on therapies and formulations that may be competitive with our drug delivery system, including Bristol-Myers-Squibb, Centocor (acquired by Johnson & Johnson), GlaxoSmithKline, Imclone and Xoma, which are developing targeted monoclonal antibody therapy, and Nexstar (acquired by Gilead Sciences), The Liposome Company (acquired by Elan Corporation) and Sequus Pharmaceuticals (acquired by Alza Corporation), which are developing liposomal formulations. In addition, RxKinetics, Human Genome Sciences and Amgen are developing competitive products to treat mucositis. Furthermore, Benzamycin, marketed by a subsidiary of Aventis; Cleocin-T and a generic topical clindamycin, marketed by Pharmacia; Benzac, marketed by a subsidiary of L'Oreal; and Triaz, marketed by Medicis Pharmaceutical Corp. are competitive with Residerm(R) products and technology and prescription steroids such as Kenalog in OraBase developed by Bristol-Myers Squibb are competitive with our commercialized Aphthasol(R) product.

Many of these competitors have and employ greater financial and other resources, including larger research and development staffs and more effective marketing and manufacturing organizations, than us or our collaborative partners. As a result, our competitors may successfully develop technologies and drugs that are more effective or less costly than any that we are developing or which would render our technology and future products obsolete and noncompetitive.

In addition, some of our competitors have greater experience than we do in conducting preclinical and clinical trials and obtaining FDA and other regulatory approvals. Accordingly, our competitors may succeed in obtaining FDA or other regulatory approvals for drug candidates more rapidly than we do. Companies that complete clinical trials, obtain required regulatory agency approvals and commence commercial sale of their drugs before their competitors may achieve a significant competitive advantage. Drugs resulting from our research and development

efforts or from our joint efforts with collaborative partners therefore may not be commercially competitive with our competitors' existing products or products under development.

Our ability to successfully develop and commercialize our drug candidates will substantially depend upon the availability of reimbursement funds for the costs of the resulting drugs and related treatments.

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The successful commercialization of, and the interest of potential collaborative partners to invest in, the development of our drug candidates will depend substantially upon reimbursement of the costs of the resulting drugs and related treatments at acceptable levels from government authorities, private health insurers and other organizations, including health maintenance organizations, or HMOs. To date, the costs of our marketed products Aphthasol(R) and Zindaclin(R) generally have been reimbursed at acceptable levels, however, the amount of such reimbursement in the United States or elsewhere may be decreased in the future or may be unavailable for any drugs that we may develop in the future. Limited reimbursement for the cost of any drugs that we develop may reduce the demand for, or price of such drugs, which would hamper our ability to obtain collaborative partners to commercialize our drugs, or to obtain a sufficient financial return on our own manufacture and commercialization of any future drugs.

The market may not accept any pharmaceutical products that we successfully develop.

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The drugs that we are attempting to develop may compete with a number of well-established drugs manufactured and marketed by major pharmaceutical companies. The degree of market acceptance of any drugs developed by us will depend on a number of factors, including the establishment and demonstration of the clinical efficacy and safety of our drug candidates, the potential advantage of our drug candidates over existing therapies and the reimbursement policies of government and third-party payers. Physicians, patients or the medical community in general may not accept or use any drugs that we may develop independently or with our collaborative partners and if they do not, our business could suffer.

Trends toward managed health care and downward price pressures on medical products and services may limit our ability to profitably sell any drugs that we may develop.

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Lower prices for pharmaceutical products may result from:

* third-party payers' increasing challenges to the prices charged for medical products and services;

* the trend toward managed health care in the United States and the concurrent growth of HMOs and similar organizations that can control or significantly influence the purchase of healthcare services and products; and

* legislative proposals to reform healthcare or reduce government insurance programs.

The cost containment measures that healthcare providers are instituting, including practice protocols and guidelines and clinical pathways, and the effect of any health care reform, could limit our ability to profitably sell any drugs that we may successfully develop. Moreover, any future legislation or regulation, if any, relating to the healthcare industry or third-party coverage and reimbursement, may cause our business to suffer.

We may not be successful in protecting our intellectual property and proprietary rights.

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Our success depends, in part, on our ability to obtain U.S. and foreign patent protection for our drug candidates and processes, preserve our trade secrets and operate our business without infringing the proprietary rights of third parties. Legal standards relating to the validity of patents covering pharmaceutical and biotechnological inventions and the scope of claims made under such patents are still developing and there is no consistent policy regarding the breadth of claims allowed in biotechnology patents. The patent position of a biotechnology firm is highly uncertain and involves complex legal and factual questions. We cannot assure you that any existing or future patents issued to, or licensed by, us will not subsequently be challenged, infringed upon, invalidated or circumvented by others. As a result, although we, together with our subsidiaries, are either the owner or licensee of technology to 23 U.S. patents and to 17 U.S. patent applications now pending, and 6 European and 15 European patent applications, we cannot assure you that any additional patents will issue from any of the patent applications owned by, or licensed to, us. Furthermore, any rights that we may have under issued patents may not provide us with significant protection against competitive products or otherwise be commercially viable. Our patents expire on average for the following technologies:

* 5% amlexanox paste approximately in 2011

* Zindaclin(R) and Residerm(R) approximately in 2008

* OraDisc(TM) approximately in 2017

* AP5280 approximately in 2018

* AP5346 approximately in 2021

* Mucoadhesive technology approximately in 2021

* Vitamin mediated technology approximately in 2013

In addition, patents may have been granted to third parties or may be granted covering products or processes that are necessary or useful to the development of our drug candidates. If our drug candidates or processes are found to infringe upon the patents or otherwise impermissibly utilize the intellectual property of others, our development, manufacture and sale of such drug candidates could be severely restricted or prohibited. In such event, we may be required to obtain licenses from third parties to utilize the patents or proprietary rights of others. We cannot assure you that we will be able to obtain such licenses on acceptable terms, if at all. If we become involved in litigation regarding our intellectual property rights or the intellectual property rights of others, the potential cost of such litigation, regardless of the strength of our legal position, and the potential damages that we could be required to pay could be substantial.

Our business could suffer if we lose the services of, or fail to attract, key personnel.
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We are highly dependent upon the efforts of our senior management and scientific team, including our President and Chief Executive Officer, Kerry Gray. The loss of the services of one or more of these individuals could delay or prevent the achievement of our research, development, marketing, or product commercialization objectives. While we have employment agreements with Mr. Gray and David Nowotnik our Senior Vice President Research and Development, their employment may be terminated by them or us at any time. In addition, Mr. Gray's and Dr. Nowotnik's agreements expire within one year and are extendable each year on the anniversary date. We do not have employment contracts with our other key personnel. We do not maintain any "key-man" insurance policies on any of our key employees and we do not intend to obtain such insurance. In addition, due to the specialized scientific nature of our business, we are highly dependent upon our ability to attract and retain qualified scientific and technical personnel. In view of the stage of our development and our research and development

programs, we have restricted our hiring to research scientists and a small administrative staff and we have made no investment in manufacturing, production, marketing, product sales or regulatory compliance resources. If we develop pharmaceutical products that we will commercialize ourselves, however, we will need to hire additional personnel skilled in the clinical testing and regulatory compliance process and in marketing and product sales. There is intense competition among major pharmaceutical and chemical companies, specialized biotechnology firms and universities and other research institutions for qualified personnel in the areas of our activities, however, and we may be unsuccessful in attracting and retaining these personnel.

Ownership of our shares is concentrated, to some extent, in the hands of a few individual investors which could limit the ability of our other stockholders to influence the direction of the company.
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Heartland Advisors, Inc. and Larry N. Feinberg (Oracle Partners LP, Oracle Institutional Partners LP and Oracle Investment Management Inc.) currently beneficially own approximately 14.0% and 14.0% respectively, of our issued and outstanding common stock as of May 14, 2003. Accordingly, they collectively may have the ability to significantly influence or determine the election of all of our directors or the outcome of most corporate actions requiring stockholder approval. They may exercise this ability in a manner that advances their best interests and not necessarily those of our other stockholders.

Provisions of our charter documents could discourage an acquisition of our company that would benefit our stockholders.
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Provisions of our Certificate of Incorporation, By-laws and Stockholders Rights Plan may make it more difficult for a third party to acquire control of our company, even if a change in control would benefit our stockholders. In particular, shares of our preferred stock may be issued in the future without further stockholder approval and upon such terms and conditions, and having such rights, privileges and preferences, as our Board of Directors may determine, including, for example, rights to convert into our common stock. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any of our preferred stock that may be issued in the future. The issuance of our preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire control of us. This could limit the price that certain investors might be willing to pay in the future for shares of our common stock and discourage these investors from acquiring a majority of our common stock. Further, the existence of these corporate governance provisions could have the effect of entrenching management and making it more difficult to change our management.

Substantial sales of our common stock could lower our stock price.
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The market price for our common stock could drop as a result of sales of a large number of our presently outstanding shares. All of the 13,213,899 shares of our common stock that are outstanding as of May 14, 2003 are unrestricted and freely tradable or tradable pursuant to a resale registration statement or under Rule 144 of the Securities Act.

AMEX listing requirements.
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Our common stock is presently listed on the American Stock Exchange under the symbol "AKC". All companies listed on AMEX are required to comply with certain continued listing

standards, including maintaining stockholders' equity at required levels. We are not in compliance with this stockholders' equity standard as of March 31, 2003. If we are unable to remedy any listing standard noncompliance with AMEX under its regulations, or otherwise regain compliance, we cannot assure you that our common stock will continue to remain eligible for listing on AMEX. In the event that our common stock is delisted from AMEX its market value and liquidity could be materially adversely affected.

ITEM 1 FINANCIAL STATEMENTS

The response to this Item is submitted as a separate section of this report.

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

OVERVIEW

We are an emerging pharmaceutical company focused on developing both novel low development risk product candidates and technologies with longer-term major product opportunities. We are a Delaware corporation.

Together with our subsidiaries, we have proprietary patents or rights to eight drug delivery technology platforms:

* synthetic polymer targeted delivery,

* vitamin mediated targeted delivery,

* vitamin mediated oral delivery,

* bioerodible hydrogel technology,

* nanoparticles and nanoparticle networks,

* hydrogel particle aggregate technology,

* Residerm(R) topical delivery and

* carbohydrate targeting technology.

In addition, we are marketing in the United States - Aphthasol(R), the first FDA approved product for the treatment of canker sores. We are developing new formulations and delivery forms to evaluate amlexanox in additional clinical indications, including mucoadhesive disc delivery.

Also, Strakan Limited, our United Kingdom partner, has used our patented Residerm(R) technology to develop zinc clindamycin for the treatment of acne. Strakan began marketing zinc clindamycin in the United Kingdom under the trade name Zindaclin(R) in March 2002. The process to achieve marketing authorization for Zindaclin(R) throughout Europe has been initiated, with approvals in eight European Union countries to date and activities ongoing to expand approval throughout the European Union.

Since our inception, we have devoted our resources primarily to fund our research and development programs. We have been unprofitable since inception and to date have received limited revenues from the sale of products. We cannot assure you that we will be able to generate sufficient product revenues to attain profitability on a sustained basis or at all. We expect to incur losses for the next several years as we continue to invest in product research and development, preclinical studies, clinical trials and regulatory compliance. As of March 31, 2003, our accumulated deficit was $49,703,000, of which $8,894,000 was the result of the write-off of excess purchase price.

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LIQUIDITY AND CAPITAL RESOURCES

We have funded our operations primarily through private sales of common stock and convertible notes and our principal source of liquidity is cash and cash equivalents. Contract research payments, licensing fees and milestone payments from corporate alliances and mergers have also provided funding for operations. As of March 31, 2003 our cash and cash equivalents were $7,376,000 and our working capital was $5,149,000. Our working capital at March 31, 2003 represented a decrease of $2,445,000 as compared to our working capital as of December 31, 2002 of $7,594,000. The decrease in working capital was due to the loss from operations for the first quarter of 2003.

We have incurred negative cash flows from operations since inception, and have expended, and expect to continue to expend in the future, substantial funds to complete our planned product development efforts. Since inception, our expenses have significantly exceeded revenues, resulting in an accumulated deficit as of March 31, 2003 of $49,703,000. We expect that our existing capital resources will be adequate to fund our current level of operations through September 2004. We cannot assure you that we will ever be able to generate significant product revenue or achieve or sustain profitability.

We will expend substantial funds to conduct research and development programs, preclinical studies and clinical trials of potential products, including research and development with respect to our newly acquired and developed technology. Our future capital requirements and adequacy of available funds will depend on many factors, including:

* the successful commercialization of amlexanox and Zindaclin(R);

* the ability to establish and maintain collaborative arrangements with corporate partners for the research, development and commercialization of products;

* continued scientific progress in our research and development programs;

* the magnitude, scope and results of preclinical testing and clinical trials;

* the costs involved in filing, prosecuting and enforcing patent claims;

* competing technological developments;

* the cost of manufacturing and scale-up;

* the ability to establish and maintain effective commercialization arrangements and activities; and

* successful regulatory filings.

We have issued an aggregate of $13,500,000 of convertible notes, which are due in two parts, $8,050,000 is due on September 13, 2005 and $5,500,000 is due on September 13, 2006. The notes bear interest at a rate of 7.7% per annum with $1,041,000 of interest due annually on each September 13 and, under certain circumstances, convert to Common Stock at a conversion price of $5.50 per share. Should the holders of the notes not elect to convert them to common stock, or we are not able to force the conversion of the notes by their terms, we must repay the amounts on the dates described herein. We currently do not have the funds available to repay the convertible notes. We may need to restructure the terms of the notes as we near the due date for repayment. Any such restructuring could have a significant impact on our capital structure and liquidity.

FIRST QUARTER 2003 COMPARED TO FIRST QUARTER 2002

Our licensing revenue in the first quarter of 2003 was $86,000, as compared to licensing revenue of $116,000 in same quarter of 2002, a decrease of $30,000. We recognize licensing revenue over the period of the performance obligation under our licensing agreements. Licensing revenue recognized in both 2003 and 2002 was from several agreements, including agreements related to various amlexanox projects and Residerm(R).

Product sales of Aphthasol(R) totaled $303,000 in the first quarter of 2003. Our first sales of Aphthasol(R) were recorded in December 2002.

Royalty income in the first quarter of 2003 was $4,000. No royalty was recorded in 2002 until the fourth quarter.

Total research spending for the first quarter of 2003 was $1,797,000, as compared to $1,323,000 for the same period in 2002, an increase of $474,000. The increase in expenses was primarily the result of:

* higher clinical costs ($311,000) for our OraDisc(TM) clinical trials and ($93,000) for the AP5280 and AP5346 polymer platinate clinical trials;

* higher scientific salary costs ($127,000) due to additional employees;

* higher expenses due to our Australia laboratory costs ($81,000) which was acquired in the first quarter of 2002; and

* other net increases ($34,000).

The increase in expenses was partially offset by:

* lower product development costs ($131,000) for products made for our clinical trials; and

* lower clinical costs ($41,000) for our amlexanox gel clinical trial that was completed in the first quarter of 2002.

We expect research spending to increase in future quarters and remain higher than in prior quarters as we intend to hire additional scientific and clinical staff, commence additional clinical trials and accelerate preclinical development activities as we continue to develop our product candidates.

Our cost of product sales was $109,000 in the first quarter of 2003. There were no costs in the same period of 2002 due to the commencement of our Aphthasol(R) sales in the fourth quarter of 2002.

Total general and administrative expenses were $537,000 for the first quarter of 2003, an increase of $38,000 as compared to the same period

in 2002. The increase in spending was due primarily to the following:

* higher patent expenses ($51,000), due to new patent expenses; and

* higher rent and utilities expenses ($12,000) due to the expansion of our facilities.

The above increases in spending are partially offset by lower salary expenses ($7,000) and other net decreases ($18,000).

Depreciation and amortization was $144,000 for the first quarter of 2003 as compared to $57,000 for the same period in 2002 reflecting an increase of $87,000. The increase in depreciation and amortization is due to increased depreciation resulting from the acquisition of additional capital

assets and increased amortization due to patents acquired in the Biotech Australia Pty. Limited transaction and patents acquired from GlaxoSmithKline.

Total operating expenses in the first quarter of 2003 were $2,587,000 as compared to total operating expenses of $1,879,000 for the same period in 2002.

Loss from operations in the first quarter of 2003 was $2,194,000 as compared to a loss of $1,763,000 for the same period in 2002.

Interest and miscellaneous income was $98,000 for the first quarter of 2003 as compared to $214,000 for the same period in 2002, a decrease $116,000. The decrease in interest income was due to lower cash balances and lower interest rates in 2003 as compared with 2002.

Interest expense was $315,000 for the first quarter of 2003 as compared to $317,000 for the same period in 2002, a decrease of $2,000.

Net loss in the first quarter of 2003 was $2,411,000, or a $0.18 basic and diluted loss per common share, compared with a loss of $1,866,000, or a $0.14 basic and diluted loss per common share for the same period in 2002.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We invest our excess cash and short-term investments in certificates of deposit, corporate securities with high quality ratings, and U.S. government securities. These investments are not held for trading or other speculative purposes. These financial investment securities all mature in 2003 and 2004 and their estimated fair value approximates cost. Changes in interest rates affect the investment income we earn on our investments and, therefore, impact our cash flows and results of operations. A hypothetical 50 basis point decrease in interest rates would result in a decrease in annual interest income and a corresponding increase in net loss of approximately $42,000. The estimated effect assumes no changes in our short-term investments at March 31, 2003. We do not believe that we are exposed to any market risks, as defined. We are not exposed to risks for changes in commodity prices, or any other market risks.

ITEM 4 CONTROLS AND PROCEDURES

(a) Evaluation Of Disclosure Controls And Procedures: Within the 90 days prior to the date of this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our subsidiaries) required to be included in our periodic Securities and Exchange Commission filings.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any within the Company have been detected. These

inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is

based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

(b) Changes In Internal Controls: There were no significant changes in our internal controls or, to our knowledge, in other factors that could significantly affect such internal controls subsequent to the date of their evaluation.

PART II -- OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

William Hall ("Hall") filed suit against Access, and certain officers of Access, in Dallas County, Texas, District Court, on or about February 7, 2003. Although the claims in Hall's complaint are not clearly delineated, he appears to bring claims for fraud, conspiracy, and theft against all defendants, and a claim for breach of contract against Access. Each of the allegations relates to an allegedly unfulfilled contractual obligation to deliver to Hall 45,000 warrants to purchase our stock. Hall alleges in his complaint and in a subsequent letter that the warrants, had they been delivered, could have been worth as much as $540,000. He seeks as damages this amount, his attorney's fees, and an unstated amount of punitive damages.

We answered Hall's complaint on March 3, 2003, and brought counterclaims against him relating to certain alleged misrepresentations, his failure to perform certain obligations to Access, and his interference with the our right to enjoy certain contractual benefits. Discovery, substantive fact investigation, and legal analysis have only recently begun. Access intends to be vigorous in both defense of Hall's claims and its pursuit of our counterclaims.

ITEM 2 CHANGES IN SECURITIES

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 OTHER INFORMATION

None

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

Exhibits:

99.1 Certification of Financial Statements by Chief Executive Officer of Access Pharmaceuticals, Inc. pursuant to 18 U.S.C. Section 1350

99.2 Certification of Financial Statements by Chief Financial Officer of Access Pharmaceuticals, Inc. pursuant to 18 U.S.C. Section 1350

Reports on Form 8-K: None

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.

ACCESS PHARMACEUTICALS, INC.

Date: May 14, 2003 By: /s/ Kerry P. Gray

Kerry P. Gray
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 14, 2003 By: /s/ Stephen B. Thompson

Stephen B. Thompson
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATIONS

I, Kerry P. Gray, the President and Chief Executive Officer of Access Pharmaceuticals, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Access Pharmaceuticals, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. Designed such disclosure controls and procedures 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 quarterly report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other

employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ Kerry P. Gray
- ----------
Kerry P. Gray
President and Chief Executive Officer

CERTIFICATIONS

I, Stephen B. Thompson, the Chief Financial Officer of Access Pharmaceuticals, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Access Pharmaceuticals, Inc.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. Designed such disclosure controls and procedures 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 quarterly report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any

corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ Stephen B. Thompson
- ----------
Stephen B. Thompson
Chief Financial Officer

Access Pharmaceuticals, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

<TABLE>
<CAPTION>

	March 31, 2003	December 31, 2002
ASSETS	(unaudited)	
<S>	<C>	<C>
Current assets		
Cash and cash equivalents	$ 3,223,000	$ 1,444,000
Short term investments, at cost	4,153,000	8,332,000
Accounts receivable	1,420,000	1,184,000
Accrued interest receivable	77,000	89,000
Inventory	238,000	461,000
Prepaid expenses and other current assets	630,000	852,000
Total current assets	9,741,000	12,362,000
Property and equipment, net	798,000	742,000
Debt issuance costs, net	450,000	496,000
Patents, net	2,906,000	2,991,000
Licenses, net	429,000	449,000
Goodwill, net	1,868,000	1,868,000
Other assets	551,000	579,000
Total assets	$ 16,743,000	$ 19,487,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	$ 2,484,000	$ 2,469,000
Accrued interest payable	571,000	311,000
Deferred revenues	996,000	1,199,000
Current portion of note payable and other future obligations	541,000	789,000
Total current liabilities	4,592,000	4,768,000
Long-term obligations for purchased patents	173,000	346,000
Note payable, net of current portion	324,000	354,000
Convertible notes	13,530,000	13,530,000
Total liabilities	18,619,000	18,998,000
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock - $.01 par value; authorized 2,000,000 shares;		

none issued or outstanding	-	-
Common stock - $.01 par value; authorized 50,000,000 shares; issued, 13,213,899 at March 31, 2003 and 13,159,119 at December 31, 2002	132,000	132,000
Additional paid-in capital	49,129,000	48,989,000
Notes receivable from stockholders	(1,045,000)	(1,045,000)
Unamortized value of restricted stock grants	(366,000)	(277,000)
Treasury stock, at cost - 819 shares	(4,000)	(4,000)
Accumulated other comprehensive loss	(19,000)	(14,000)
Accumulated deficit	(49,703,000)	(47,292,000)
Total stockholders' equity (deficit)	(1,876,000)	489,000
Total liabilities and stockholders' equity (deficit)	$ 16,743,000	$ 19,487,000

</TABLE>

The accompanying notes are an integral part of these statements.

Access Pharmaceuticals, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations
(unaudited)

<TABLE>
<CAPTION>

	Three Months ended March 31,	
	2003	2002
<S>	<C>	<C>
Revenues		
Licensing revenues	$ 86,000	$ 116,000
Product sales	303,000	-
Royalty income	4,000	-
Total revenues	393,000	116,000
Expenses		
Research and development	1,797,000	1,323,000
Costs of product sales	109,000	-
General and administrative	537,000	499,000
Depreciation and amortization	144,000	57,000
Total expenses	2,587,000	1,879,000
Loss from operations	(2,194,000)	(1,763,000)
Other income (expense)		
Interest and miscellaneous income	98,000	214,000
Interest expense	(315,000)	(317,000)
	(217,000)	(103,000)
Net loss	$(2,411,000)	$(1,866,000)
Basic and diluted loss per common share	$(0.18)	$(0.14)
Weighted average basic and diluted common shares outstanding	13,199,900	12,934,263

</TABLE>

The accompanying notes are an integral part of these statements.

Access Pharmaceuticals, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(unaudited)

<TABLE>
<CAPTION>

	Three Months ended March 31,	
	2003	2002
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (2,411,000)	$ (1,866,000)
Adjustments to reconcile net loss to cash used in operating activities:		
Warrants issued in payment of consulting expenses	30,000	37,000
Amortization of restricted stock grants	21,000	9,000
Depreciation and amortization	144,000	57,000
Amortization of debt costs	46,000	46,000
Change in deferred revenue	(203,000)	(10,000)
Change in operating assets and liabilities:		
Accounts receivable	(236,000)	(304,000)
Accrued interest receivable	12,000	9,000
Inventory	223,000	-
Prepaid expenses and other current assets	222,000	(223,000)
Other assets	28,000	52,000
Accounts payable and accrued expenses	15,000	(53,000)
Accrued interest payable	260,000	260,000
Net cash used in operating activities	(1,849,000)	(1,986,000)
Cash flows from investing activities:		
Capital expenditures	(95,000)	(146,000)
Redemptions of short term investments and certificates of deposit, net	4,179,000	7,900,000
Purchase of business and assets, net of cash acquired	-	(526,000)
Net cash provided by investing activities	4,084,000	7,228,000
Cash flows from financing activities:		
Effect of exchange rate changes on cash	(5,000)	-
Payments of notes payable and long-term obligations	(451,000)	(27,000)
Proceeds from stock issuances, net	-	32,000
Net cash provided by (used in) financing activities	(456,000)	5,000
Net increase in cash and cash equivalents	1,779,000	5,247,000
Cash and cash equivalents at beginning of period	1,444,000	7,426,000
Cash and cash equivalents at end of period	$ 3,223,000	$ 12,673,000

</TABLE>

The accompanying notes are an integral part of these statements.

Access Pharmaceuticals, Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements
Three Months Ended March 31, 2003 and 2002
(unaudited)

(1) Interim Financial Statements

The consolidated balance sheet as of March 31, 2003 and the consolidated statements of operations and cash flows for the three months ended March 31, 2003 and 2002 were prepared by management without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, except as otherwise disclosed, necessary for the fair presentation of the financial position, results of operations, and changes in financial position for such periods, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2002. The results of operations for the period ended March 31, 2003 are not necessarily indicative of the operating results which may be expected for a full year. The consolidated balance sheet as of December 31, 2002 contains financial information taken from the audited financial statements as of that date.

(2) Acquisition-Related Intangible Assets and Change In Accounting Principles

Effective January 1, 2002, we adopted SFAS 141, "Business Combinations" and SFAS 142, "Goodwill and Other Intangible Assets." SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, and also specifies the criteria for the recognition of intangible assets separately from goodwill. Under the new rules, goodwill is no longer amortized but is subject to an impairment test at least annually or more frequently if impairment indicators arise. Separately identified and recognized intangible assets resulting from business combinations completed before July 1, 2001 that did not meet the new criteria for separate recognition of intangible assets were subsumed in goodwill upon adoption. Intangible assets with defined lives, namely licenses and acquired patents, did not meet the separate recognition criteria of SFAS 141. We continue to amortize intangible assets that meet the new criteria over their useful lives. In accordance with SFAS 142, we performed a transitional impairment test of goodwill as of January 1, 2002, and an annual test in the fourth quarter of 2002, which did not result in an impairment of goodwill.

Intangible assets consist of the following (in thousands):

<TABLE>
<CAPTION>

	March 31, 2003		December 31, 2002	
	Gross carrying value	Accumulated amortization	Gross carrying value	Accumulated amortization
<S>	<C>	<C>	<C>	<C>
Amortizable intangible assets				
Patents	$ 3,178	$ 272	$ 3,178	$ 187
Licenses	830	401	830	381
Total	$ 4,008	$ 673	$ 4,008	$ 568
Intangible assets not subject to amortization				
Goodwill	$ 2,464	$ 596	$ 2,464	$ 596

</TABLE>

Amortization expense related to intangible assets totaled $105,000 and $74,000 for the three months ended March 31, 2003 and 2002, respectively. The aggregate estimated amortization expense for intangible assets remaining as of March 31, 2003 is as follows (in thousands):

2003	$ 315
2004	427
2005	427
2006	427
2007	427
Thereafter	1,312
Total	$ 3,335

3) Stock-Based Compensation

We have a stock-based compensation plan, which is described more fully in our Annual Report on Form 10-K for the year ended December 31, 2002, Form 10-K, in Notes to Consolidated Financial Statements in Note 1. We apply APB Opinion 25, Accounting for Stock Issued to Employees, and related Interpretations in accounting for our plans. All our options are issued with an exercise price at our stock's market price. The following table illustrates the effect on net income and earnings per share if we had applied the fair value recognition provisions of FASB Statement 123, Accounting for Stock-Based Compensation, using assumptions described in Form 10-K, Note 10, to our stock-based employee plans.

<TABLE>
<CAPTION>

	Quarter ended March 31,	
	2003	2002
<S>	<C>	<C>
Net loss		
As reported	$(2,411,000)	$(1,866,000)
Deduct: Stock-based employee compensation expense determined under fair value based method for awards granted, modified, or settled, net of related tax effects	(224,000)	(1,040,000)
Pro forma	(2,635,000)	(2,906,000)
Basic and diluted loss per share:		
As reported	$(0.18)	$(0.14)
Pro forma	(0.20)	(0.22)

</TABLE>

EXHIBIT 99.1

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

A signed original of this written statement required by Section 906 has been provided to Access Pharmaceuticals, Inc. and will be retained by Access Pharmaceuticals, Inc. and furnished to the SEC or its staff upon its request.

The undersigned, Kerry P. Gray, President and Chief Executive Officer of Access Pharmaceuticals, Inc. (the "Company"), hereby certifies that to his knowledge the Quarterly Report on Form 10-Q for the period ended March 31, 2003 of the Company filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period specified.

This information shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933.

Signed at the City of Dallas, in the State of Texas, this 14th day of May, 2003.

/s/ Kerry P. Gray
- ----------
Kerry P. Gray
President and Chief Executive Officer

EXHIBIT 99.2

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

A signed original of this written statement required by Section 906 has been provided to Access Pharmaceuticals, Inc. and will be retained by Access Pharmaceuticals, Inc. and furnished to the SEC or its staff upon its request.

The undersigned, Stephen B. Thompson, Chief Financial Officer of Access Pharmaceuticals, Inc. (the "Company"), hereby certifies that to his knowledge the Quarterly Report on Form 10-Q for the period ended March 31, 2003 of the Company filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period specified.

This information shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933.

Signed at the City of Dallas, in the State of Texas, this 14th day of May, 2003.

/s/ Stephen B. Thompson
- ----------
Stephen B. Thompson
Chief Financial Officer