SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 June 30, 1996.

- --- 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.

A Delaware corporation
I.R.S. Employer Identification No. 94-1620407
6040 N. Cutter Circle, Suite 317
Portland, OR 97217
Telephone: (503) 283-3911

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

YES X NO
---- ----

At June 30, 1996, the issuer had outstanding the indicated number of shares of common stock: 13,289,896

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Revenues:				
Product sales	$ 1,200,000	$ 1,065,000	$ 2,537,000	$ 3,140,000
Royalties	28,000	21,000	58,000	72,000
Total revenues	1,228,000	1,086,000	2,595,000	3,212,000
Cost and expenses:				
Cost of sales	652,000	681,000	1,577,000	1,858,000
Research and development	1,179,000	990,000	2,361,000	2,019,000
Selling, general and administrative	881,000	846,000	1,626,000	1,491,000
Total costs and expenses	2,712,000	2,517,000	5,564,000	5,368,000
Operating loss	(1,484,000)	(1,431,000)	(2,969,000)	(2,156,000)
Interest income	13,000	14,000	21,000	20,000
Interest expense	(48,000)	(45,000)	(117,000)	(83,000)

Net loss	$(1,519,000)	$(1,462,000)	$(3,065,000)	$(2,219,000)
Net loss per share	$ (.12)	$ (.15)	$ (.25)	$ (.23)
Weighted average number of shares used in computation	12,204,520	10,015,050	12,164,472	9,698,138

</TABLE>

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	June 30, 1996 (unaudited) <C>	December 31, 1995 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$1,129,000	$ 727,000
Accounts receivable	622,000	823,000
Inventories	726,000	953,000
Prepaid and other	121,000	262,000
Total current assets	2,598,000	2,765,000
Property and equipment, net	908,000	1,092,000
Assets under capital leases, net	1,017,000	1,198,000
Technology for developed products and custom assays, net	4,140,000	4,498,000
Other assets	265,000	317,000
Total assets	$8,928,000	$9,870,000

</TABLE>

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	June 30, 1996 (Unaudited) <C>	December 31, 1995 <C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 296,000	$ 1,616,000
Accounts payable	942,000	1,182,000
Customer deposits	125,000	250,000
Accrued liabilities	798,000	903,000
Current portion of capital lease obligations	179,000	283,000
Total current liabilities	2,340,000	4,234,000
Capital lease obligations and other	18,000	77,000
8% convertible subordinated debentures	--	1,255,000
Shareholders' equity:		
Preferred stock - $.01 par value; 15,000,000 shares authorized:		

Series B - 642,583 shares issued and outstanding (liquidation preference of $1,500,000)	6,000	6,000
Series C - 1,697,157 shares issued and outstanding	17,000	--
Series D - 2,000 shares issued and outstanding	--	--
Common stock - $.50 par value; 40,000,000 shares authorized; 13,289,896 shares issued and outstanding	6,645,000	6,062,000
Additional paid in capital	30,030,000	25,210,000
Accumulated deficit	(30,096,000)	(27,031,000)
Accumulated translation adjustments	(32,000)	57,000
	------------	------------
Total shareholders' equity	6,570,000	4,304,000
	------------	------------
Total liabilities and shareholders' equity	$ 8,928,000	$ 9,870,000
	============	============

</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1996	1995
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$(3,065,000)	$(2,219,000)
Adjustments to reconcile net loss to cash provided by (used for) operating activities:		
Depreciation and amortization	712,000	690,000
Changes in assets and liabilities:		
Accounts receivable	201,000	(148,000)
Inventories	227,000	103,000
Other current assets	141,000	124,000
Accounts payable	(240,000)	(500,000)
Customer deposits	(125,000)	(866,000)
Accrued liabilities	27,000	152,000
	-----------	-----------
Net cash used for operating activities	(2,122,000)	(2,664,000)
Cash flows from investing activities:		
Redemption of certificates of deposit	--	397,000
Purchases of equipment	(24,000)	(4,000)
Other, net	59,000	(118,000)
	-----------	-----------
Net cash provided by investing activities	35,000	275,000
Cash flows from financing activities:		
Proceeds from issuance of short-term notes	65,000	1,366,000
Proceeds from issuance of stock, net of related cost	3,205,000	1,676,000
Repayment of short-term borrowings	(619,000)	(340,000)
Repayment of long-term debt and capital lease obligations	(162,000)	(180,000)
	-----------	-----------
Net cash provided by financing activities	2,489,000	2,522,000
	-----------	-----------
Net increase in cash and cash equivalents	402,000	133,000
Cash and cash equivalents - beginning of period	727,000	936,000
	-----------	-----------
Cash and cash equivalents - end of period	$ 1,129,000	$ 1,069,000
	===========	===========

</TABLE>

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS AND CONDENSED NOTES

The unaudited consolidated financial statements, which have been prepared in accordance with the instructions to Form 10-Q, do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. All adjustments considered necessary by management for a fair presentation have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

An annual report (Form 10-K) has been filed with the Securities and Exchange Commission ("Commission") for the year ended December 31, 1995. That report contains, among other information, a description of the business of OXIS International, Inc. ("OXIS" or the "Company"), audited financial statements, notes to the financial statements, the report of the independent auditors and management's discussion and analysis of results of operations and financial condition. Readers of this report are presumed to be familiar with that annual report.

The functional currency of OXIS International S.A. ("OXIS S.A"), the Company's foreign subsidiary, is the French franc. OXIS S.A.'s assets and liabilities are translated using the exchange rate at the end of the period. Its statement of operations is translated at the average exchange rate during the period. Gains or losses resulting from foreign currency translation are accumulated as a separate component of shareholders' equity.

2. BASIS OF PRESENTATION

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses in each of the last three years, and for the six months ended June 30, 1996. 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. 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 is currently seeking additional capital through another private placement of equity securities. If the Company is unable to raise additional capital during the remainder of 1996, it intends to curtail its operations through the reduction of personnel and facility costs and by slowing its research and development efforts. If the Company were unable to sufficiently curtail its costs in such a situation, it might be forced to seek protection of the courts through reorganization, bankruptcy or insolvency proceedings.

3. INVENTORIES

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out and specific identification methods. Inventories at June 30, 1996 and December 31, 1995, consisted of the following:

<TABLE>
<CAPTION>

<S>	June 30, 1996 <C>	December 31, 1995 <C>
Raw materials	$166,000	$173,000
Work in process	215,000	354,000
Finished goods	345,000	426,000
	--------	--------
Total	$726,000	$953,000
	========	========

</TABLE>

4. SHAREHOLDERS' EQUITY

During the first six months of 1996, the Company has issued 1,125,590 shares of its Series C Preferred Stock for cash of $1,463,000. In addition, in May 1996, the Company issued 648,490 shares of its Series C Preferred Stock in exchange for the cancellation of $766,000 principal plus accrued interest of $77,000 on 8% notes payable to former shareholders of the Company's French subsidiary. Each share of Series C Preferred Stock is initially convertible into one share of the Company's common stock at the option of the holder at any time. After six months following the closing of the sales of Series C Preferred Stock, the conversion ratio may be adjusted under certain circumstances, and after eight months following the closing, the Company has the right to automatically convert the Series C Preferred Stock into common stock under certain circumstances. Each share of Series C Preferred Stock is entitled to the number of votes equal to 1.30 divided by the average closing bid price of the Company's common stock during the fifteen consecutive trading days immediately prior to the date such shares of Series C Preferred Stock were purchased.

In May 1996, the Company issued 2,000 shares of its Series D Preferred Stock and warrants to purchase 810,126 shares of common stock for cash of $2,000,000. The Series D Preferred Stock entitles the holder thereof to convert its shares into a number of shares of common stock determined by dividing the stated value of the Series D Preferred Stock (i.e., $1,000 per share), plus a premium in the amount of 8% per annum of the stated value from the date of issuance, by a conversion price equal to the lesser of (i) $2.30 and (ii) a percentage (ranging from 100% on or before June 24, 1996 to 75% after July 3, 1996) of the average of the closing bid prices for shares of common stock for the five trading days immediately prior to conversion, but limited to a maximum of 2,424,884 shares of common stock.

In June 1996, $1,255,000 principal plus accrued interest of $58,000 on the Company's 8% convertible subordinated debentures were converted into 1,050,217 shares of common stock.

5. STOCK OPTIONS

The Company has a stock incentive plan under which 2,200,000 shares of the Company's common stock are reserved for issuance. The plan permits granting stock options to acquire shares of the Company's common stock, awarding stock bonuses of the Company's common stock, and granting stock appreciation rights. During the six months ended June 30, 1996, options to purchase 612,500 shares at exercise prices of $1.6875 - $2.28125 have been issued under the plan. As of June 30, 1996, the Company had options outstanding to purchase 943,000 shares of the Company's common stock under this plan. As of June 30, 1996, options to purchase 594,494 shares of the Company's common stock at exercise prices of $1.6875 - $3.50 per share were exercisable.

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital position has improved substantially during the first six months of 1996. At December 31, 1995, the Company had a working capital deficit of $1,469,000. As of June 30, 1996, the Company had positive working capital of $258,000. The improvement in working capital during the six-month period resulted primarily from the issuance of stock for cash (net proceeds of $3,205,000) and redemption of short-term notes and accrued interest of $843,000 in exchange for Series C Preferred Stock, offset by the net loss for the six months ($2,353,000, excluding depreciation and amortization).

The Company's cash and cash equivalents also increased during the six-month period - from $727,000 as of December 31, 1995 to $1,129,000 as of June 30, 1996.

However, the Company expects to continue to report losses in the near term as the level of expenses is expected to continue to exceed revenues. The Company must raise additional capital during the third quarter of 1996. Although the Company has continued to raise additional funds through private placements (described below), it cannot predict the source, terms, amount, form, and/or availability of additional capital to fund its operations to the end of the current year. Failure to raise such additional capital would cause the Company to severely curtail or cease operations. For more information concerning the Company's ability to continue as a going concern, see Note 2 to the consolidated financial statements.

While the Company believes that its new products and technologies show considerable promise, its ability to realize significant revenues therefrom is dependent, in part, upon the Company's success in developing business alliances with biotechnology and/or pharmaceutical companies that have the required resources to develop and market certain of these products. There is no assurance that the Company's effort to develop such business alliances will be successful. Further, bovine superoxide dismutase sales of recent years to Sanofi Winthrop Inc. (18% of 1995 revenues) are not expected to continue. Sanofi Winthrop announced in October 1995 that a second Phase III trial on its drug, DISMUTEC(TM) (a coupled form of OXIS' bovine superoxide dismutase ("bSOD")) to treat head trauma failed to show statistically significant improvements between the treatment and control groups.

During the first six months of 1996, the Company has raised approximately $3,200,000 cash through the sale of its Series C and Series D Preferred Stock. The Company expects that additional capital will be required during 1996 to continue operating in accordance with its current plans. However, no assurances can be given that the Company will successfully raise the needed capital. If the Company is unable to raise additional capital during the remainder

of 1996, it would endeavor to extend its ability to continue in business through the reduction of personnel and facility costs, by slowing its research and development efforts, and by reducing other operating costs; however, no assurances can be given that it will be able to do so.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1996 COMPARED WITH THREE MONTHS ENDED JUNE 30, 1995

REVENUES

The Company's product sales for the quarter ended June 30, 1996 were $1,200,000, a 13% increase over sales of $1,065,000 for the second quarter of 1995. The increase in sales resulted from an increase in the quantity of bulk bSOD sold in the second quarter of 1996 as compared to the second quarter of 1995 (an increase of $213,000). The increase in bulk bSOD sales was partially offset by a decrease in sales of the Company's commercial diagnostics.

COSTS AND EXPENSES

Cost of sales as a percentage of sales decreased from 65% for the quarter ended June 30, 1995 to 55% for the quarter ended June 30, 1996. The decrease in cost of sales as a percentage of sales resulted primarily from a single sale of product with a lower than normal cost in the second quarter of 1996.

Research and development expenses increased by $189,000, from $990,000 in the second quarter of 1995 to $1,179,000 in the second quarter of 1996. This increase in research and development expense is the result of increased expenditures relating to preclinical development work on the Company's lead therapeutics program (glutathione peroxidase mimics) of approximately $300,000 and the cost (approximately $130,000) of the ongoing operations formerly carried out by Therox Pharmaceuticals, Inc. ("Therox"), which was acquired by the Company in July 1995. These increases in costs were offset by a cost reduction of approximately $200,000 from the closure of the Company's Mountain View, California facility in the fourth quarter of 1995.

NET LOSS

The Company's net loss increased by $57,000, from $1,462,000 ($.15 per share) for the second quarter of 1995 to $1,519,000 ($.12 per share) for the second quarter of 1996. The increase in the net loss was principally caused by the $189,000 increase in research and development expenses, offset by an increase of $164,000 in gross margin from product sales.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1996 COMPARED WITH SIX MONTHS ENDED JUNE 30, 1995

REVENUES

The Company's product sales for the first six months of 1996 were $2,537,000, compared to $3,140,000 for the corresponding period in 1995, a decrease of $603,000. The decrease is composed of decreases in sales of bulk bSOD ($286,000), Palosein(R) ($94,000), commercial diagnostics ($36,000) and other products ($268,000). Sales of research assays increased by $81,000.

Bulk bSOD sales in 1995 included a $948,000 sale to Sanofi Winthrop Inc. No further sales of bSOD to Sanofi Winthrop Inc. are expected. Sales of bSOD to the Company's Spanish distributor increased during the first six months of 1996 as compared to the 1995 levels, but sales of bulk bSOD for the remainder of 1996 and beyond are uncertain and difficult to predict and no assurances can be given with respect thereto.

The decrease in Palosein(R) sales is attributable primarily to a reduction in volume of Palosein(R) export sales and a reduction of purchases by domestic distributors in 1996 caused by an increase in purchases by those distributors during a promotional campaign in the fourth quarter of 1995. The fourth quarter 1995 promotional campaign is not expected to adversely affect Palosein(R) sales after the second quarter of 1996. The reduction in sales of other products is due primarily to the completion of a contract in early 1996.

COSTS AND EXPENSES

Cost of sales as a percent of product sales increased from 60% in the first half of 1995 to 62% in the first half of 1996. Cost of sales in both the first six months of 1995 and 1996 include $368,000 in amortization of purchase adjustments relating to 1994 business acquisitions. Excluding such amortization, cost of sales in both six-month periods would have been 48% of product sales.

Research and development expenses increased by $342,000, from $2,019,000 for the first six months of 1995 to $2,361,000 for the first six months of 1996. Increases in research and development expenses included increased expenses relating to preclinical development work on the Company's lead therapeutics program ($461,000) and costs of the former Therox operations ($312,000). In May 1996, the Company closed the laboratory in Malvern, Pennsylvania formerly occupied by Therox and expects to realize savings from this closure in the third quarter of 1996. Increases in research and development expenses were offset by a reduction in costs of approximately $438,000 resulting from the closure of the Company's Mountain View, California facility in the fourth quarter of 1995.

Selling, general and administrative expenses increased from $1,491,000 for the first six months of 1995 to $1,626,000 for the first six months of 1996, an increase of $135,000. Selling, general and administrative expenses in the first six months of 1996 include $35,000 in fees for listing additional common shares on the NASDAQ National Market. Additionally, consulting costs increased by $43,000, consisting mostly of recruiting expenses incurred in the Company's search for a Chief Operating Officer. The search was concluded with the hiring of a Chief Operating Officer in March 1996.

INTEREST EXPENSE

Interest expense increased by $34,000 in the first six months of 1996 as compared to the first six months of 1995, primarily due to interest on the Company's 8% convertible subordinated debentures issued in the fourth quarter of 1995. During the second quarter of 1996 the Company substantially reduced its interest-bearing obligations through cash payments of $619,000, the cancellation of $766,000 of 8% notes in exchange for Series C Preferred Stock, and conversion of $1,255,000 of 8% convertible subordinated debentures into common stock. These transactions will result in a substantial reduction of the Company's interest expense in the third quarter of 1996.

NET LOSS

The Company's loss for the first six months of 1996 was $3,065,000 ($.25 per share) compared to a loss of $2,219,000 ($.23 per share) for the first six months of 1995. The increase in the net loss is primarily due to reduced profit margins on product sales ($322,000), increased research and development expenses ($342,000) and increased selling, general and administrative expenses ($135,000).

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's 1996 Annual Meeting of Stockholders held on June 13, 1996 ("1996 Stockholders Meeting"), the Company's stockholders elected the following persons to the Company's Board of Directors:
<TABLE>
<CAPTION>

Name	Common Shares FOR	Common Shares WITHHELD
Ray R. Rogers	10,279,367	388,238
Anna D. Barker, Ph.D.	10,295,546	372,059
Timothy Biro	10,270,746	396,859
Stuart S. Lang	10,270,796	396,809
James D. McCamant	10,270,166	397,439
Gerald D. Mayer, Ph.D.	10,272,796	394,809
David A. Needham, Ph.D.	10,297,796	369,809
A.R. Sitaraman	10,268,066	399,539

</TABLE>

In addition to the common shares, Series B Preferred Stock with voting rights equivalent to 642,583 common shares and Series C Preferred Stock with voting rights equivalent to 294,082 common shares voted for each nominee for director. No holders of Series B or Series C Preferred Stock withheld votes.

At the 1996 Stockholders Meeting, the stockholders also approved (1) an amendment of the Company's 1994 Stock Incentive Plan (as described in greater detail in the Proxy Statement dated April 26, 1996) to increase the number of shares of common stock available for issuance thereunder by 1,000,000 shares, to an aggregate of 2,200,000 shares (7,362,435 common shares, Series B Preferred shares with 642,583 equivalent common votes and Series C Preferred shares with 294,082 equivalent common votes voting for; 646,260 common shares voting against; 122,051 common shares abstaining; and 2,526,859 broker non-votes) and (2) an amendment of the Company's Restated Certificate of Incorporation to (i) increase the authorized number of shares of OXIS common stock from 25,000,000 shares to 40,000,000 shares and (ii) increase the authorized number of shares of OXIS preferred stock from 5,000,000 shares to 15,000,000 shares (7,318,526 common shares, Series B Preferred shares with 642,583 equivalent common votes and Series C Preferred with 294,082 equivalent common votes voting for; 568,625 common shares voting against; 46,558 common shares abstaining; and 2,733,896 broker non-votes.)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits - See Exhibit Index on page 15.

(b) Reports on Form 8-K.

The Company filed with the Commission a Report on Form 8-K on May 24, 1996 which reports the sale of Series C and Series D Preferred Stock.

The Company also filed with the Commission a Report on Form 8-K on June 21, 1996, which demonstrates compliance with the NASD minimum requirement for net tangible assets of NASDAQ National Market Issuers.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OXIS International, Inc.

August 8, 1996 By /s/Anna D. Barker

Anna D. Barker
President and Chief Executive Officer

August 8, 1996 By /s/Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Document	Page Number
3(a)	Certificate of Designations, Preferences, and Rights of Series D Preferred Stock of the Company	(1)
27(A)	Financial data schedule	16

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(1) Incorporated by reference to the Company's Report on Form 8-K filed with the Commission on May 24, 1996.

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