

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

September 28, 1995
(Earliest event reported - July 19, 1995)

Commission File Number 0-8092

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
FAX: (503) 283-4058

Item 7. Financial Statements and Exhibits

(a) and (b) Financial Statements and Pro Forma Financial Information

On August 3, 1995, the Company filed a Report on Form 8-K reporting the acquisition of Therox Pharmaceuticals, Inc. ("Therox"). The Report on Form 8-K indicated that additional financial information would be filed under cover of a Form 8-K/A report. The additional financial information is provided herewith, as follows.

- . Audited financial statements of Therox as of, and for the two years ended, December 31, 1994.
- . Unaudited financial statements of Therox as of, and for the three months ended March 31, 1995.
- . Pro forma balance sheets for the two companies combined as of December 31, 1994 and March 31, 1995.
- . Pro forma statements of operations for the two companies for the year ended December 31, 1994 and for the three months ended March 31, 1995.

(c) Exhibits

Exhibit 99(1) Audited financial statements of Therox as of, and for the two years ended, December 31, 1994.

Exhibit 99(2) Unaudited financial statements of Therox as of, and for the three months ended March 31, 1995.

Exhibit 99(3) Unaudited pro forma financial information including:

- . A pro forma balance sheet for the two companies combined as of December 31, 1994.
- . A pro forma statement of operations for the two companies combined for the year ended December 31, 1994.
- . A pro forma balance sheet for the two companies combined as of March 31, 1995.

- . A pro forma statement of operations for the two companies combined for the three months ended March 31, 1995.

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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 hereunto duly authorized.

September 28, 1995 OXIS International, Inc.

s/ Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer

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EXHIBIT INDEX

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99(2)	Unaudited financial statements of Therox as of, and for the three months ended March 31, 1995.	14
99(3)	Unaudited pro forma financial information including: <ul style="list-style-type: none">. A pro forma balance sheet for the two companies combined as of December 31, 1994.. A pro forma statement of operations for the two companies combined for the year ended December 31, 1994.. A pro forma balance sheet for the two companies combined as of March 31, 1995.. A pro forma statement of operations for the two companies combined for the three months ended March 31, 1995.	19

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EXHIBIT 99(1)

Audited Financial Statements

Therox Pharmaceuticals, Inc.

December 31, 1994 and 1993

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[LETTERHEAD OF BARNA, KOWALL & COMPANY APPEARS HERE]

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
Therox Pharmaceuticals, Inc.

We have audited the accompanying balance sheets of Therox Pharmaceuticals, Inc. (a development stage enterprise) as of December 31, 1994 and 1993, and the related statement of operations, and shareholders' equity and cash flows for the year ended December 31, 1994 and the period from July 1, 1993 (date of inception) to December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Therox Pharmaceuticals, Inc. at December 31, 1994 and 1993 and the results of its operation and its cash flows for the year ended December 31, 1994 and for the period from July 1, 1993 (date of inception) to December 31, 1993, in conformity with generally accepted accounting principles.

/s/ Barna, Kowall & Company

June 22, 1995

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

BALANCE SHEETS

<TABLE>
<CAPTION>

	December 31,	
	1994	1993
<S>	<C>	<C>
ASSETS		

Current Assets

Cash	\$ 470,740	\$ 894,358
Prepaid expenses	5,000	

Total Current Assets	475,740	894,358
Property and Equipment		
Equipment used in research	21,473	4,208
Less allowance for depreciation	(2,989)	(421)

	18,484	3,787
Other assets, net of accumulated amortization of \$2,250 and \$750 in 1994 and 1993 respectively.	12,750	14,250

TOTAL ASSETS	\$ 506,974	\$ 912,395
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Accounts payable	\$ 122,918	\$ 9,176
Payroll taxes payable	1,784	

Total Current Liabilities	124,702	9,176

SHAREHOLDERS' EQUITY

Series A, Preferred stock, \$.001 par value:		
Authorized shares- 1,000,000 shares		
Issued and outstanding- 1,000,000 shares	1,000	1,000
Additional paid-in-capital	979,000	979,000

Common stock, \$.001 par value:		
Authorized shares- 2,000,000 shares (1,000,000 shares at December 31, 1993)		
Issued and outstanding- 283,000 shares	283	283

Deficit accumulated during development stage (598,011) (77,064)

382,272 903,219

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY \$ 506,974 \$ 912,395

</TABLE>

See accompanying notes to financial statements.

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

STATEMENT OF OPERATIONS

Year Ended December 31, 1994 and for the
Period from July 1, 1993 (Date of Inception)
to December 31, 1993

<TABLE>

<CAPTION>

Cumulative
December 31, from
1994 1993 July 1,1993

<S>	<C>	<C>	<C>
Research and development expenses	\$ 526,039	\$ 66,046	\$ 592,085
General and administrative expenses	10,530	14,353	24,883

Total expenses 536,569 80,399 616,968

Other income (expense):
Interest income 15,622 3,335 18,957

Net loss \$ 520,947 \$ 77,064 \$ 598,011

</TABLE>

See accompanying notes to financial statements.

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

STATEMENT OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	Series A Preferred Stock	Common Stock	Deficit Accumulated	Additional Paid-In Capital	Total
	Number of Shares	Number of Shares	during Development Stage		
Balance July 1, 1993	---	---	---	---	---
Issuance of Series A preferred stock, net of expense	1,000,000	1,000		979,000	980,000
Issuance of common stock		283,000	283		283
Net loss			(77,064)	(77,064)	
Balance December 31, 1993	1,000,000	1,000	283,000	283 (77,064)	979,000 903,219
Net loss			(520,947)	(520,947)	
Balance December 31, 1994	1,000,000	\$ 1,000	283,000	\$ 283 \$ (598,011)	\$ 979,000 \$ 382,272

</TABLE>

See accompanying notes to financial statements.

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

STATEMENT OF CASH FLOWS

Year Ended December 31, 1994 and for the
Period from July 1, 1993 (Date of Inception)
to December 31, 1993

<TABLE>
<CAPTION>

	Cumulative December 31, 1994	from July 1, 1993
OPERATING ACTIVITIES		

<S> <C> <C> <C>

Net loss	\$ (520,947)	\$ (77,064)	\$ (598,011)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	2,568	421	2,989
Amortization	1,500	750	2,250
(Increase) decrease in:			
Prepaid expenses	(5,000)		(5,000)
Increase (decrease) in:			
Accounts payable	113,742	9,176	122,918
Payroll taxes payable	1,784		1,784

NET CASH USED BY OPERATING ACTIVITIES	(406,353)	(66,717)	(473,070)
INVESTING ACTIVITIES			
Purchase of equipment used in research	(17,265)	(4,208)	(21,473)
Purchase of intangibles		(15,000)	(15,000)

NET CASH (USED) BY INVESTING ACTIVITIES	(17,265)	(19,208)	(36,473)
FINANCING ACTIVITIES			
Proceeds from issuance of stock, net of expense	0	980,283	980,283

NET CASH PROVIDED BY FINANCING ACTIVITIES	0	980,283	980,283

NET INCREASE (DECREASE) IN CASH	(423,618)	894,358	470,740
Cash at beginning of year	894,358	0	0

CASH AT END OF YEAR	\$ 470,740	\$ 894,358	\$ 470,740
=====			
Cash paid for interest	\$ 0	\$ 0	\$ 0
=====			

</TABLE>

See accompanying notes to financial statements.

THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS
December 31, 1994 and 1993

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

Background

Therox Pharmaceutical, Inc. (formerly Anti-Ox, Inc.), (the Company), is a development stage enterprise formed in July 1993 for the purpose of conducting research and development of new pharmaceutical technology. Upon the discovery of any new technology, the Company will develop and market the related products.

The Company conducts its research primarily through consultants in conjunction with several universities under research agreements that permit the Company to either retain ownership or licensing rights for any discoveries. Accounts payable include \$118,540 of amounts owed under these agreements for research performed prior to December 31, 1994. The Company is obligated to fund up to an additional \$147,500 under terms of certain research agreements that expire August 31, 1995. Amounts are subject to completion of the agreed upon research

by the respective university.

The Company has operated as a development stage enterprise since its inception and has not recognized any operating revenues.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using straight line methods over the estimated useful lives of the assets (five years).

Other Assets

Other assets consist of amounts paid for a licensing agreement for patented items. Amortization is computed using the straight line method over the remaining lives of the patents, (approximately ten to seventeen years).

Employee Benefit Plan

The Company does not sponsor any qualified employee benefit plans or post employment benefit plans.

NOTE B--CAPITALIZATION

In December 1993 the Company issued 1,000,000 shares of Series A preferred stock for net consideration of \$980,000. Series A preferred stock are convertible to common, have voting rights and liquidation preferences over common stock, and has a dividend rate of \$.08. Dividends are cumulative, begin to accrue in December of 1995 and are payable in preferred stock.

In December 1993 the Company issued 283,000 shares of common stock for a consideration of \$283. The Company has reserved 525,000 shares of common stock for issuance under stock options and 1,000,000 shares for conversion of preferred stock.

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS
December 31, 1994 and 1993

NOTE C--STOCK OPTION PLAN AND STOCK OPTION AGREEMENT

In 1994, the Company reserved 500,000 shares of common stock for issuance pursuant to its stock option plan. The Company has granted options to purchase common stock to certain employees, directors and consultants. As of December 31, 1994 options were granted to purchase 100,000 shares of common stock at \$.10 per share (no options were granted in 1993). No options were exercised in 1994 or 1993.

In February 1994, the Company granted options to purchase 25,000 shares of common stock to a preferred shareholder, Brantley Venture Partners II, L.P., at \$.01 per share. No options were exercised as of December 31, 1994 under this agreement.

NOTE D--INCOME TAXES

At December 31, 1994, the Company had net operating loss carryforwards available to offset future taxable income of approximately \$598,011, which expire in the years 2008 and 2009.

Net operating loss carryforwards for financial reporting purposes and alternative minimum tax reporting purposes are approximately the same as those under the regular tax method. Net operating losses may be subject to certain tax law restrictions in the event of a change in ownership, as defined. The amount of this restriction, if any, has not been determined.

Deferred income taxes reflect the temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The significant components of the Company's

deferred tax assets and liabilities as of December 31, 1994 and 1993 are as follows:

<TABLE>
<CAPTION>

	1994	1993
	-----	-----
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards		\$ 203,000 \$ 22,000
Valuation allowance		(203,000) (22,000)
	-----	-----
	\$ ---	\$ ---
	=====	=====

</TABLE>

No income taxes were paid in 1994 and 1993.

NOTE E--RELATED PARTY TRANSACTIONS

The president of the Company is also a general partner in Brantley Venture Partners II, L.P., a principal investor in Series A convertible preferred stock. The president received no compensation in 1994 and 1993.

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS December 31, 1994 and 1993

NOTE F--LEASES

The Company incurred lease expense of \$1,565 in 1994 and had no lease expense in 1993. The Company has future minimum lease commitments of \$2,292 in 1996 and 1997, and \$1,337 in 1998.

NOTE G--SUBSEQUENT EVENTS

The Company has signed a letter of intent with OXIS International, Inc. (OXIS), whereby OXIS would acquire all of the issued and outstanding stock of the Company in exchange for 1,440,736 shares of OXIS common stock and other considerations.

The Company's option holders are permitted to either convert their options to Company common stock and then exchange the stock for OXIS stock, or exchange the options for OXIS options.

Subsequent to December 31, 1994, the Company agreed to grant options to purchase an additional 33,000 shares of common stock at \$.10 per share. The Company also agreed to issue 53,000 shares of common stock as compensation under consulting and license agreements.

On May 15, 1995 the Company entered into a three year lease agreement (with an option for an additional year) for laboratory and office space. Rent under the agreement is \$90,000 in the first year, \$114,000 in the second year, and \$138,000 in the third year. Concurrent with the lease agreement, the Company entered into an agreement for services with the landlord for various telephone, computer, laboratory and waste disposal services. Costs for these services is calculated on a usage and number of employee basis.

The Company has made arrangements for a \$50,000 loan from a principal investor in Series A convertible preferred stock, S.R. One, Limited, that will be convertible into approximately 16,250 shares of newly issued Series B convertible preferred stock at \$2.95 per share.

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EXHIBIT 99(2)

THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

Balance Sheet (Unaudited)
March 31, 1995

<TABLE>

<S>	<C>
ASSETS	
Current assets	
Cash	\$343,806
Prepaid expenses	--

Total current assets	343,806
Property and equipment	
Equipment used in research	21,473
Less allowance for depreciation	(4,063)

	17,410
Other assets, net of accumulated amortization of \$2,625	12,375

Total assets	\$373,591
	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 166,985
Accrued payroll and payroll taxes	3,940

Total current liabilities	170,925
Shareholders' equity	
Series A, Preferred stock, \$.001 par value:	
Authorized shares - 1,000,000 shares	
Issues and outstanding - 1,000,000 shares	1,000
Additional paid-in-capital	979,000
Common stock, \$.001 par value:	
Authorized shares - 2,000,000 shares	
Issued and outstanding - 283,000 shares	283
Deficit accumulated during development stage	(777,617)

	202,666

Total liabilities and shareholders' equity	\$ 373,591
	=====

</TABLE>

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

Statement of Operations (Unaudited)
Period Ended March 31, 1995 and for the Period from
July 1, 1993 (date of inception) to March 31, 1995

<TABLE>

<CAPTION>

Cumulative
March 31, from
1995 July 1, 1993

<S>	<C>	<C>
Research and development expenses	\$176,722	\$768,807
General and administrative expense	5,468	30,351
	-----	-----
Total expenses	182,190	799,158
Other income (expense)		
Interest income	2,584	21,541
	-----	-----
Net loss	<u>\$179,606</u>	<u>\$777,617</u>

</TABLE>

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

Statement of Shareholders' Equity (Unaudited)

<TABLE>
<CAPTION>

	Series A Preferred Stock	Deficit Accumulated During Common Stage	Additional Development Capital	Paid-In Total		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance July 1, 1993		\$ --	\$ --	\$ --	\$ --	\$ --
Issuance of 1,000,000 shares Series A Preferred Stock, net of expense	1,000	--		979,000	980,000	
Issuance of 283,000 shares		283			283	
Net loss		(77,064)		(77,064)		
	-----	-----	-----	-----	-----	-----
Balance December 31, 1993		1,000	283	(77,064)	979,000	903,219
Net loss		(520,947)		(520,947)		
	-----	-----	-----	-----	-----	-----
Balance December 31, 1994		1,000	283	(598,011)	979,000	382,272
Net loss		(179,606)		(179,606)		
	-----	-----	-----	-----	-----	-----
Balance March 31, 1995		<u>\$1,000</u>	<u>\$283</u>	<u>\$(777,617)</u>	<u>\$979,000</u>	<u>\$ 202,666</u>

</TABLE>

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THEROX PHARMACEUTICALS, INC.
(A Development Stage Enterprise)

Statement of Cash Flows (Unaudited)
Period Ended March 31, 1995 and for the Period from
July 1, 1993 (date of inception) to March 31, 1995

<TABLE>
<CAPTION>

	Cumulative March 31, 1995	from July 1, 1993
<S>	<C>	<C>
Operating activities		
Net loss	\$(179,606)	\$(777,617)
Adjustments to reconcile net loss to net cash used by operating activities:		

Depreciation	1,074	4,063	
Amortization	375	2,625	
(Increase) decrease in prepaid expenses	5,000	--	
Increase (decrease) in:			
Accounts payable	44,067	166,985	
Accrued payroll and taxes	2,156	3,940	
	-----	-----	
Net cash used by operating activities	(126,934)	(600,004)	
Investing activities			
Purchase of equipment used in research	--	(21,473)	
Purchase of intangibles	--	(15,000)	
	-----	-----	
Net cash (used) by investing activities	--	(36,473)	
Financing activities			
Proceeds from issuance of stock, net of expense	--	980,283	
	-----	-----	
Net cash provided by financing activities	--	980,283	
	-----	-----	
Net increase (decrease) in cash	(126,934)	343,806	
Cash at beginning of period	470,740	--	
	-----	-----	
Cash at March 31, 1995	\$ 343,806	\$ 343,806	
	=====	=====	
Cash paid for interest	--	--	
	=====	=====	

</TABLE>

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CONDENSED NOTE TO FINANCIAL STATEMENTS

The unaudited financial statements 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.

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EXHIBIT 99(3)

OXIS International, Inc. and Therox Pharmaceuticals, Inc.
Unaudited Pro Forma Financial Information

On July 19, 1995, OXIS International, Inc. ("OXIS") consummated the acquisition of Therox pursuant to a transaction wherein Therox was merged with and into a wholly-owned subsidiary of OXIS. The unaudited pro forma financial information presented below combines the balance sheets of OXIS and Therox as of December 31, 1994 and March 31, 1995 and the statements of operations for the year ended December 31, 1994, and the three months ended March 31, 1995 on a pro forma basis. This pro forma combination gives effect to the following assumptions.

- . That the acquisition of Therox by OXIS occurred as of the beginning of each of the periods presented.
- . That the Therox acquisition would be accounted for as a purchase.
- . That the purchase price paid by OXIS to acquire Therox will be \$3,353,313, consisting of 1,440,736 shares of OXIS Common Stock valued at 2.3275 per share. This valuation is based on the average of the closing price of OXIS Common Stock from July 14, 1995 through July 20, 1995, the day after the consummation of the acquisition, discounted 30% for certain trading restrictions and the number of shares of OXIS Common Stock being issued in the transaction, as compared to the average trading volume of OXIS Common Stock.
- . That holders of Therox stock options would exercise their options, resulting in additional equity for Therox of \$68,850, prior to the acquisition.
- . That, simultaneous to the acquisition, the two major Therox shareholders would purchase 642,583 shares of OXIS Series B Preferred Stock for an aggregate purchase price of \$1,500,000.
- . That the excess of the purchase price paid over the shareholders' equity of Therox would be allocated entirely to technology for in-process products and charged to expense in the first statement of operations for the combined companies.

It should be noted that the unaudited pro forma financial information:

- . does not give effect to any costs of combining the companies or to any efficiencies in operations that could be achieved by combining the companies,
- . does not purport to be indicative either of the results of operations that would have occurred had the acquisition been consummated at the date indicated, or of future combined results of operations of the companies.

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The unaudited pro forma financial information presented below should be read in conjunction with the notes hereto and the separate financial statements of the two companies. Unaudited financial statements of the Company as of June 30, 1995 are included in the Company's second quarter Form 10-Q report filed with the Securities and Exchange Commission. Financial statements of Therox as of December 31, 1994 and March 31, 1995 are included in this report on Form 8-K/A.

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Unaudited Pro Forma Balance Sheet of
OXIS International, Inc.
(OXIS International, Inc., and Therox Pharmaceuticals, Inc.)
Combined as of December 31, 1994

<TABLE>
<CAPTION>

ASSETS	OXIS	Pro forma Therox	Pro forma adjustments	combined
<S>	<C>	<C>	<C>	<C>
Current assets:				
Cash and cash equivalents	\$ 936,000	\$ 471,000	\$ 69,000 (1)	\$ 2,976,000

		1,500,000	(4)	
Certificates of deposit	496,000			496,000
Accounts receivable	740,000			740,000
Inventories	673,000			673,000
Prepaid and other	228,000	5,000		233,000
	-----	-----	-----	-----
Total current assets	3,073,000	476,000	1,569,000	5,118,000
Property and equipment, net	1,298,000	18,000		1,316,000
Assets under capital leases, net	1,340,000			1,340,000
Technology for in-process products			2,902,000	(2) 0
		(2,902,000)	(3)	
Technology for developed products and custom assays, net	5,215,000			5,215,000
Other assets	268,000	13,000		281,000
	-----	-----	-----	-----
Total assets	\$11,194,000	\$507,000	\$ 1,569,000	\$13,270,000

</TABLE>

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Unaudited Pro Forma Balance Sheet of
OXIS International, Inc.
(OXIS International, Inc., and Therox Pharmaceuticals, Inc.)
Combined as of December 31, 1994

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>

<CAPTION>

	OXIS	Therox	Pro forma adjustments	Pro forma combined
	----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Current liabilities:				
Note payable to bank	\$ 340,000			\$ 340,000
Accounts payable	1,562,000		\$ 123,000	1,685,000
Customer deposits	1,116,000			1,116,000
Accrued liabilities	628,000		2,000	\$ 133,000 (5) 763,000
Current portion of capital lease obligations		473,000		473,000
	-----	-----	-----	-----
Total current liabilities	4,119,000	125,000	133,000	4,377,000
Capital lease obligations	297,000			297,000
Other liabilities	79,000			79,000
Shareholders' equity:				
Preferred stock:				
OXIS	0		6,000 (4)	6,000
Therox		1,000	(1,000) (2)	0
Common stock:				
OXIS	4,661,000		720,000 (2)	5,381,000
Therox		0		
Additional paid-in capital:				
OXIS	20,230,000		2,633,000 (2)	24,224,000
			1,494,000 (4)	
			(133,000) (5)	
Therox		979,000	69,000 (1)	0
		(1,048,000) (2)		
Accumulated deficit:				
OXIS	(18,139,000)		(2,902,000) (3)	(21,041,000)
Therox		(598,000)	598,000 (2)	0

Accumulated translation adjustments	(53,000)			(53,000)

Total shareholders' equity	6,699,000	382,000	1,436,000	8,517,000

Total liabilities and shareholders' equity	\$11,194,000	\$ 507,000	\$ 1,569,000	\$ 13,270,000
=====				

</TABLE>

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Notes to Unaudited Pro Forma Balance Sheet
December 31, 1994

- To reflect cash paid for exercise of Therox stock options prior to the acquisition of Therox by OXIS.
- To reflect the pro forma purchase price, \$3,353,313, paid to acquire Therox, consisting of 1,440,736 shares of OXIS Common Stock at \$2.3275 per share. This valuation is based on the average of the closing price of OXIS Common Stock from July 14, 1995 through July 20, 1995, the day after the consummation of the acquisition, discounted 30% for certain trading restrictions and the number of shares of OXIS Common Stock being issued in the transaction, as compared to the average trading volume of OXIS Common Stock. The excess of the pro forma purchase price over the shareholders' equity of Therox has been allocated entirely to technology for in-process products.

Stock issued in connection with the acquisition has been recorded in shareholders' equity as follows:

<TABLE>

<S>	<C>	
Common Stock, 1,440,736 shares at \$.50 par		\$ 720,000
Additional paid-in capital	2,633,000	

Stock issued - 1,440,736 shares at \$2.3275 per share		<u>\$3,353,000</u>

</TABLE>

- The amount allocated to technology on in-process products will be charged to expense in the first statement of operations for the combined companies inasmuch as these amounts relate to research and development for which there is no alternative future use. Consequently, the unaudited pro forma balance sheet has been prepared to present the total assets and shareholders' equity immediately following this write off.
- To reflect \$1,500,000 cash paid by the two major Therox shareholders for 642,583 shares of OXIS Series B Preferred Stock. The Series B preferred Stock is presented as:

<TABLE>

<S>	<C>	
642,583 shares at .01 par		\$ 6,000
Additional paid in capital	1,494,000	

Cash paid		<u>\$1,500,000</u>

</TABLE>

- To reflect a liability for costs directly attributable to issuance of stock.
- In addition to the OXIS shares issued, the stockholders of Therox may receive up to \$2,000,000 based on the successful commercialization of the Therox technologies. No effect has been given in the pro forma balance sheet for this matter.

Unaudited Pro Forma Statement of Operations
 OXIS International, Inc.
 (OXIS International, Inc., and Therox Pharmaceuticals, Inc.)
 Combined for the year ended December 31, 1994

<TABLE>
 <CAPTION>

	OXIS	Pro forma Therox	Pro forma adjustments	Pro forma combined
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
Revenues:				
Sales	\$ 3,325,000			\$ 3,325,000
Royalties	145,000			145,000
	-----	-----	-----	-----
Total revenues	3,470,000		0	3,470,000
Costs and expenses:				
Cost of sales	2,074,000			2,074,000
Research and development	1,670,000	\$ 526,000		2,196,000
Sales, general and administrative	1,652,000	11,000		1,663,000
Purchased in-process technology	3,675,000			3,675,000
	-----	-----	-----	-----
Total costs and expenses	9,071,000	537,000	0	9,608,000
	-----	-----	-----	-----
Operating loss	(5,601,000)	(537,000)	0	(6,138,000)
Interest income	82,000	16,000		98,000
Interest expense	(48,000)			(48,000)
	-----	-----	-----	-----
Net loss	(\$5,567,000)	(\$521,000)	\$0	(\$6,088,000)
	=====	=====	=====	=====
Net loss per OXIS share	(\$0.88)			(\$0.50)
	=====	=====	=====	=====

</TABLE>

Notes to Unaudited Pro Forma Statement of Operations
 for the Year Ended December 31, 1994

1. The write off of the pro forma purchase price amount allocated to technology on in-process products is not reflected in the unaudited pro forma statement of operations. This amount relates to research and development in process for which there is no alternative future use and is expected to approximate \$2,902,000. This amount will be written off in the initial period of operations of the combined companies.
2. Net loss per OXIS share in the unaudited pro forma statement of operations has been computed based upon 12,124,423 Common Shares outstanding upon consummation of the acquisition.

Unaudited Pro Forma Balance Sheet of
 OXIS International, Inc.
 (OXIS International, Inc., and Therox Pharmaceuticals, Inc.)
 Combined as of March 31, 1995

<TABLE>
 <CAPTION>

ASSETS	OXIS	Pro forma Therox	Pro forma adjustments	Pro forma combined
<S>	<C>	<C>	<C>	<C>
Current assets:				
Cash and cash equivalents	\$ 724,000	\$344,000	\$ 69,000 (1)	\$ 2,637,000
		1,500,000 (4)		
Certificates of deposit	198,000		198,000	
Accounts receivable	1,002,000		1,002,000	
Inventories	653,000		653,000	
Prepaid and other	313,000		313,000	
Total current assets	2,890,000	344,000	1,569,000	4,803,000
Property and equipment, net	1,286,000	18,000		1,304,000
Assets under capital leases, net	1,422,000			1,422,000
Technology for in-process products			3,081,000 (2)	0
		(3,081,000) (3)		
Technology for developed products and custom assays, net	5,189,000		5,189,000	
Other assets	300,000	12,000		312,000
Total assets	\$11,087,000	\$374,000	\$ 1,569,000	\$13,030,000

</TABLE>

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Unaudited Pro Forma Balance Sheet of
OXIS International, Inc.
(OXIS International, Inc., and Therox Pharmaceuticals, Inc.)
Combined as of March 31, 1995

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	OXIS	Pro forma Therox	Pro forma adjustments	Pro forma combined
<S>	<C>	<C>	<C>	<C>
Current liabilities:				
Note payable to bank	\$ 198,000			\$ 198,000
Other notes payable	766,000			766,000
Accounts payable	2,066,000	\$ 167,000		2,233,000
Customer deposits	250,000			250,000
Accrued liabilities	661,000	4,000	\$ 133,000 (5)	798,000
Current portion of capital lease obligations	431,000			431,000
Total current liabilities	4,372,000	171,000	133,000	4,676,000
Capital lease obligations	267,000			267,000
Other liabilities	76,000			76,000
Shareholders' equity:				
Preferred stock:				
OXIS			6,000 (4)	6,000
Therox		1,000	(1,000) (2)	0
Common stock:				
OXIS	4,708,000		720,000 (2)	5,428,000
Therox		0		
Additional paid-in capital:				

OXIS	20,338,000		2,633,000 (2)	24,332,000
			1,494,000 (4)	
			(133,000) (5)	
Therox	979,000		69,000 (1)	0
			(1,048,000) (2)	
Accumulated deficit:				
OXIS	(18,896,000)		(3,081,000) (3)	(21,977,000)
Therox	(777,000)		777,000 (2)	0
Accumulated translation adjustments	222,000			222,000
Total shareholders' equity	6,372,000	203,000	1,436,000	8,011,000
Total liabilities and shareholders' equity	\$ 11,087,000	\$374,000	\$ 1,569,000	\$ 13,030,000

</TABLE>

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Notes to Unaudited Pro Forma Balance Sheet
March 31, 1995

- To reflect cash paid for exercise of Therox stock options prior to the acquisition of Therox by OXIS.
- To reflect the pro forma purchase price, \$3,353,313, paid to acquire Therox, consisting of 1,440,736 shares of OXIS Common Stock at \$2.3275 per share. This valuation is based on the average of the closing price of OXIS Common Stock from July 14, 1995 through July 20, 1995, the day after the consummation of the acquisition, discounted 30% for certain trading restrictions and the number of shares of OXIS Common Stock being issued in the transaction, as compared to the average trading volume of OXIS Common Stock. The excess of the pro forma purchase price over the shareholders' equity of Therox has been allocated entirely to technology for in-process products.

Stock issued in connection with the acquisition has been recorded in shareholders' equity as follows:

<TABLE>

<S>	<C>	
Common Stock, 1,440,736 shares at \$.50 par		\$ 720,000
Additional paid-in capital	2,633,000	

Stock issued - 1,440,736 shares at \$2.3275 per share \$3,353,000

</TABLE>

- The amount allocated to technology on in-process products will be charged to expense in the first statement of operations for the combined companies inasmuch as these amounts relate to research and development for which there is no alternative future use. Consequently, the unaudited pro forma balance sheet has been prepared to present the total assets and shareholders' equity immediately following this write off.
- To reflect \$1,500,000 cash paid by the two major Therox shareholders for 642,583 shares of OXIS Series B Preferred Stock. The Series B preferred Stock is presented as:

<TABLE>

<S>	<C>	
642,583 shares at .01 par		\$ 6,000
Additional paid in capital	1,494,000	

Cash paid \$1,500,000

</TABLE>

5. To reflect a liability for costs directly attributable to issuance of stock.
6. In addition to the OXIS shares issued, the stockholders of Therox may receive up to \$2,000,000 based on the successful commercialization of the Therox technologies. No effect has been given in the pro forma balance sheet for this matter.

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Unaudited Pro Forma Statement of Operations
OXIS International, Inc.
(OXIS International, Inc., and Therox Pharmaceuticals, Inc.)
Combined for the three months ended March 31, 1995

<TABLE>
<CAPTION>

	OXIS	Therox	Pro forma adjustments	Pro forma combined
<S>	<C>	<C>	<C>	<C>
Revenues:				
Sales	\$2,075,000			\$2,075,000
Royalties	51,000			51,000
	-----	-----	-----	-----
Total revenues	2,126,000			2,126,000
Costs and expenses:				
Cost of sales	1,177,000			1,177,000
Research and development	1,029,000	\$ 177,000		1,206,000
Sales, general and administrative	645,000	5,000		650,000
Purchased in-process technology				0
	-----	-----	-----	-----
Total costs and expenses	2,851,000	182,000		3,033,000
Operating loss	(725,000)	(182,000)		(907,000)
Interest income	6,000	2,000		8,000
Interest expense	(38,000)			(38,000)
	-----	-----	-----	-----
Net loss	(757,000)	(180,000)	\$0	(937,000)
	=====	=====	=====	=====
Net loss per OXIS share	(\$0.08)			(\$0.08)
	=====			=====

</TABLE>

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Notes to Unaudited Pro Forma Statement of Operations
for the Three Months Ended March 31, 1995

- The write off of the pro forma purchase price amount allocated to technology on in-process products is not reflected in the unaudited pro forma statement of operations. This amount relates to research and development in process for which there is no alternative future use and is expected to approximate \$3,081,000. This amount will be written off in the initial period of operations of the combined companies.
- Net loss per OXIS share in the unaudited pro forma statement of operations has been computed based upon 12,124,423 Common Shares outstanding upon consummation of the acquisition.

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