

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

X Annual report pursuant to Section 13 or 15(d) of the Securities
 Exchange Act of 1934 for the fiscal year ended December 31, 1995.

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

Securities registered pursuant to Section 12(b) of the Act:
 NONE

Securities registered pursuant to Section 12(g) of the Act:
 Common Stock, \$.50 par value

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Aggregate market value of the voting stock held by nonaffiliates of the Registrant as of March 18, 1996 (assuming conversion of all outstanding preferred stock into common stock) was \$17,282,555.

Number of shares outstanding of Registrant's common stock as of March 18, 1996: 12,124,423 shares.

Certain of the information required by Part III of this Form 10-K is incorporated by reference from a portion of the Company's Proxy Statement for 1996 Annual Meeting of Stockholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

CONSOLIDATED BALANCE SHEETS
 DECEMBER 31, 1995 AND 1994

<TABLE>
 <CAPTION>

	1995	1994
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 727,000	\$ 936,000
Certificates of deposit	--	496,000
Accounts receivable	823,000	740,000
Inventories	953,000	673,000
Prepaid and other	262,000	228,000
	-----	-----
Total current assets	2,765,000	3,073,000

Property and equipment, net	1,092,000	1,298,000
Assets under capital leases, net	1,198,000	1,340,000
Technology for developed products and custom assays, net	4,498,000	5,215,000
Other assets	317,000	268,000
	-----	-----
Total assets	\$9,870,000	\$11,194,000
	=====	=====

</TABLE>

See accompanying notes.

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CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1995 AND 1994

<TABLE>

<CAPTION>

	1995	1994
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Note payable to bank	\$ --	\$ 340,000
Other notes payable	1,616,000	--
Accounts payable	1,182,000	1,562,000
Customer deposits	250,000	1,116,000
Accrued liabilities	903,000	628,000
Current portion of capital lease obligations	283,000	473,000
	-----	-----
Total current liabilities	4,234,000	4,119,000
Capital lease obligations	47,000	297,000
8% convertible subordinated debentures	1,255,000	--
Other liabilities	30,000	79,000
Commitments and contingencies (Notes 1, 3 and 11)		
Shareholders' equity:		
Preferred stock - \$.01 par value; 5,000,000 shares authorized; 642,583 issued and outstanding (liquidation preference of \$1,500,000)	6,000	--
Common stock - \$.50 par value; 25,000,000 shares authorized; 12,124,423 shares issued and outstanding	6,062,000	4,661,000
Additional paid in capital	25,210,000	20,230,000
Accumulated deficit	(27,031,000)	(18,139,000)
Accumulated translation adjustments	57,000	(53,000)
	-----	-----
Total shareholders' equity	4,304,000	6,699,000
	-----	-----
Total liabilities and shareholders' equity	\$ 9,870,000	\$ 11,194,000
	=====	=====

</TABLE>

See accompanying notes.

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CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

<TABLE>

<CAPTION>

	1995	1994	1993
<S>	<C>	<C>	<C>

Revenues:				
Sales	\$ 4,982,000	\$ 3,325,000	\$ 2,315,000	
Royalties and license fees	154,000	145,000	729,000	
	-----	-----	-----	
Total revenues	5,136,000	3,470,000	3,044,000	
Costs and expenses:				
Cost of sales	2,939,000	2,074,000	1,330,000	
Research and development	4,299,000	1,670,000	813,000	
Sales, general and administrative	3,332,000	1,652,000	1,008,000	
Purchased in-process technology (Note 3)	3,329,000	3,675,000	--	
Control contest	--	--	1,531,000	
	-----	-----	-----	
Total costs and expenses	13,899,000	9,071,000	4,682,000	
	-----	-----	-----	
Operating loss	(8,763,000)	(5,601,000)	(1,638,000)	
Interest income	42,000	82,000	153,000	
Interest expense	(171,000)	(48,000)	--	
	-----	-----	-----	
Net loss	\$(8,892,000)	\$(5,567,000)	\$(1,485,000)	
	=====	=====	=====	
Net loss per share	\$(0.82)	\$(0.88)	\$(0.30)	
	=====	=====	=====	
Weighted average number of shares				
used in computation	10,854,149	6,350,097	4,982,670	
	=====	=====	=====	

</TABLE>

See accompanying notes.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

<TABLE>

<CAPTION>

	1995	1994	1993
	<C>	<C>	<C>
<S>			
Cash flows from operating activities:			
Net loss	\$(8,892,000)	\$(5,567,000)	\$(1,485,000)
Adjustments to reconcile net loss to cash provided			
by (used for) operating activities:			
Depreciation and amortization	1,369,000	551,000	53,000
Purchased in-process technology	3,329,000	3,675,000	--
Changes in assets and liabilities:			
Accounts receivable	(70,000)	258,000	201,000
Inventories	(17,000)	(186,000)	(105,000)
Other current assets	209,000	(19,000)	12,000
Accounts payable	(565,000)	562,000	(248,000)
Customer deposits	(866,000)	1,116,000	--
Accrued liabilities	251,000	(8,000)	(7,000)
	-----	-----	-----
Net cash provided by (used for)			
operating activities	(5,252,000)	382,000	(1,579,000)
Cash flows from investing activities:			
Redemption of certificates of deposit	496,000	884,000	2,098,000
Purchase of equipment	(99,000)	(40,000)	(69,000)
Acquisition and stock issuance costs (Note 3)	--	(1,361,000)	--
Cash of businesses acquired (Note 3)	143,000	273,000	--
Other	(136,000)	19,000	--
	-----	-----	-----
Net cash provided by (used for)			
investing activities	404,000	(225,000)	2,029,000

Cash flows from financing activities:			
Short-term borrowing	1,366,000	296,000	--
Proceeds from issuance of long-term debt	1,255,000	--	--
Costs in connection with issuance of long-term debt	(152,000)	--	--
Proceeds from issuance of stock, net of related cost	3,077,000	--	--
Repayment of short-term notes	(340,000)	--	--
Repayment of capital lease obligations and other liabilities	(573,000)	(275,000)	--
Net cash provided by financing activities	4,633,000	21,000	--
Effect of exchange rate changes on cash	6,000	--	--
Net increase (decrease) in cash and cash equivalents	(209,000)	178,000	450,000
Cash and cash equivalents - beginning of year	936,000	758,000	308,000
Cash and cash equivalents - end of year	\$ 727,000	\$ 936,000	\$ 758,000

Supplemental schedule of noncash operating and financing activities:

Inventory purchase with deferred payment terms	\$ 250,000	--	--
Common stock issued as incentive to purchase notes	\$ 156,000	--	--

</TABLE>

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

<TABLE>

<CAPTION>

	Preferred Stock		Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Shares	Amount	paid-in capital	deficit	translation adjustments	shareholders' equity
	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, January 1, 1993			4,982,670	\$2,491,000	\$12,863,000	\$(11,087,000)		\$ 4,267,000
Net loss					(1,485,000)		(1,485,000)	
Balances, December 31, 1993			4,982,670	2,491,000	12,863,000	(12,572,000)		2,782,000
Series A preferred and common shares issued in connection with 1994 business combinations (Note 3)	40,000	\$ --	4,340,092	2,170,000	7,367,000			9,537,000
Accumulated translation adjustments						\$(53,000)	(53,000)	
Net loss					(5,567,000)		(5,567,000)	
Balances, December 31, 1994	40,000	--	9,322,762	4,661,000	20,230,000	(18,139,000)	(53,000)	6,699,000
Shares issued in connection with short-term notes			93,300	47,000	109,000		156,000	
Sale of common shares			1,227,625	614,000	1,089,000			1,703,000
Conversion of Series A preferred shares to common	(40,000)	--	40,000	20,000	(20,000)			--
Shares issued in connection with 1995 business combination (Note 3)			1,440,736	720,000	2,633,000		3,353,000	
Series B preferred shares issued (Note 3)	642,583	6,000			1,169,000			1,175,000
Accumulated translation adjustments						110,000	110,000	

Net loss				(8,892,000)		(8,892,000)			
Balances,									
December 31, 1995	642,583	\$6,000	12,124,423	\$6,062,000	\$25,210,000	\$(27,031,000)	\$ 57,000	\$ 4,304,000	

</TABLE>

See accompanying notes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

OXIS International, Inc. (the "Company") develops, manufactures and markets selected therapeutic and diagnostic products. The Company's research and development efforts are concentrated principally in the development of products to diagnose, treat and prevent diseases associated with free radicals and reactive oxygen species. Headquartered in Portland, Oregon, the Company operates research and development facilities in Malvern, Pennsylvania, and near Paris, France.

The Company has historically licensed and sold pharmaceutical forms of superoxide dismutase (SOD) for human and veterinary use. In 1994, with the acquisitions of businesses as described in Note 3, the Company began selling therapeutic drug monitoring assays and research assays to measure markers of oxidative stress, and began performing custom assay development.

Therapeutic drug monitoring assays are manufactured by the Company in the United States and are sold to hospital clinical laboratories and reference laboratories by an in-house sales force and a network of distributors both within and outside the United States. Assays to measure markers of oxidative stress are manufactured by the Company in France and are sold to distributors for resale to researchers, primarily in Europe, the United States and Japan.

These financial statement 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 at December 31, 1995, the Company's current liabilities exceeded its current assets by \$1,469,000. These factors, among others, may indicate that the Company may be unable to continue as a going concern for a reasonable period of time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is contingent upon its ability to obtain additional financing, and to generate revenue and cash flow to meet its obligations on a timely basis.

During the first quarter of 1996 the Company is seeking additional capital through a private placement of up to \$4,000,000 of its Series C Preferred Stock. On March 4, 1996, the Company had closed the sale of 587,053 shares of Series C Preferred Stock for \$763,000. If the Company is able to sell the entire \$4,000,000 of Series C Preferred Stock, it still expects that additional capital will be required during 1996 to continue operating in accordance with its current plans. If the Company is unable to raise additional capital it intends to curtail its operations through the reduction of personnel and facility costs and by reducing its research

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and development efforts. If the Company were to be 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.

2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION - The accompanying balance sheets include the accounts of the Company as well as its subsidiaries. The results of operations of the Company's French subsidiary since its purchase by the Company on September 7, 1994, are included in the accompanying statements of operations and cash flows. The functional currency of the Company's French subsidiary is the French franc. The French subsidiary's assets and liabilities are translated at the exchange rate at the end of the year, and its statement of operations is translated at the average exchange rates during the period for which its revenues and expenses are included in the consolidated statement of operations. Gains or losses resulting from foreign currency translation are accumulated as a separate component of shareholders' equity. All significant intercompany balances and transactions are eliminated in consolidation.

CASH EQUIVALENTS consist of money market accounts with commercial banks.

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 December 31, 1995 and 1994, consisted of the following:

<TABLE>

<CAPTION>

	1995	1994
<S>	<C>	<C>
Raw materials	\$173,000	\$179,000
Work in process	354,000	357,000
Finished goods	426,000	137,000
	-----	-----
Total	\$953,000	\$673,000
	=====	=====

</TABLE>

PROPERTY AND EQUIPMENT is stated at cost, or, in the case of property and equipment acquired in transactions accounted for by the purchase method, at the estimated fair market value at the date of the acquisition (which is then considered to be the Company's cost). Depreciation of equipment is computed using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are amortized over the shorter of five years or the remaining lease term. Assets acquired under capital leases are being amortized over estimated useful lives of four to ten years.

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Property and equipment at December 31, 1995 and 1994, consisted of the following:

<TABLE>

<CAPTION>

	1995	1994
<S>	<C>	<C>
Furniture and office equipment	\$ 346,000	\$ 319,000
Laboratory and manufacturing equipment	707,000	649,000
Automobile	15,000	15,000
Leasehold improvements	806,000	710,000
	-----	-----
Property and equipment, at cost	1,874,000	1,693,000
Accumulated depreciation and amortization	(782,000)	(395,000)
	-----	-----
Property and equipment, net	\$1,092,000	\$1,298,000
	=====	=====

</TABLE>

TECHNOLOGY - Technology for developed products and custom assays, which was acquired in the 1994 business combinations described in Note 3, is being

amortized over estimated useful lives of seven to ten years. Accumulated amortization of technology for developed products and custom assays was \$973,000 as of December 31, 1995 and \$239,000 as of December 31, 1994. The Company periodically reviews net cash flows from sales of products and projections of net cash flows from sales of products on an undiscounted basis to assess recovery of intangible assets.

REVENUE RECOGNITION - The Company recognizes product sales upon shipment of the product to the customer. Sales from custom assay development contracts is recognized as the work is performed. Revenue derived from royalties pursuant to license agreements is recognized after sales information is reported by licensees.

INCOME TAXES - The Company accounts for income taxes under statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" which requires deferred income taxes be provided to reflect temporary differences between financial and tax bases of assets and liabilities using presently enacted tax rates and laws.

NET LOSS PER SHARE - Net loss per share is computed based upon the average number of common shares outstanding and, if dilutive, the incremental shares issuable upon the assumed exercise of stock options or warrants and the assumed conversion of convertible debentures and preferred stock.

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USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS - The carrying amount reported in the balance sheet for cash and cash equivalents, certificates of deposit, accounts receivable, notes payable, customer deposits and accrued liabilities approximates fair value due to the short-term nature of the accounts. The carrying amount reported in the balance sheet for 8% convertible subordinated debentures approximates fair value because the terms of the debentures were determined and the debentures were sold shortly before the end of 1995.

3. BUSINESS COMBINATIONS

On September 7, 1994, the Company acquired Bioxytech S.A., a French company, and International BioClinical, Inc. ("IBC"), an Oregon corporation. The name of Bioxytech S.A. was subsequently changed to OXIS International S.A. ("OXIS S.A.") OXIS S.A. was acquired through an exchange of shares that resulted in the Company owning in excess of 99% of the outstanding stock of OXIS S.A., which thus became a subsidiary of the Company. IBC was acquired through a merger with and into the Company, which (1) terminated the separate existence of IBC by merging it into the Company, and (2) resulted in the conversion of the outstanding stock of IBC into stock of the Company. Two of the Company's directors were also directors and major shareholders of IBC.

In exchange for the Bioxytech S.A. shares, the Company issued a total of 2,341,599 shares of the Company's common stock and 40,000 shares of the Company's non-voting preferred stock (which have subsequently been converted into 40,000 shares of common stock). In addition, the Bioxytech S.A. shareholders may receive up to 107,670 shares of the Company's capital stock if they meet certain participation levels in a contemplated private placement of equity securities of the Company.

The merger of IBC with and into the Company resulted in the conversion of IBC's common stock into 1,998,493 shares of the Company's common stock.

The acquisitions of OXIS S.A. and IBC have been accounted for as purchases and, accordingly, the acquired assets and liabilities were recorded at their estimated fair market values as of the date of acquisition. The aggregate purchase price of \$9,811,000 (4,380,092 shares issued times the

average per share closing price of the Company's common stock for the five days ended September 8, 1994, discounted 30% for certain trading restrictions and less costs of \$274,000 directly attributable to issuance of stock in connection with the acquisitions) plus direct costs for the acquisitions of \$881,000 have been allocated to the

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assets and liabilities acquired. The Company also issued options to purchase 214,700 shares of the Company's common stock in connection with the acquisitions. No value was assigned to these options because the exercise price of the options was in excess of the market value of the common stock.

The total cost of the acquisitions of Bioxytech and IBC has been allocated to the assets acquired and liabilities assumed as follows:

<TABLE>

<CAPTION>

	OXIS S.A.	IBC	Total
<S>	<C>	<C>	<C>
Cash	\$ 150,000	\$ 123,000	\$ 273,000
Other assets	369,000	611,000	980,000
Property, equipment and capitalized leases	2,434,000	294,000	2,728,000
Technology for developed products and custom assay development capabilities	1,503,000	3,995,000	5,498,000
Technology for in-process products	3,368,000	307,000	3,675,000
Less liabilities assumed	(2,011,000)	(451,000)	(2,462,000)
Total acquisition cost	\$ 5,813,000	\$ 4,879,000	\$ 10,692,000

</TABLE>

The Company's consolidated results of operations include the operating results of the acquired companies since the acquisitions.

Approximately \$3,675,000 (\$.58 per share) of the total purchase price represented technology relating to research and development projects that were in process by the acquired companies that had no alternative future use other than the completion of these projects. In accordance with generally accepted accounting principles, these costs have been charged to operations immediately upon completion of the acquisitions.

The following table summarizes the unaudited pro forma combined results of operations for the years ended December 31, 1994 and 1993 as if the acquisitions had occurred at the beginning of the years presented:

<TABLE>

<CAPTION>

	1994	1993
<S>	<C>	<C>
Total revenues	\$ 5,809,000	\$ 6,736,000
Net loss	\$(4,742,000)	\$(5,207,000)
Net loss per share (based on 9,322,762 shares outstanding)	\$ (.51)	\$ (.56)

</TABLE>

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The above table includes, on an unaudited pro forma basis, the Company's financial information for the years ended December 31, 1994 and 1993, combined with the financial information of OXIS S.A. and IBC for the same twelve-month periods. The above table excludes the one-time \$3,675,000 charge for purchased in-process technology arising from the acquisitions. Pro forma results for the year ended December 31, 1993 include non-recurring costs of \$1,531,000 in connection with a control contest.

The unaudited pro forma combined results of operations are presented for illustrative purposes only and are not necessarily indicative of the operating results that would have occurred had the acquisitions been consummated at the beginning of the periods presented, nor are they necessarily indicative of future operating results.

On July 19, 1995, the Company consummated the acquisition of Therox Pharmaceuticals, Inc. ("Therox") pursuant to a transaction wherein Therox was merged with and into a wholly-owned subsidiary of the Company. Therox was a Philadelphia-based start-up company focused on the development of therapeutics to treat diseases associated with damage from free radicals. The Company issued 1,440,736 shares of its common stock to Therox stockholders in exchange for all of the Therox capital stock. In addition, the acquisition agreement provides for payment of up to \$2,000,000 by the Company to the Therox stockholders based on the successful commercialization of the Therox technologies.

The acquisition of Therox has been recorded as a purchase and, accordingly, the acquired assets and liabilities were recorded at their estimated fair values as of the date of acquisition. The aggregate purchase price of \$3,353,000 (1,440,736 shares issued times the average per share closing price of the Company's common stock for the five days ended July 20, 1995, discounted 30% for certain trading restrictions) has been allocated to the assets and liabilities acquired.

The cost of the acquisition of Therox has been allocated to the assets acquired and liabilities assumed as follows:

<TABLE>

<CAPTION>

<S>	<C>
Cash	\$ 143,000
Equipment	16,000
Technology for in-process products	3,329,000
Other assets	23,000
Less liabilities assumed	(158,000)

Acquisition cost	<u>\$3,353,000</u>

</TABLE>

The Company's consolidated results of operations include the operating results of the acquired company since the acquisition.

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Approximately \$3,329,000 of the purchase price represented technology related to research and development projects that are in process and that has no alternative future use other than the completion of these projects. Accordingly, these costs have been charged to operations immediately upon completion of the acquisition.

The following table presents the unaudited pro forma combined results of operations for the years ended December 31, 1995 and 1994 as if the acquisition had occurred at the beginning of the periods presented:

<TABLE>

<CAPTION>

<S>	1995	1994
	-----	-----
	<C>	<C>
Total revenues	\$ 5,136,000	\$ 3,470,000
Net loss	\$(5,990,000)	\$(6,088,000)
Net loss per share (based on 12,124,423 shares outstanding)	\$ (.49)	\$ (.50)

</TABLE>

The above table includes, on an unaudited pro forma basis, the Company's financial information for the years ended December 31, 1995 and 1994, combined with the financial information of Therox for the same periods. The above table excludes the one-time \$3,329,000 charge for purchased in-process technology arising from the 1995 acquisition, but includes non-recurring costs

of \$3,675,000 for purchased in-process technology from the Company's September 1994 business acquisitions.

The unaudited pro forma combined results of operations are presented for illustrative purposes only and are not necessarily indicative of the operating results that would have occurred had the acquisition been consummated at the beginning of the periods presented, nor are they necessarily indicative of future operating results.

Simultaneously with the Therox acquisition, a Series B Preferred Stock Purchase Agreement was entered into between the Company and two venture capital firms (S.R. One, Limited and Brantley Venture Partners II, L.P.) which were major stockholders of Therox. Pursuant to this agreement, the Company sold 642,583 shares of its Series B Preferred Stock for an aggregate price of \$1,500,000.

Costs of approximately \$325,000 directly attributable to the issuance of the Series B Preferred Stock and the common stock issued in the Therox acquisition have been recorded as a reduction in the proceeds from the issuance of the shares.

4. NOTES PAYABLE

Notes payable at December 31, 1995 consisted of the following:

8% notes payable to certain shareholders who are former Bioxytech S.A. shareholders, due February 5, 1996, secured by assets relating to certain of the Company's diagnostic products	\$766,000
Note payable to Sanofi S.A., due May 4, 1996, interest at prime plus 2% (10-1/2% as of December 31, 1995), secured by all of the Company's assets	600,000
Liability, without interest, under inventory purchase agreement, due May 1997 or earlier if 75% of the related inventory is sold	250,000

	<u>\$1,616,000</u>

The shareholders who hold the 8% notes have commitments to invest an amount at least equal to the note balances in stock of the Company. During March 1996 the Company is negotiating with these shareholders terms for converting these notes to stock of the Company.

5. CAPITALIZED LEASES

The Company's French subsidiary leases certain equipment, furniture and fixtures under capital leases. The future minimum lease payments on these capital leases as of December 31, 1995, were as follows:

<TABLE>

<CAPTION>

Year ending December 31:

<S>	<C>	<C>
	1996	\$309,000
	1997	47,000

Total minimum capital lease obligations		356,000
Less amounts representing interest		26,000

Present value of net minimum obligation		330,000
Less amount due within one year		283,000

Long term obligation under capital leases		<u>\$ 47,000</u>

</TABLE>

Leased assets, which consist principally of laboratory and office equipment, are reported in the December 31, 1995, balance sheet at \$1,418,000 less accumulated amortization of \$220,000.

6. 8% CONVERTIBLE SUBORDINATED DEBENTURES

In November and December 1995, the Company completed a private placement pursuant to which \$1,255,000 of its 8% Convertible Subordinated Debentures were issued. The debentures are unsecured and are subordinated to other obligations of the Company up to an aggregate of \$3,000,000. The Debentures are due December 31, 1997; interest is payable semiannually on June 30 and December 31.

The debentures are convertible into shares of the Company's common stock at the option of the holders. Any time after six months following closing of the private placement, the Company may require conversion of the debentures. The debentures are convertible at a conversion price of \$1.25 per common share. However, the conversion price shall be reduced to \$.65 per share if the closing price of the Company's common stock is less than \$.65 for fifteen consecutive trading days. In such case, the debentures could be converted into a maximum of 1,930,769 shares of common stock.

7. SHAREHOLDERS' EQUITY

PREFERRED STOCK - Terms of the preferred stock are to be fixed by the Board of Directors at such time as the preferred stock is issued. The 40,000 shares of Series A Preferred Stock issued during 1994 were nonvoting and were converted to common stock on a one share for one share basis during 1995. The 642,583 shares of Series B Preferred Stock are convertible into common stock on a one-for-one basis and have the same voting rights as the common stock. The Series B Preferred Stock has certain preferential rights with respect to liquidation and dividends.

In February and March 1996, the Company has issued 587,053 shares of Series C Preferred Stock. 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 may have the right to automatically convert the Series C Preferred Stock into common stock under certain circumstances. The Series C Preferred Stock has the same voting rights as the Company's common stock based on the number of shares into which the Series C Preferred Stock is convertible, subject to adjustment in certain circumstances.

STOCK WARRANTS - In prior years, the Company issued warrants to purchase shares of common stock to certain officers and key employees (none of whom any longer hold a position with the Company) and to former directors. These warrants are exercisable at \$2.875 per share and expire through 1999. At December 31, 1995 and 1994, warrants to purchase 1,012,500 shares were exercisable. No warrants were exercised during the years ended 1993, 1994 or 1995.

In connection with the issuance of common stock in May 1995, the Company issued to its placement agent a warrant to purchase 122,763 shares of common stock at \$2.89 per share. This warrant was immediately exercisable upon issuance and remained outstanding at December 31, 1995.

Warrants to purchase 200,800 common shares at \$2.00 per share were issued to purchasers of the Company's 8% Convertible Subordinated Debentures and remained outstanding at December 31, 1995. The number of common shares which may be purchased pursuant to these warrants may be increased in the event that the number of common shares into which the related debentures may be converted is increased. The maximum number of common shares to which these warrants might entitle the holders is 386,154.

Also in connection with the issuance of its 8% Convertible Subordinated Debentures, the Company issued to its placement agent warrants to purchase 100,400 shares of common stock at \$1.375 per share. These warrants were immediately exercisable upon issuance and remained outstanding at December 31, 1995.

STOCK OPTIONS - In September 1994, the Company's shareholders approved the 1994 Stock Incentive Plan and the reservation of 400,000 shares of the Company's common stock for issuance thereunder. In August 1995, the shareholders approved an amendment to the plan increasing the shares reserved for issuance thereunder to 1,200,000. 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. Options granted and outstanding under the plan are summarized as follows:

<TABLE>
<CAPTION>

	1995		1994	
	Shares	Price	Shares	Price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	90,000	\$3.13 - \$3.50	--	
Granted	317,900	\$2.25 - \$3.50	90,000	\$3.13 - \$3.50
Forfeitures	(25,000)	\$2.25	--	
Outstanding at end of year	<u>382,900</u>	<u>\$2.25 - \$3.50</u>	<u>90,000</u>	<u>\$3.13 - \$3.50</u>
Exercisable at end of year	<u>219,294</u>	<u>\$2.25 - \$3.50</u>	<u>75,000</u>	<u>\$3.50</u>

</TABLE>

8. INCOME TAXES

INCOME TAX PROVISION - Income tax provisions were not necessary in 1995, 1994 and 1993 due to net losses.

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DEFERRED TAXES - Deferred taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards.

The tax effects of significant items comprising the Company's deferred taxes as of December 31 were as follows:

<TABLE>
<CAPTION>

United States taxes:	1995	1994
<S>	<C>	<C>
Deferred tax assets:		
Federal net operating loss carryforward and capitalized research and development expenses	\$ 4,829,000	\$ 2,110,000
Federal R&D tax credit carryforward	495,000	465,000
State net operating loss carryforward and capitalized research and development expenses	125,000	372,000
Deferred tax liabilities - book basis in excess of noncurrent assets acquired in the acquisition of IBC	(1,338,000)	(1,575,000)
Net deferred tax assets	4,111,000	1,372,000
Valuation allowance	(4,111,000)	(1,372,000)
Net deferred taxes	\$ --	\$ --

	1995	1994
French taxes:		
Deferred tax assets:		
Net operating loss carryforward	\$ 5,721,000	\$ 5,286,000
Impact of temporary differences	(225,000)	453,000
	-----	-----
Total	5,496,000	5,739,000
Valuation allowance	(5,496,000)	(5,739,000)
	-----	-----
Net deferred taxes	\$ --	\$ --

</TABLE>

Temporary differences for French taxes result primarily from leases treated as operating leases for French tax reporting and as capital leases in the consolidated financial statements.

The tax benefits (\$5,136,000) of the net operating losses of \$15,410,000 which existed at the date of acquisition (September 7, 1994) of the French subsidiary will be recorded as a reduction of the net unamortized balance of property, equipment, capitalized lease assets and intangible assets of \$3,147,000 when and if realized, and the remaining benefit will be recorded as a reduction of income tax expense.

Statement of Financial Accounting Standards No. 109 requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of

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the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Because of the Company's recent history of operating losses, management has provided a valuation allowance for its net deferred tax assets.

TAX CARRYFORWARDS - At December 31, 1995, the Company had net operating loss carryforwards of approximately \$5,120,000 to reduce United States federal taxable income in future years, and research and development tax credit carryforwards of \$495,000 to reduce United States federal taxes in future years. In addition, the Company's French subsidiary had operating loss carryforwards of \$17,165,000 (84,183,000 French francs) to reduce French taxable income in future years. These carryforwards expire as follows:

<TABLE>

<CAPTION>

Year of expiration	United States net operating loss carryforward	R&D tax credit carryforward	French operating loss carryforward
<S>	<C>	<C>	<C>
1996	\$1,219,000		\$ 1,655,000
1997	2,670,000		1,270,000
1998	208,000		1,312,000
1999	111,000		233,000
2000	--	--	--
2001-2010	912,000	\$495,000	--
No expiration	--	--	12,695,000
	-----	-----	-----
	\$5,120,000	\$495,000	\$17,165,000

</TABLE>

Utilization of the United States tax carryforwards is subject to certain restrictions in the event of a significant change (as defined in Internal Revenue Service guidelines) in ownership of the Company.

9. MAJOR CUSTOMERS AND CONCENTRATION OF CREDIT RISK

One domestic customer and three foreign licensees have each accounted for significant portions of the Company's revenues during the past three years. The percentages of total revenues derived from sales to, and royalties from, these major customers are as follows:

<TABLE>
<CAPTION>

	1995	1994	1993
<S>	<C>	<C>	<C>
Domestic customer	18%	35%	50%
Spanish licensee	16%	18%	8%
German licensee	2%	9%	23%
Italian licensee	--	2%	7%

</TABLE>

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The Company's domestic customer to whom sales of bovine superoxide dismutase ("bSOD") accounted for 18%, 35% and 50% of the Company's revenues in 1995, 1994 and 1993, respectively, announced in the fourth quarter of 1995 that the clinical trial in which it was using bSOD purchased from the Company failed to show the desired results. Therefore, sales of bSOD to this customer are not expected to continue.

The Company limits its foreign exchange risk by buying and selling bulk bSOD in a single currency, the Dutch guilder. The Company maintains a bank account in The Netherlands for receipt and disbursement of Dutch guilders and had the equivalent of \$81,000 and \$659,000 in that account at December 31, 1995 and 1994, respectively. Foreign currency transaction gains and losses were not material.

10. GEOGRAPHIC AREA INFORMATION

The Company operates in a single industry segment: the development, manufacture and marketing of therapeutic and diagnostic products. The Company's foreign operations consist of research and development and manufacturing facilities and certain marketing activities conducted by the Company's subsidiary in France. Sales and costs associated with bSOD manufactured in the Netherlands are considered to be United States operations, since the contract to manufacture bSOD and all related sales activities are administered in the United States. Similarly, royalties from foreign customers that relate to bSOD-based products are considered to be export sales from the United States, since the product was developed in the United States.

Sales, operating income and identifiable assets, classified by the major geographic areas in which the Company operates, are as follows:

<TABLE>
<CAPTION>

	1995	1994	1993
<S>	<C>	<C>	<C>
Revenues from unaffiliated customers:			
United States	\$ 2,686,000	\$ 2,053,000	\$ 1,887,000
Export sales from the U.S.	1,878,000	1,257,000	1,157,000
France	572,000	160,000	--
Total	<u>\$ 5,136,000</u>	<u>\$ 3,470,000</u>	<u>\$ 3,044,000</u>
Operating income (loss):			
United States	\$(5,653,000)	\$(1,410,000)	\$(1,638,000)
France	(3,110,000)	(4,191,000)	--
Total	<u>\$(8,763,000)</u>	<u>\$(5,601,000)</u>	<u>\$(1,638,000)</u>
Identifiable assets:			
United States	\$ 7,824,000	\$ 9,587,000	\$ 3,124,000

France	3,866,000	2,570,000	--
Eliminations	(1,820,000)	(963,000)	--

Total	\$ 9,870,000	\$11,194,000	\$ 3,124,000
	=====		=====

</TABLE>

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11. LEASE COMMITMENTS

The Company leases its facilities in Oregon under an operating lease that expires in 1997, and leases its facilities in Pennsylvania and France under operating leases that expire in 1998. Future lease payments are scheduled as follows:

<TABLE>

<CAPTION>

<S>	<C>
1996	\$480,000
1997	436,000
1998	245,000

</TABLE>

Rental expense included in the accompanying statements of operations was \$492,000 in 1995, \$193,000 in 1994 and \$75,000 in 1993.

12. EUROPEAN REGULATORY DEVELOPMENTS

The European market for the Company's bovine bSOD was adversely impacted by a series of regulatory developments in 1994.

The Italian Health Ministry withdrew the marketing authorization of all pharmaceutical products composed of orgotein, including Oxinorm (produced from the Company's product). As indicated in Note 9, the Company's revenues from its Italian licensee have ceased, and the Company does not anticipate additional sales or royalties from Oxinorm in Italy. During 1995, SmithKline Beecham Farmaceutici S.p.A., the Company's licensee in Italy, sold its remaining bulk Oxinorm inventory to the Company.

During 1994 the Company was also notified that the governments of Austria and Germany had asked Grunenthal, the Company's licensee for those countries, to withdraw its Peroxinorm brand of orgotein from the Austrian and German markets. Grunenthal has also discontinued distributing Peroxinorm in several other countries where sales were dependent upon the German registration. As a result, the Company anticipates that royalties from Grunenthal for the foreseeable future will be substantially less than in previous years.

Because of the action of regulatory authorities in other European countries, the Company's licensee for Spain has had informal discussions with Spanish regulatory authorities regarding the Company's bSOD product. Although no action has been taken by those authorities with regard to the Company's product, future sales in Spain may be affected by either regulatory action in Spain, or safety concerns stemming from such actions in other countries.

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13. CONTROL CONTEST EXPENSES

In 1993, the Company incurred expenses of \$1,531,000 (\$.31 per share) in connection with a contest for management control of the Company. Costs incurred by current officers and directors were advanced by IBC. The President and the Chairman of the Company were major shareholders of IBC. Reimbursement of IBC for such expenses was approved at the Company's 1993 annual shareholders' meeting.

14. 401(K) SAVINGS PLAN

The Company has a 401(k) saving plan (the "Plan") which covers all United States employees who meet certain minimum age and service requirements. The

Company's matching contribution to the Plan for each year is 100% of the first \$1,000 of each employee's salary deferral and 33-1/3% of the next \$3,000 of salary deferral. The Company's contributions have not been material.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
OXIS International, Inc.:

We have audited the accompanying consolidated balance sheets of OXIS International, Inc. and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the management of OXIS International, Inc. 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 consolidated 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, such consolidated financial statements present fairly, in all material respects, the financial position of OXIS International, Inc. and subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

The accompanying financial statements for the year ended December 31, 1995, have been prepared assuming that the Company will continue as a going concern. The Company is engaged in developing, manufacturing and marketing selected therapeutic and diagnostic products. As discussed in Note 1 to the financial statements, the Company has incurred losses in each of the last three years, and at December 31, 1995, the Company's current liabilities exceeded its current assets by \$1,469,000, raising substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DELOITTE & TOUCHE LLP

March 7, 1996
Portland, Oregon

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: August 21, 1996

OXIS INTERNATIONAL, INC.
Registrant

By: /s/ Anna D. Barker

Anna D. Barker

President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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EXHIBIT INDEX

<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT	PAGE NUMBER
<C>	<S>	<C>
23(a)	Consent of Deloitte & Touche LLP	

</TABLE>

Exhibit 23(a)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-64451 on Form S-8, in Registration Statement No. 33-61087 and Amendment No. 2 to Registration Statement No. 333-5921 both on Form S-3 of our report dated March 7, 1996 (which expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's ability to continue as a going concern) appearing in this amendment to Annual Report on Form 10-K/A of Oxis International, Inc. for the year ended December 31, 1995.

DELOITTE & TOUCHE LLP
Portland, Oregon
March 28, 1996