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 March 31, 1997.

Transition report pursuant to Section 13 or 15(d) of the Securities
- ------- Exchange Act of 1934 for thetransition 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 March 31, 1997, the issuer had outstanding the indicated number of shares of common stock: 14,439,992

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended March 31 1997	1996
<S>	<C>	<C>
Revenues:		
Product sales	$ 1,127,000	$ 1,337,000
Royalties and license fees	35,000	30,000
Total revenues	1,162,000	1,367,000
Costs and expenses:		
Cost of sales	772,000	925,000
Research and development	1,106,000	1,182,000
Selling, general and administrative	604,000	745,000
Total costs and expenses	2,482,000	2,852,000

Operating loss	(1,320,000)	(1,485,000)
Interest income	3,000	8,000
Interest expense	(30,000)	(69,000)
Net loss	$ (1,347,000)	$ (1,546,000)
Net loss per share	$ (.10)	$ (.13)
Weighted average number of shares used in computation	14,108,668	12,124,423

</TABLE>

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 1997 (Unaudited)	December 31, 1996
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents ..	$ 272,000	$ 422,000
Accounts receivable	1,013,000	861,000
Inventories	545,000	591,000
Prepaid and other	81,000	191,000
Total current assets ...	1,911,000	2,065,000
Property and equipment, net	1,359,000	1,327,000
Assets under capital leases, net	43,000	309,000
Technology for developed products and custom assays, net	3,603,000	3,782,000
Other assets	581,000	514,000
Total assets	$7,497,000	$7,997,000

</TABLE>

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 1997 (Unaudited)	December 31, 1996
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 1,422,000	$ 1,221,000
Accounts payable	2,072,000	1,386,000
Customer deposits	158,000	132,000
Accrued liabilities	750,000	655,000
Current portion of capital lease obligations	38,000	76,000
Total current liabilities	4,440,000	3,470,000
Other liabilities	--	2,000
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 - 1,262,543 shares issued and outstanding at March 31, 1997	13,000	17,000
Series D - 1,550 shares issued and		

outstanding at March 31, 1997	--	--
Series E - 2,200 shares issued and		
outstanding at March 31, 1997	--	--
Common stock - $.50 par value; 40,000,000 shares authorized; 14,439,992 shares issued and outstanding at March 31, 1997	7,220,000	6,895,000
Additional paid in capital	30,385,000	30,706,000
Accumulated deficit	(34,370,000)	(33,023,000)
Accumulated translation adjustments	(197,000)	(76,000)
Total shareholders' equity	3,057,000	4,525,000
Total liabilities and shareholders' equity	$ 7,497,000	$ 7,997,000

</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1997	Three Months Ended March 31, 1996
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$(1,347,000)	$(1,546,000)
Adjustments to reconcile net loss to cash provided by (used for) operating activities:		
Depreciation and amortization	452,000	370,000
Changes in assets and liabilities:		
Accounts receivable	(152,000)	92,000
Inventories	46,000	51,000
Other current assets	110,000	45,000
Accounts payable	686,000	525,000
Customer deposits	26,000	--
Accrued liabilities	95,000	(78,000)
Net cash provided by (used for) operating activities	(84,000)	(541,000)
Cash flows from investing activities:		
Purchases of equipment	(2,000)	(13,000)
Additions to other assets	(5,000)	--
Other, net	(121,000)	(49,000)
Net cash provided by (used for) investing activities	(128,000)	(62,000)
Cash flows from financing activities:		
Proceeds from issuance of notes	213,000	65,000
Proceeds from issuance of stock, net of related cost	--	784,000
Stock issuance costs	(99,000)	--
Repayment of short-term borrowings	(12,000)	(7,000)
Repayment of long-term debt and capital lease obligations ...	(40,000)	(91,000)
Net cash provided by financing activities	62,000	751,000
Net increase (decrease) in cash and cash equivalents	(150,000)	148,000
Cash and cash equivalents - beginning of period	422,000	727,000
Cash and cash equivalents - end of period	$ 272,000	$ 875,000

</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, 1996. That report contains, among other information, a description of the Company's business, 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.

2. SUBSEQUENT EVENTS - ADDITIONAL FINANCING

In March and April 1997 the Company borrowed $808,000 pursuant to short-term notes as described in Note 4. On May 13, 1997, the Company finalized an underwriting agreement with certain underwriters in France whereby such underwriters have agreed to purchase 9,000,000 shares of the Company's common stock at a price of approximately $.80 per share (the "Placement Price"). The stock is to be listed on the French stock market, Le Nouveau Marche, no later than May 15, 1997, and the settlement from the sale is to close no later than May 20, 1997. The underwriters also have the option to purchase up to an additional 1,500,000 shares of common stock at the Placement Price within 30 days of the listing. The securities offered have not been, and will not be, registered under the Securities Act of 1933, as amended, (the "Act") and may not be offered or sold in the United States absent registration under the Act or an applicable exemption from such registration requirements.

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 March 31, 1997 and December 31, 1996, consisted of the following:

<TABLE>
<CAPTION>

<S>	March 31, 1997 <C>	December 31, 1996 <C>
Raw materials	$167,000	$148,000
Work in process	186,000	200,000
Finished goods	192,000	243,000
	--------	--------
Total	$545,000	$591,000
	========	========

</TABLE>

4. NOTES PAYABLE

During March 1997 the Company borrowed $160,000 from a shareholder pursuant to issuance of a short-term unsecured promissory note with a 3% origination fee and bearing interest at an annual rate of 8%. In April 1997 an additional $648,000 was borrowed from other shareholders pursuant to promissory notes with similar terms. All of the notes are due in June and July 1997, but no later than ten days following the consummation of the Company's planned public offering of common stock to be traded over the French stock market, Le Nouveau Marche as described in Note 2.

5. SHAREHOLDERS' EQUITY

During the first quarter of 1997, 384,614 shares of Series C Preferred Stock and 100 shares of Series D Preferred Stock were converted into an aggregate of 649,256 shares of common stock.

6. EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share." SFAS 128 changes the standards for computing and presenting earnings per share ("EPS") and supersedes APB Opinion No. 15, "Earnings per Share." SFAS 128 simplifies the standards for computing earnings per share and makes them comparable to international EPS standards. It replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ended after December 15, 1997, including interim periods; earlier application is not permitted. This Statement requires restatement of all prior-period EPS data presented. Earnings per share reported for the three-month periods ended March 31, 1996 and 1997 are not affected as a result of adopting SFAS 128 due to the Company's losses.

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 deficit increased during the first quarter of 1997 from $1,405,000 at December 31, 1996 to $2,529,000 at March 31, 1997. This increase in the Company's working capital deficit resulted primarily from the effect of the net loss for the first quarter of 1997 ($1,347,000 less non-cash charges of $452,000) and an increase in accounts payable of $686,000, offset by proceeds from issuance of short-term notes ($213,000).

Cash and cash equivalents decreased from $422,000 at December 31, 1996 to $272,000 at March 31, 1997.

The Company expects to continue to report losses in 1997 as the level of expenses is expected to continue to exceed revenues. The Company can give no assurances as to when and if its revenues will exceed its expenses. While the Company believes that its new products and technologies show considerable promise, its ability to realize significant revenues therefrom is dependent 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.

During March and April 1997, the Company has raised $808,000 through the issuance of short-term notes to certain of its shareholders. The notes are due in June and July 1997, but no later than ten days following the consummation of the Company's planned public offering of common stock to be traded over the French stock market, Le Nouveau Marche.

On May 13, 1997, the Company finalized an underwriting agreement with certain underwriters in France whereby such underwriters have agreed to purchase 9,000,000 shares of the Company's common stock at a price of approximately $.80 per share (the "Placement Price"). The stock is to be listed on the French stock market, Le Nouveau Marche, no later than May 15, 1997, and the settlement from the sale is to close no later than May 20, 1997. The underwriters also have the option to purchase up to an additional 1,500,000 shares of common stock at the Placement Price within 30 days of the listing. The securities offered have not been, and will not be, registered under the Securities Act of 1933, as amended, (the "Act") and may not be offered or sold in the United States absent registration under the Act or an applicable exemption from such registration requirements.

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 1997 COMPARED WITH THREE MONTHS ENDED MARCH 31, 1996

REVENUES

The Company's product sales for the quarters ended March 31, 1997 and 1996 were as follows:

<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>
Diagnostic and research assays	$ 548,000	$ 621,000
Bovine superoxide dismutase (bSOD) for research and human use	412,000	621,000
Palosein(R)(bSOD for veterinary use) ...	154,000	78,000
Other	13,000	17,000
	----------	----------
	$1,127,000	$1,337,000
	==========	==========

</TABLE>

Sales of the Company's diagnostic and research assays decreased from $621,000 in the first quarter of 1996 to $548,000 in the first quarter of 1997. This decrease of $73,000 consists of decreases in sales of the Company's therapeutic drug monitoring assays ($91,000) and assays for drugs of abuse ($17,000), offset by a $35,000 increase in sales of assays for measures of oxidative stress. Sales of therapeutic drug monitoring assays in the first

quarter of 1997 were adversely impacted by larger than normal stocking orders shipped to distributors in December 1996.

Sales of bulk bSOD for research and human use decreased by $209,000 in the first quarter of 1997 as compared to the first quarter of 1996. The Company's sales of bulk bSOD in the first quarters of 1996 and 1997 were almost entirely to the Company's Spanish licensee. Bulk bSOD sales in the first quarter of 1997 declined as compared to the first quarter of 1996 due to a 20% decline in the volume of product delivered and a decrease in the value of the Dutch guilder, the currency in which the Company sells bSOD to its Spanish licensee. Future sales of bulk bSOD continue to be largely dependent on the needs of the Company's Spanish licensee. The Company expects its orders for 1997 from the Spanish licensee to be less than those for 1996. The Company's sales of bulk bSOD beyond 1997 are uncertain and difficult to predict and no assurances can be given with respect thereto.

Palosein(R)sales increased from $78,000 in the first quarter of 1996 to $154,000 in the first quarter of 1997. The increase in Palosein(R)sales is attributable to a substantial sale in the first quarter of 1997 to a distributor in Germany.

COSTS AND EXPENSES

Costs of sales was 69% of product sales for the first quarter of both 1996 and 1997. Cost of sales of diagnostic and research assays declined from 79% of the related sales in the first quarter of 1996 to 67% in the first quarter of 1997, following the consolidation of the Company's manufacturing operations into one location in the third quarter of 1996. Cost of assay sales in both the first quarter of 1996 and the first quarter of 1997 include approximately $180,000 in amortization of purchase adjustments relating to 1994 business acquisitions. Excluding such amortization the cost of diagnostic and research assays for the first quarter of 1997 was approximately 34% of the related sales. The decline in cost of diagnostic and research assays was offset by an increase in the cost of bulk bSOD and Palosein(R) sold in the first quarter of 1997 as compared to the first quarter of 1996.

Research and development expenses decreased from $1,182,000 in the first quarter of 1996 to $1,106,000 in the first quarter of 1997. The decrease in research and development expenses resulted from cost reductions in the first quarter of 1997 compared to the first quarter of 1996 of (1) $96,000 in research and development costs of the Company's French subsidiary, (2) $88,000 in costs of the former Therox operations (the former Therox laboratory facility was closed in May 1996), and (3) $77,000 in research and development costs at the Company's Portland, Oregon facility. These cost reductions were partially offset by a $172,000 increase in expenses for outside development contracts primarily relating to the preclinical development work and the Phase I clinical trial on the Company's glutathione peroxidase mimics program.

Selling, general and administrative expenses decreased from $745,000 in the first quarter of 1996 to $604,000 in the first quarter of 1997. The decrease is primarily the result of a decrease in the general and administrative expenses of the Company's French subsidiary. In the third quarter of 1996 all of the Company's manufacturing operations were consolidated in the United States and the French subsidiary became a research facility. In connection with this restructuring, two administrative positions have been eliminated and certain other costs which were previously charged to administrative expenses are now being classified as research and development costs.

INTEREST EXPENSE

Interest expense decreased by $39,000 in the first quarter of 1997 as compared with the first quarter of 1996, primarily due to a reduction in interest-bearing obligations.

NET LOSS

The Company continued to experience losses in the first quarter of 1997. The first quarter 1997 loss of $1,347,000 ($.10 per share) was $199,000 less than the $1,546,000 ($.13 per share) loss for the first quarter of 1996. The reduction in the net loss is primarily due to the decreased research and development and selling, general and administrative expenses, offset by a decline in gross margin from product sales.

The Company plans to continue to invest in research and development activities and incur marketing, sales and administrative expenses in amounts greater than its anticipated near-term product margins, and, as a result, expects to incur a substantial net loss for 1997.

PART II. OTHER INFORMATION

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

(a) Exhibits - See Exhibit Index on page 12.

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.

May 12, 1996 By s/Anna D. Barker

Anna D. Barker, Ph.D.
President and Chief Executive Officer

May 12, 1996 By s/Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Page

Number	Description of Document	
10(a)	Form of Promissory Notes dated March 27, 1997 - April 24, 1997	(13)
27(a)	Financial data schedule	(15)

EXHIBIT 10(a) - FORM OF PROMISSORY NOTES

PROMISSORY NOTE

$160,000 March 24, 1997

FOR VALUE RECEIVED, OXIS INTERNATIONAL, INC., a Delaware corporation (the "Company"), promises to pay to the order of __________("Lender"), the sum of ONE HUNDRED SIXTY THOUSAND ($160,000) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with interest on the principal amount hereof remaining outstanding and unpaid, from the date hereof until maturity, at the rate of eight percent (8%) per annum (computed on the actual number of days elapsed over a year of 365 days).

The principal balance evidenced by this Promissory Note ("Note"), and any accrued but unpaid interest, shall be due and payable in full on the earlier of (i) June 24, 1997 or (ii) ten (10) business days following the consummation of the Company's public offering of shares of common stock through Credit Lyonnais which will be listed for trading over Le Nouveau Marche (the "Due Date").

The Company shall have the privilege to prepay at any time and from time to time, all or any part of the principal amount of this Note, any accrued interest thereon, the Loan Origination Fee (defined below) without notice, penalty or fee.

The occurrence or existence of any one of the following events or conditions shall constitute an "Event of Default" under this Note:

(a) any principal or interest on this Note, or the Loan Origination Fee, shall not have been paid on June 24, 1997; or

(b) the Company makes an assignment for the benefit of creditors, or applies to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of the Company or commences, or has commenced against it, any proceedings relating to the Company under any bankruptcy, reorganization, arrangement, readjustment of debts or other insolvency law of any jurisdiction; or an order is entered appointing such trustee or receiver, or adjudicating the Company bankrupt, or approving the petition in any such proceeding.

The Company expressly agrees that upon the happening or occurrence of an Event of Default, Lender may at its option, declare the unpaid principal balance of this Note, all interest then accrued hereon, and the Loan Origination Fee, at once due and payable, and in such event if this Note is placed in the hands of an attorney for collection, or suit is brought on same, or the

same is collected through any judicial or other proceeding whatsoever, then the Company agrees and promises to pay reasonable attorneys' fees and expenses.

In addition to the principal and interest payable hereunder, on the Due Date the Company shall pay to the Lender a loan origination fee equal to three percent (3%) of the principal amount of this Note as of the date hereof ("Loan Origination Fee").

All of the provisions hereof shall be binding upon and inure to the benefit of the Company and Lender and their respective successors and permitted assigns, except as otherwise provided. This Note may not be assigned by Lender without the consent of the Company.

This Note shall be governed by the laws of the State of Oregon. The parties hereto agree that any dispute, action or proceeding which arises under or relates to this Note, shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association with such arbitration to be held in New York City, New York. The results, determination, finding, judgement or award rendered through such arbitration, shall be final and binding on each of the Company and Lender and not subject to final appeal.

OXIS INTERNATIONAL, INC.
(the "Company")

BY:

Jon S. Pitcher
Chief Financial Officer

<TABLE> <S> <C>

<ARTICLE> 5

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1997
<PERIOD-START>	JAN-01-1997
<PERIOD-END>	MAR-31-1997
<CASH>	272,000
<SECURITIES>	0
<RECEIVABLES>	1,013,000
<ALLOWANCES>	0
<INVENTORY>	545,000
<CURRENT-ASSETS>	1,911,000
<PP&E>	1,359,000
<DEPRECIATION>	0
<TOTAL-ASSETS>	7,497,000
<CURRENT-LIABILITIES>	4,440,000
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	19,000
<COMMON>	7,220,000
<OTHER-SE>	4,182,000
<TOTAL-LIABILITY-AND-EQUITY>	7,497,000
<SALES>	1,127,000
<TOTAL-REVENUES>	1,162,000
<CGS>	772,000
<TOTAL-COSTS>	772,000
<OTHER-EXPENSES>	1,710,000
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	30,000
<INCOME-PRETAX>	(1,347,000)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(1,347,000)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(1,347,000)
<EPS-PRIMARY>	(.10)
<EPS-DILUTED>	0

</TABLE>