SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities
----- Exchange Act of 1934 for the quarterly period ended June 30, 1999.

----- Transition report pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934 for the transition period from ------ to ------.

Commission File Number O-8092

OXIS INTERNATIONAL, INC.

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

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

YES X NO
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At June 30, 1999, the issuer had outstanding the indicated number of shares of common stock: 7,871,196

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.
<TABLE>
<CAPTION>

<S>	Three Months Ended June 30 1999 <C>	1998 <C>	Six Months Ended June 30 1999 <C>	1998 <C>
Revenues:				
Sales	$ 2,681,000	$ 1,435,000	$ 4,087,000	$ 2,731,000
Royalties and license fees	20,000	20,000	70,000	71,000
Total revenues	2,701,000	1,455,000	4,157,000	2,802,000
Costs and expenses:				
Cost of product sales	1,406,000	1,053,000	2,413,000	2,312,000
Cost of technology sold	1,279,000	--	1,279,000	--
Research and development	952,000	759,000	1,722,000	1,690,000
Selling, general and administrative	830,000	730,000	1,688,000	1,654,000
Total costs and expenses	4,467,000	2,542,000	7,102,000	5,656,000

Operating loss	(1,766,000)	(1,087,000)	(2,945,000)	(2,854,000)
Interest income	7,000	34,000	25,000	45,000
Interest expense	(23,000)	(88,000)	(53,000)	(172,000)
	-----------	-----------	-----------	-----------
Net loss	(1,782,000)	(1,141,000)	(2,973,000)	(2,981,000)
Other comprehensive income (loss) - foreign currency translation adjustments	(43,000)	2,000	(31,000)	(57,000)
	-----------	-----------	-----------	-----------
Comprehensive loss	$(1,825,000)	$(1,139,000)	$(3,004,000)	$(3,038,000)
	===========	===========	===========	===========
Net loss per share - basic and diluted	$ (.23)	$ (.17)	$ (.38)	$ (.48)
	===========	===========	===========	===========
Weighted average number of shares used in computation	7,871,196	6,583,316	7,858,631	6,161,391
	===========	===========	===========	===========

</TABLE>

CONSOLIDATED BALANCE SHEETS

	June 30, 1999 (Unaudited)	December 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$1,109,000	$ 2,575,000
Accounts receivable	910,000	992,000
Note receivable	569,000	--
Inventories	1,443,000	1,576,000
Prepaid and other	92,000	258,000
	----------	-----------
Total current assets	4,123,000	5,401,000
Property and equipment, net	897,000	2,817,000
Technology for developed products	957,000	2,570,000
Other assets	310,000	380,000
	----------	-----------
Total assets	$6,287,000	$11,168,000
	==========	===========

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	June 30, 1999 (Unaudited)	December 31, 1998
LIABILITIES AND SHAREHOLDERS' EQUITY		
<S>	<C>	<C>
Current liabilities:		
Notes payable	$ 724,000	$ 724,000
Accounts payable	636,000	716,000
Accrued payroll, payroll taxes and other	540,000	820,000
Current portion of long-term debt	48,000	111,000
	------------	------------
Total current liabilities	1,948,000	2,371,000
Long-term debt due after one year	159,000	1,613,000

Shareholders' equity:		
Preferred stock - $.01 par value; 15,000,000 shares authorized:		
Series B - 428,389 shares issued and outstanding at June 30, 1999 (liquidation preference of $1,000,000)	4,000	4,000
Series C - 807,878 shares issued and outstanding at June 30, 1999	8,000	8,000
Common stock - $.001 par value; 95,000,000 shares authorized; 7,871,196 shares issued and outstanding at June 30, 1999	8,000	8,000
Additional paid in capital	52,754,000	52,754,000
Accumulated deficit	(48,276,000)	(45,303,000)
Accumulated translation adjustments	(318,000)	(287,000)
	-----------	-----------
Total shareholders' equity	4,180,000	7,184,000
	-----------	-----------
Total liabilities and shareholders' equity	$ 6,287,000	$ 11,168,000
	===========	===========

</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1999	1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$(2,973,000)	$(2,981,000)
Adjustments to reconcile net loss to cash used for operating activities:		
Depreciation and amortization	550,000	708,000
Gain on sale of land and building	(16,000)	--
Loss on sale of technology	368,000	--
Cash proceeds from sale of technology	342,000	--
Changes in assets and liabilities:		
Accounts receivable	80,000	747,000
Inventories	124,000	(34,000)
Other current assets	163,000	47,000
Accounts payable	(111,000)	(686,000)
Customer deposits	(120,000)	--
Accrued payroll, payroll taxes and other	(127,000)	(245,000)
	-----------	-----------
Net cash used for operating activities	(1,720,000)	(2,444,000)
Cash flows from investing activities:		
Proceeds from sale of land and building	1,959,000	--
Purchases of equipment	(142,000)	(29,000)
Additions to other assets	(59,000)	(79,000)
Other, net	(4,000)	(12,000)
	-----------	-----------
Net cash provided by (used for) investing activities	1,754,000	(120,000)
Cash flows from financing activities:		
Proceeds from issuance of notes	--	555,000
Proceeds from issuance of stock, net of related costs	--	5,231,000
Repayment of short-term borrowings	--	(443,000)
Repayment of long-term debt and capital lease obligations	(1,517,000)	(54,000)
Redemption of Series D Preferred Stock	--	(700,000)
	-----------	-----------
Net cash provided by (used for) financing activities	(1,517,000)	4,589,000

Effect of exchange rate changes on cash	17,000	(52,000)
Net increase (decrease) in cash and cash equivalents	(1,466,000)	1,973,000
Cash and cash equivalents - beginning of period	2,575,000	1,290,000
Cash and cash equivalents - end of period	$ 1,109,000	$ 3,263,000
Non-cash transactions:		
Issuance of common stock in exchange for cancellation of notes and accrued interest	$ --	$ 543,000
Note received as part of proceeds from sale of technology	569,000	--

</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/A) has been filed with the Securities and Exchange Commission ("Commission") for the year ended December 31, 1998. 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. INVENTORIES

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out and specific identification methods. Inventories at June 30, 1999 and December 31, 1998, consisted of the following:

	June 30, 1999	December 31, 1998
Raw materials	$ 724,000	$ 817,000
Work in process	470,000	406,000
Finished goods	249,000	353,000
Total	$1,443,000	$1,576,000

3. SALE OF TECHNOLOGY

Effective June 28, 1999, the Company sold the intellectual property, contract rights and finished goods inventory relating to its therapeutic drug monitoring assays. Proceeds from the sale consisted of $500,000 cash, a non-interest bearing note in the amount of $588,000 due November 30, 1999 and a warrant granting the Company the right to acquire an equity interest in the purchaser of the assets. The note is secured by the assets sold and the purchaser's accounts receivable, inventories and other personal property.

The Company recognized $911,000 as compensation for the intellectual property and contract rights. This amount has been included in sales for the three-month and six-month

periods ended June 30, 1999. Sales of therapeutic drug monitoring assays for the quarter ended June 30, 1999 include $158,000 for the sale of the therapeutic drug monitoring finished goods inventory. The Company has entered into an agreement with the purchaser of the therapeutic drug monitoring assays pursuant to which the Company will continue to manufacture the products and perform certain other services for the purchaser through the third quarter of 2000.

4. OPERATING SEGMENTS

The following table presents information about the Company's two operating segments:

	Health Products	Therapeutic Development	Total
Quarter ended June 30, 1999:			
Revenues from external customers	$ 2,655,000	$ 46,000	$ 2,701,000
Intersegment revenues	--	279,000	279,000
Net loss	(834,000)	(948,000)	(1,782,000)
As of June 30, 1999 - Total assets	5,067,000	1,220,000	6,287,000
Quarter ended June 30, 1998:			
Revenues from external customers	$ 1,455,000	$ --	$ 1,455,000
Intersegment revenues	--	129,000	129,000
Net loss	(397,000)	(744,000)	(1,141,000)
As of June 30, 1998 - Total assets	8,225,000	4,940,000	13,165,000
Six months ended June 30, 1999:			
Revenues from external customers	$ 4,083,000	$ 74,000	$ 4,157,000
Intersegment revenues	--	303,000	303,000
Net loss	(1,243,000)	(1,730,000)	(2,973,000)
Six ended June 30, 1998:			
Revenues from external customers	$ 2,802,000	$ --	$ 2,802,000
Intersegment revenues	--	158,000	158,000
Net loss	(1,359,000)	(1,622,000)	(2,981,000)

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 decreased during the first half of 1999 from $3,030,000 at December 31, 1998 to $2,175,000 at June 30, 1999. The decrease in the Company's working capital resulted primarily from the net loss for the first half of 1999 ($2,973,000 less non-cash charges of $550,000) offset by increases in net working capital of $543,000 from the sale of land and buildings and payment of related debt and $911,000 from the sale of technology and contract rights relating to the Company's therapeutic drug monitoring assay business.

Cash and cash equivalents decreased from $2,575,000 at December 31, 1998 to $1,109,000 at June 30, 1999.

The Company is currently restructuring its therapeutic development operations. In the first half of 1999 the Company closed its French research laboratory in order to reduce expenses and refocus its resources on its later stage therapeutic products, particularly BXT-51072. As part of this restructuring process, the Company is seeking corporate partners and additional capital funding to support its therapeutic development projects. While these processes are ongoing, activities and expenditures on therapeutics projects will be minimal.

While the Company believes that its new therapeutic 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 or to raise additional capital will be successful.

The Company expects to continue to report losses in 1999 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.

INFORMATION SYSTEMS AND THE YEAR 2000

As is the case with most other companies using computers in their operations, the Company is in the process of addressing the Year 2000 problem. The Company has reviewed its computer hardware and software to determine whether they will consistently and properly recognize the Year 2000. Certain of the Company's systems include hardware and packaged software recently purchased from vendors who have represented that these systems are already Year 2000 compliant.

Other hardware and software used by the Company has been identified by the Company as not being Year 2000 compliant, particularly certain packaged software used in the

Company's accounting systems. The Company is in the process of upgrading that software to year 2000 compliant versions and has completed this process for its most critical accounting systems. If the Company were unable to replace software or hardware to make its accounting and manufacturing systems Year 2000 compliant, the Company believes that it could implement manual systems to carry out its business without significant interruption.

The Company has reviewed all of its systems, including embedded technology in non-information technology systems, which might be affected by the Year 2000 issue. The Company has reviewed communications, security, and environmental monitoring and control systems as well as certain laboratory and manufacturing equipment and equipment manufactured for customers. Certain equipment or components have been upgraded, and the Company expects to complete its upgrades and replacement of equipment by early in the fourth quarter of 1999. The Company believes that, in the worst likely case, such systems or components thereof can be replaced to make such systems Year 2000 compliant.

The Company expects that the total cost (including amounts already spent) for upgrades and replacements of software, older computer hardware and other systems or components including embedded technology that might be affected by the Year 2000 issue will not exceed $100,000.

The Company relies on a number of vendors and suppliers including banks, telecommunications providers, transportation companies and other providers of goods and services. The inability of certain of these third parties to conduct their business for a significant period of time due to the Year 2000 issue could have a material impact on the Company's operations. The Company does not have the resources to determine whether all such vendors and suppliers are Year 2000 compliant. However, the Company expects that it could find other vendors and suppliers if any of its current vendors or suppliers are unable to continue to provide goods or services to the Company, but no assurances can be given as to how long it will take to find substitute vendors and suppliers.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1999
COMPARED WITH THREE MONTHS ENDED JUNE 30, 1998

Revenues

The Company's revenues for the quarters ended June 30, 1999 and 1998 were as follows:

	1999	1998
Sales		
Therapeutic drug monitoring assays	$ 599,000	$ 382,000
Bovine superoxide dismutase (bSOD) for research and human use	456,000	--
Instrument sales and development	308,000	684,000
Research assays, fine chemicals and other	330,000	320,000
Palosein/(R)/ (bSOD for veterinary use)	77,000	49,000
Sale of rights to therapeutic drug monitoring assays	911,000	--
Royalties and license fees	20,000	20,000
	$2,701,000	$1,455,000

Effective June 28, 1999, the Company sold the intellectual property, contract rights and finished goods inventory relating to its therapeutic drug monitoring assays. The Company recognized $911,000 as compensation for the intellectual property and contract rights. Sales of therapeutic drug monitoring assays for the quarter ended June 30, 1999 include $158,000 for the sale of the therapeutic drug monitoring finished goods inventory. The Company has entered into an agreement with the purchaser of the therapeutic drug monitoring assays pursuant to which the Company will continue to manufacture the products and perform certain other services for the purchaser through the third quarter of 2000.

Sales of bSOD in the second quarter of 1999 were primarily the result of one shipment of bulk bSOD to the Company' Spanish licensee. No significant sales of bulk bSOD were made during 1998. The Company has received one additional order for bulk bSOD from its Spanish licensee for delivery in the fourth quarter of 1999. This sale is expected to be slightly larger than the second quarter bSOD sale. However, future sales of bulk bSOD beyond 1999 are largely dependent on the needs of the Company's Spanish licensee which are uncertain and difficult to predict and no assurances can be given that the Company will continue to sell bulk bSOD to its Spanish licensee.

Revenue from instrument sales and development declined by $376,000, from $684,000 in the second quarter of 1998 to $308,000 in the second quarter of 1999. This decrease resulted from reduced orders from certain customers for whom the Company acts as an original equipment manufacturer. In the near term the Company does not expect instrument sales to return to 1998 levels.

Costs and Expenses

Including amortization of purchase adjustments, cost of sales was 73% of sales for the second quarter 1998 and increased to 100% of sales for the second quarter of 1999. This increase in the cost of sales as a percentage of sales is due primarily to the excess ($368,000) of the cost of technology sold over the proceeds from the sale of technology. The reduction of instrument sales volume in the second quarter of 1999 as compared to 1998 also contributed to the increase in cost of sales as a percentage of sales. Although the Company has made significant reductions in the occupancy and personnel costs of its instrument manufacturing facility in 1999, the cost reductions have not been in proportion to the reduction in sales.

Cost of sales in the second quarter of both 1998 and 1999 includes approximately $200,000 in amortization of purchase adjustments relating to 1994 and 1997 business acquisitions. Excluding such amortization and the effect of the technology sale in 1999 the cost of product sales for the second quarter of 1998 was approximately 60% of sales and the cost of sales for the second quarter of 1999 was approximately 67% of product sales.

Research and development expenses increased from $759,000 in the second quarter of 1998 to $952,000 in the second quarter of 1999. The increase in research and development expenses resulted primarily from costs in the second quarter of 1999 relating to the closure of the Company's French research facility and termination of its employees.

Selling, general and administrative expenses increased from $730,000 in the second quarter of 1998 to $830,000 in the second quarter of 1999. The increase was primarily due to selling and administrative costs of the Company's wellness testing services, started in late 1998.

Interest Income and Expense

Interest income for the second quarter of 1999 was less than for the second quarter of 1998 because the Company had less cash available for investment during 1999.

Interest expense for the second quarter of 1999 was less than for the second quarter of 1998 primarily due to the payment of long-term debt in connection with the sale of property in the first quarter of 1999.

Net Loss

The Company continued to experience losses in the second quarter of 1999. The second quarter 1999 net loss of $1,782,000 ($.23 per share-basic and diluted) was $641,000 greater than the $1,141,000 ($.17 per share-basic and diluted) net loss for the second quarter of 1998. The increase in the net loss is primarily due to (1) the excess of cost over the proceeds from technology sold in the second quarter of 1999 ($368,000), and (2) increases in research and development expenses ($193,000) and selling, general and administrative expense ($100,000).

The Company expects to incur a substantial net loss for 1999. If the Company raises substantial additional capital through further sales of securities or secures a strategic partnership to support its therapeutic development efforts (See Financial Condition, Liquidity and Capital Resources), the Company plans to continue to invest in research and development activities and incur sales, general and administrative expenses in amounts greater than its anticipated near-term product margins. If the Company is unable to raise sufficient additional capital or to develop partnerships, it will have to cease, or severely curtail, its operations.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1999
COMPARED WITH SIX MONTHS ENDED JUNE 30, 1998

Revenues

The Company's revenues for the six-month periods ended June 30, 1999 and 1998 were as follows:

	1999	1998
Sales		
Therapeutic drug monitoring assays	$1,083,000	$ 642,000
Bovine superoxide dismutase (bSOD) for research and human use	460,000	1,000

Instrument sales and development	795,000	1,493,000
Research assays, fine chemicals and other	736,000	502,000
Palosein/(R)/ (bSOD for veterinary use)	102,000	93,000
Sale of rights to therapeutic drug monitoring assays	911,000	--
Royalties and license fees	70,000	71,000
	$4,157,000	$2,802,000

Effective June 28, 1999, the Company sold the intellectual property, contract rights and finished goods inventory relating to its therapeutic drug monitoring assays. The Company recognized $911,000 as compensation for the intellectual property and contract rights. Sales of the Company's therapeutic drug monitoring assays increased by $441,000, from $642,000 in the first six months of 1998 to $1,083,000 in the first six months of 1999. Sales of therapeutic drug monitoring assays for the six months ended June 30, 1999 include

$158,000 for the sale of the therapeutic drug monitoring finished goods inventory. The remainder of the increase was primarily due to increased sales volumes to the Company's distributors.

Sales of bSOD in the first half of 1999 were primarily the result of one shipment of bulk bSOD to the Company's Spanish licensee. No significant sales of bulk bSOD were made during 1998.

Revenue from instrument sales and development declined by $698,000, from $1,493,000 in the first half of 1998 to $795,000 in the first half of 1999. This decrease resulted from reduced orders from certain customers for whom the Company acts as an original equipment manufacturer.

The increase in sales of research assays, fine chemicals and other products is due primarily to an increase in sales volumes of nearly all of the Company's research assays in the first half of 1999 as compared to the first half of 1998.

Costs and Expenses

Including amortization of purchase adjustments, cost of sales was 85% of sales for the first half 1998 and increased to 90% of sales for the first half of 1999. This increase in the cost of sales as a percentage of sales is due primarily to the excess ($368,000) of the cost of technology sold over the proceeds from the sale of technology. Cost of sales as a percentage of sales was also increased by an increase in instrument manufacturing costs as a percentage of instrument sales which resulted from the decline in instrument sales volumes.

Cost of sales in the first half of both 1998 and 1999 includes in excess of $400,000 in amortization of purchase adjustments relating to 1994 and 1997 business acquisitions. Excluding such amortization and the effect of the technology sale in 1999 the cost of product sales for the first half of 1998 was approximately 70% of sales and the cost of sales for the first half of 1999 was approximately 63% of product sales.

Research and development expenses increased from $1,690,000 in the first half of 1998 to $1,722,000 in the first half of 1999. The increase in research and development expenses resulted primarily from costs in the first half of 1999 relating to the closure of the Company's French research facility and termination of its employees. This increase was offset by a reduction of approximately $105,000 in costs of the Company's therapeutic research and development operations in the U.S.

Selling, general and administrative expenses increased from $1,654,000 in the first half of 1998 to $1,688,000 in the first half of 1999. The increase was primarily due to selling and administrative costs of the Company's wellness testing services, started in late 1998

($154,000 in the first six months of 1999), offset by $93,000 of reductions in selling, general and administrative expenses of the Company's instrument manufacturing subsidiary.

Interest Income and Expense

Interest income for the first half of 1999 was less than for the first half of 1998 because the Company had less cash available for investment during 1999.

Interest expense for the first half of 1999 was less than for the first half of 1998 primarily due to the payment of long-term debt in connection with the sale of property in the first quarter of 1999.

Net Loss

The Company continued to experience losses in the first six months of 1999. The first half 1999 net loss of $2,973,000 ($.38 per share-basic and diluted) was $8,000 less than the $2,981,000 ($.48 per share-basic and diluted) net loss for the first half of 1998. The excess of cost over the proceeds from technology sold in 1999 ($368,000) was offset by increased gross margins on other sales.

Certain of the matters discussed in this Report such as management's future sales expectations are forward-looking statements that involve risks and uncertainties, including the timely development and market acceptance of new products, the impact of competitive products and pricing, economic conditions, and other risks. These factors could cause actual results to differ materially from those described in any forward-looking statements.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

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

(b) Reports on Form 8-K

On July 13, 1999, the Company filed a Report on Form 8-K reporting the sale of intellectual property, contract rights and finished goods relating to its therapeutic drug monitoring products. The sale was effective June 28, 1999.

SIGNATURE

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

OXIS International, Inc.

August 11, 1999 By /s/Ray R. Rogers

Ray R. Rogers
Chairman and Chief Executive Officer

August 11, 1999 By /s/Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Document	Page Number
27(a)	Financial data schedule	

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