SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
/x/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended JULY 31, 1995

OR

/ / 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 0-17085

TECHNICLONE INTERNATIONAL CORPORATION
(Exact name of Registrant as specified in its charter)

CALIFORNIA	95-3698422
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
14282 FRANKLIN AVENUE, TUSTIN, CALIFORNIA	92680
(Address of principal executive offices)	(Zip Code)

(714) 838-0500
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed, since last report)

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 / /

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. YES / / NO / /

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

17,936,225 shares of Common Stock
as of August 31, 1995

PART I -- FINANCIAL INFORMATION

ITEM 1 -- FINANCIAL STATEMENTS

The following financial statements required to be provided by this Item 1 and Rule 10.01 of Regulation S-X are filed herewith, at the respective pages indicated on this Quarterly Report, Form 10-Q:

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

RESULTS OF OPERATIONS

The Company's net loss of $515,102 for the quarter ended July 31, 1995 decreased $4,704,408 in comparison to the net loss of $5,219,510 for the prior year quarter ended July 31, 1994. This decreased quarterly loss is primarily attributable to a decrease in current year quarterly total costs and expenses including an aggregate charge to earnings of $4,835,140 which occurred during the quarter ended July 31, 1994 (which represented the excess of the fair market value of the Company stock issued over the net assets acquired of CBI, plus an additional non-recurring charge relating to CBI stock options assumed by the Company) in connection with the merger of Cancer Biologies Incorporated ("CBI") with and into the Company, and which did not recur during the current year, and a decrease in interest expense of $939, partially offset by a $68,708 increase in general and administrative expenses and a $60,304 increase in research and development expenses during the quarter ended July 31, 1995.

Revenues for the quarter ended July 31, 1995 decreased $2,659 compared to the same prior year period ended July 31, 1994. This decrease resulted primarily from a $2,633 decrease in licensing revenues, and a $26 decrease in interest income. Licensing fees decreased $2,633 during the quarter ended July 31, 1995 in comparison to the prior year quarter ended July 31, 1994 due to decreases in current year licensing fees received relating to the Company's Histoclone diagnostic antibodies. Management expects revenues from the sales and licensing of antibodies to increase during the fiscal year ending April 30, 1996 as the Company commences Phase III clinical trials for the LYM-1 antibody. Interest and other income has decreased during the current year as the level of idle cash funds available for investment has decreased in comparison to the prior year quarter ended July 31, 1994.

The Company's total costs and expenses decreased $4,707,067 for the quarter ended July 31, 1995 in comparison to the same prior year period ended July 31, 1994. This decrease in total costs and

expenses is primarily attributable to the aggregate change to earnings of $4,835,140 incurred during the prior year quarter ended July 31, 1994 relating to the merger of CBI. Research and development expenses increased $60,304 for the quarter in comparison to the same prior year period. The increase in research and development costs resulted from the Company's activities during the current period in preparing for Phase III clinical trials of the LYM-1 antibody.

General and administrative costs increased $68,708 for the quarter ended July 31, 1995 in comparison to the same period of the prior year. This increase in current year expenses has resulted primarily from increased administrative, payroll and consultant costs associated with clinical trial preparation. Interest expense decreased $939 during the three months ended July 31, 1995 in comparison to the same period of the prior year due to a slightly lower level of interest bearing debt outstanding during the current year. The

Company believes that general and administrative costs will increase during the remainder of the current fiscal year as Phase III clinical trials of the LYM-1 antibody commence.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 1995, the Company had $47,782 in cash and receivables and a working capital deficit of $1,100,168 compared to $38,020 in cash and receivables and a working capital deficit of $934,121 at April 30, 1995. The Company raised $298,150 from the sale of Common Stock and exercise of stock options during the quarter ended July 31, 1995. Subsequent to July 31, 1995 the Company raised $430,000 from the sale of common stock during the month of August 1995.

The Company is now assisting Mills Biopharmaceuticals, Inc. with the completion and Nuclear Regulatory Commission ("NRC") licensing of an antibody labelling facility in Oklahoma so that Phase III clinical trials of the Company's LYM-1 antibody can begin. The Company currently expects the antibody labelling facility to be completed in September 1995 and licensed by the NRC in early October 1995. The Company will incur additional expenses regarding the MBI Oklahoma labelling facility for LYM-1. These additional expenses will continue when the clinical trials begin. In addition, the Company's auditor's report on it's financial statements for the year ended April 30, 1995 indicates that its recurring losses, accumulated deficit and working capital deficit raise substantial doubt about its ability to continue as a going concern. The Company does not have sufficient cash to sustain operations for the next twelve months without obtaining additional capital. The Company does not have sufficient cash to sustain operations for the next twelve months without obtaining additional capital. Accordingly, the Company will have to raise additional capital to fund continued development of its antibodies and the Phase III clinical trials of LYM-1 and to continue operations. The Company believes that it may be able to raise additional capital through the sale of additional equity securities, however no assurance can be given that the Company can raise additional capital or that any additional capital raised would be sufficient to fund the development of LYM-1 and the Phase III clinical trials and to continue operations. If the Company is not successful in its efforts to raise additional capital, then it will have to reduce its expenditures and may not be able to proceed with Phase III clinical trials. The failure to obtain needed financing could have a material adverse effect on business and financial condition of the Company.

CAPITAL COMMITMENTS

During the year ending April 30, 1996, the Company expects to acquire additional assets, however, at July 31, 1995, the Company had no material commitments for capital expenditures.

FACTORS THAT MAY EFFECT FUTURE RESULTS

At July 31, 1995 the Company had $47,782 in cash which approximates one week of expenses. The Company has continued to experience negative cash flows since July 31, 1995 and expects the

negative cash flow to continue for the foreseeable future. To continue operating and to proceed with Phase II/III clinical trials for LYM-1, the Company cannot significantly reduce its operating expenses. The Company has very few tangible assets upon which it can borrow money. Therefore the Company must raise additional equity funds in order to continue its operations and there can be no assurance that the Company will be successful in acquiring such funds on terms acceptable to it or at all or that any additional capital raised would be sufficient to fund the development of LYM-1 or the Company's continued operations.

If the Company is unable to obtain sufficient financing to proceed with its Phase II/III clinical trials for LYM-1 or if the initial results from the Phase II/III clinical trials are poor, the Company may not be able to raise additional financing which would have a material adverse effect on the Company's

financial condition and on its ability to continue its operations.

The Company has developed strategic relationships with Alpha Therapeutic Corporation and other entities and persons. The Company's dependence on these relationships raises certain risks with respect to the future success of the Company and its business.

The bio-tech industry is intensely competitive and changing rapidly. Substantially all of the Company's existing competitors have larger technical staff, more established and larger research budgets and significantly greater financial resources than the Company. There can be no assurance that these competitors will not be able to expend resources to develop their products prior to the Company's product being granted approval for marketing by the U.S. Food and Drug Administration. There can be no assurance that the Company will be able to compete successfully or that competition will not have a material adverse effect on the Company's results of operation.

The Company's future success will depend significantly upon its ability to develop and test workable products which the Company will seek FDA approval to market to certain defined groups. A significant risk remains as to the technological, performance and commercial success of the Company's technology and products.

The Company's products are subject to extensive government regulation in the United States by federal, state and local agencies including the Food and Drug Administration. The process of obtaining and maintaining FDA and other required regulatory approvals for the Company's products is lengthy, expensive and uncertain. There can be no assurance that the Company can obtain FDA or other regulatory approval for the marketing of its products or that changes in existing regulations or the adoption of new regulations will not occur which will adversely affect the Company.

Because of these and other factors effecting the Company's operating results, including the uncertainties relating to the raising of additional capital, the results of the Phase II/III clinical trials, the Company's reliance on strategic relationships, competition and government regulation investors should carefully consider whether any of the above events might affect future results or the Company's ability to raise additional capital.

PART II

Item 1. Legal Proceedings. None.

Item 2. Changes in Securities. None.

Item 3. Defaults Upon Senior Securities. None.

Item 4. Submission of Matters to a Vote of Security Holders. None.

Item 5. Other Information. None.

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

(a) Exhibits:

Exhibit	Description
27	Financial Data Schedules (filed herewith)

(b) Reports on Form 8-K: None.

SIGNATURES

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.

TECHNICLONE INTERNATIONAL CORPORATION

By: /s/ Lon H. Stone

By: /s/ William V. Moding

TECHNICLONE INTERNATIONAL CORPORATION

BALANCE SHEETS

	April 30, 1995	July 31, 1995 (Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash	$ 35,642	$ 47,782
Receivables	2,378	--
Inventories	226,457	228,932
Total current assets	264,477	276,714
PROPERTY:		
Laboratory equipment	985,026	1,003,460
Furniture and fixtures	30,844	30,844
Total	1,015,870	1,034,304
Less accumulated depreciation and amortization	(583,328)	(623,352)
Property--net	432,542	410,952
OTHER ASSETS		
Patents--net	154,081	181,866
Other	5,557	5,557
Total other assets	159,638	187,423
TOTAL	$ 856,657	$ 875,089

See accompanying notes to financial statements.

TECHNICLONE INTERNATIONAL CORPORATION

BALANCE SHEETS

	April 30, 1995	July 31, 1995 (Unaudited)
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 137,878	$ 220,393
Accrued legal and accounting fees (primarily to a related party)	334,741	333,528
Accrued payroll and related costs	260,301	301,840
Accrued license termination fee	100,000	100,000
Accrued royalties	75,168	95,168
Accrued interest	90,910	96,080
Reserve for contract losses	132,071	132,071
Other current liabilities	67,529	97,802
Total current liabilities	1,198,598	1,376,882
LONG TERM DEBT TO RELATED PARTY	258,500	258,500
COMMITMENTS		
STOCKHOLDERS' DEFICIT:		
Preferred Stock--$1.00 par value (authorized, 100,000 shares; Class A Convertible Preferred Stock, outstanding, 4,225 shares at April 30, 1995 and July 31, 1995) (liquidation preference of $253,500)	4,225	4,225
Common Stock--no par value (authorized, 30,000,000 shares; outstanding, 16,768,909 shares at April 30, 1995 and 17,219,558 shares at July 31, 1995)	17,730,648	18,085,898
Paid-in capital	227,246	227,246
Accumulated deficit	(18,085,978)	(18,601,080)
Total	(123,859)	(283,711)
Less notes receivable from sale of common stock	(476,582)	(476,582)
Net stockholders' deficit	(600,441)	(760,293)
TOTAL	$ 856,657	$ 875,089

See accompanying notes to financial statements.

TECHNICLONE INTERNATIONAL CORPORATION

STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED	
	JULY 31, 1994 (Unaudited)	JULY 31, 1995 (Unaudited)

REVENUES:		
Net sales	$ --	$ --
Licensing fees	2,633	--
Interest income	37	11
Total revenues	2,670	11
COSTS AND EXPENSES:		
Cost of sales	--	--
Research and development	203,752	264,056
General and administrative:		
Unrelated entities	135,330	213,352
Affiliates	40,601	31,287
Interest	7,357	6,418
Cost in excess of net assets acquired of subsidiary	4,835,140	--
Total costs and expenses	5,222,180	515,113
NET LOSS	$ (5,219,510)	$ (515,102)
WEIGHTED AVERAGE SHARES OUTSTANDING	15,496,247	16,930,811
LOSS PER COMMON SHARE	$ (.34)	$ (.03)

See accompanying notes to financial statements.

TECHNICLONE INTERNATIONAL CORPORATION

STATEMENT OF STOCKHOLDERS' DEFICIT

	PREFERRED STOCK		COMMON STOCK		PAID-IN	ACCUMU-LATED	NOTES RECEIVABLE FROM SALE OF	
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	DEFICIT	STOCK	TOTAL
BALANCE AT APRIL 30, 1995	4,225	$4,225	16,768,909	$17,730,648	$ 227,246	$(18,085,978)	$(476,582)	$(600,441)
Common stock issued for cash (unaudited)			378,749	290,750				290,750
Common stock issued in exchange for services (unaudited)			57,100	57,100				57,100
Common stock issued upon exercise of options (unaudited)			14,800	7,400				7,400
Net loss (unaudited)						(515,102)		(515,102)
BALANCE AT JULY 31,1995 (unaudited)	4,225	$4,225	17,219,558	$18,085,898	$ 227,246	$(18,601,080)	$(476,582)	$(760,293)

See accompanying notes to financial statements.

TECHNICLONE INTERNATIONAL CORPORATION

STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED JULY 31, 1994 (Unaudited)	JULY 31, 1995 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,219,510)	$ (515,102)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,341	47,514
Common stock issued for services	--	57,100
Cost in excess of net assets acquired of subsidiary	4,835,140	--
Changes in operating assets and liabilities:		
Decrease in accounts receivable	--	2,378
Increase in inventory	(118,320)	(2,475)
Increase in deposits	(14,400)	--
Increase (Decrease) in accounts payable	44,718	82,515
Increase in accrued and other current liabilities	45,589	95,769
Net cash used by operating activities	(389,442)	(232,301)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property acquisitions	(3,461)	(18,434)
Patent costs capitalized	(818)	(35,275)
Net cash used by investing activities	(4,279)	(53,709)

[Continued on next page]

See accompanying notes to financial statements.

TECHNICLONE INTERNATIONAL CORPORATION

STATEMENTS OF CASH FLOWS

[Continued from previous page]

	THREE MONTHS ENDED JULY 31, 1994 (Unaudited)	JULY 31, 1995 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on short- and long-term borrowings	$ (3,743)	$ --
Proceeds from sale of common stock	411,250	298,150

Net cash provided by financing activities	407,507	298,150
INCREASE IN CASH	13,786	12,140
CASH AT BEGINNING OF PERIOD	29,102	35,642
CASH AT END OF PERIOD	$ 42,888	$ 47,782
SUPPLEMENTAL INFORMATION:		
Costs in excess of net assets acquired of subsidiary:		
Common stock issued	$ 2,504,053	$ --
Stock options assumed	2,577,120	--
Notes receivable acquired	(231,582)	--
Minority interest eliminated	(14,451)	
	$ 4,835,140	$ --
Interest paid	$ 2,187	$ 1,248
Income taxes paid	$ 1,600	$ 800

See accompanying notes to financial statements.

TECHNICLONE INTERNATIONAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) The accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position of the Company at July 31, 1995, and the results of its operations and its cash flows for the three month periods ended July 31, 1995 and 1994. Certain information and footnote disclosures normally included in the financial statements have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission although the Company believes that the disclosures in the financial statements are adequate to make the information presented not misleading. The financial statements included herein should be read in conjunction with the financial statements of the Company, included in the Company's Annual Report on Form 10-K for the year ended April 30, 1995, filed with the Securities and Exchange Commission on July 29, 1995.

(2) Going Concern -- The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the financial statements, the Company has suffered recurring losses, has a working capital deficit and an accumulated deficit at July 31, 1995. Management has restructured certain of its license agreements to provide it with greater control over the development and clinical trials of its antibodies. Additional financing is contingent upon achieving certain goals pursuant to terms of an existing licensing agreement. Clinical trial testing of the Company's antibodies is required before submission for FDA approval can be made. If clinical trial test results are poor, then the Company may not be able to raise additional funding which would have a material adverse effect on the Company. There can be no assurance that the FDA will approve the Company's antibodies and if approval is not granted, then it would have a material adverse effect on the Company. Recently, the Company has relied on third party and investor funds to fund its operations and clinical trials and management expects to receive

additional funds from these sources in the future. However, there can be no assurances that this funding will continue and the Company may need to seek alternative sources for financing. If the Company does not receive additional funding, it will be forced to scale back operations and may not be able to proceed with the clinical trials of its antibodies which could have a material adverse effect on the Company. The Company's continuation as a going concern is dependent on its ability to generate sufficient cash flow, to meet its obligations on a timely basis, to obtain additional financing as may be required and, ultimately to attain successful operations. However, no assurance can be given at this time as to whether the Company will achieve the above. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The 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 might be necessary should the Company be unable to continue as a going concern.

(3) Results of operations for the interim periods covered by this Report may not necessarily be indicative of results of operations for the full fiscal year.

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-K
FOR THE PERIOD ENDED 4/30/95 AND FORM 10-Q FOR THE PERIOD ENDED 7/31/95.
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