

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended March 31, 1996

Transition report under Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 0-12627

MEDICAL DISCOVERIES, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Utah 87-0407858

(State or other jurisdiction (I.R.S. Employer Identification No.)
of incorporation or organization)

2040 East Murray-Holladay Road, Suite 116, Salt Lake City, UT 84117

(Address of principal executive offices)

Page 1

(801) 273-7388

(Issuer's Telephone Number)

N/A

(Former Name, Former Address and Former Fiscal Year,
if Changed Since Last Report)

Check whether the issuer (1) filed all reports required to be filed
by Section 13 or 15(d) of the Exchange Act during the past 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.

X Yes No
=== ===

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

Check whether the registrant has filed all documents and reports
required to be filed by Sections 12, 13, or 15(d) of the Exchange Act
after the distribution of securities under a plan confirmed by a court.

Yes No
=== ===

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's
classes of common equity, as of the latest practicable date: 20,329,558

as of March 29, 1996.

Transitional Small Business Disclosure Format (check one)

Yes X No
=== ===

Page 2

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following financial statements are filed with this report:

Balance Sheets as of March 31, 1996 (unaudited) and March 31, 1995 (unaudited)

Statements of Operations for the Three-Month Periods ended March 31, 1996 (unaudited) and March 31, 1995 (unaudited) and since inception through March 31, 1996 (unaudited)

Statements of Cash Flows for the Three-Month Periods ended March 31, 1996 (unaudited) and March 31, 1995 (unaudited)

Notes to Unaudited Financial Statements

Page 3

<TABLE>

MEDICAL DISCOVERIES, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET
AS OF MARCH 31, 1996 AND MARCH 31, 1995
(UNAUDITED)

	March 31, 1996 -----	March 31, 1995 -----
<S>	<C>	<C>
CURRENT ASSETS		
Cash	\$ 329,742	\$ 60,181
Accounts Receivable	43,604	0
	-----	-----
Total Current Assets	373,346	60,181
PROPERTY AND EQUIPMENT		
Equipment	54,262	39,092
Less: Accumulated Depreciation	(6,023)	(15,160)
	-----	-----
Net Property and Equipment	48,239	23,932
OTHER ASSETS		
Deposits	1,170	0
Note receivable	66,083	0
Deferred Federal R&D Tax Credits	0	118,561
License Agreement and Marketing Rights	0	10,000
	-----	-----
Total Other Assets	67,253	128,561
Total Assets	\$ 488,838	\$ 212,674
	=====	=====

</TABLE>

Page 4

<TABLE>

<S>	<C>	<C>
CURRENT LIABILITIES		
Accounts Payable	\$ 531,113	\$ 80,231
Medical care deposits	0	0
Accrued interest	16,373	0
Current maturities of notes payable	2,520	0
	-----	-----
Total Current Liabilities	550,006	80,231
LONG TERM LIABILITIES		
Notes payable	320,590	0
	-----	-----
Total Long Term Liabilities	320,590	0
TOTAL LIABILITIES	870,596	80,231
	-----	-----
STOCKHOLDERS' EQUITY		
Common Stock, no par value, authorized 100,000,000 shares; issued and outstanding March 31, 1996	20,329,558	3,414,372
Retained Deficit	(5,907,343)	(3,281,929)
Subscription receivables	(112,500)	0
	-----	-----
Total Stockholders' Equity	(381,758)	132,443
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 488,838	\$ 212,674
	=====	=====

</TABLE>

MEDICAL DISCOVERIES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF OPERATIONS
FOR THE PERIODS ENDED MARCH 31, 1996 AND MARCH 31, 1995
(UNAUDITED)

	For the three months ended March 31,		Cumulative Amounts since November 20, 1991 (date of inception)
	----- 1996 -----	----- 1995 -----	
<S>	<C>	<C>	<C>
REVENUE			
Clinical Fees	\$ -	\$ -	\$ 108,200
Total Revenue	0	0	
EXPENSES			
License			1,000,000
Research and Development	60,730	24,206	2,164,289
General and Administrative	173,729	73,995	2,648,152
Depreciation	2,790	1,88	7,790
Total Expenses	237,249	100,083	5,820,231
NET LOSS FROM OPERATION	(237,249)	(100,083)	(5,712,031)
OTHER INCOME / (EXPENSE)	(5,781)	0	(31,270)
LOSS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	(243,030)	(100,083)	(5,743,301)
INCOME TAXES	-	-	0
LOSS BEFORE EXTRAORDINARY ITEM	(243,030)	(100,083)	(5,743,301)
FORGIVENESS OF DEBT	673,486	-	1,235,536
NET INCOME	\$ 430,456	\$ (100,083)	\$ (4,507,765)

</TABLE>

<S>	<C>	<C>	<C>
INCOME / (LOSS) PER SHARE			
Loss from continuing operation	\$ (0.01)	\$ (0.01)	(0.37)
Gain from debt forgiveness	0.03	-	0.08
Income / (loss) per share	\$ 0.02	\$ (0.01)	\$ (0.29)
WEIGHTED AVERAGE NUMBER OF SHARES	20,388,823	17,169,812	15,544,379

</TABLE>

<TABLE>

MEDICAL DISCOVERIES, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 1996 AND MARCH 31, 1995
(UNAUDITED)

	For the three months ended March 31,		Cumulative Amounts since November 20, 1991 (date of inception)
	----- 1996 -----	----- 1995 -----	
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net Income (Loss) for the period	\$ 430,456	\$ (100,083)	\$ (4,507,765)
Add non-cash items			

Depreciation	2,790	1,882	7,483
Common stock issued for services and license	40,000		3,056,561
Loss on disposal of equipment			6,330
Gain on Debt Restructuring	(673,486)		(1,235,536)
	-----	-----	-----
Net Cash from Operations	(200,240)	(98,201)	(2,672,927)
WORKING CAPITAL CHANGES			
Decrease (increase) in Accounts Receivable	10,275		76,749
Decrease (increase) in Prepaid Expenses	65,860		0
Decrease (increase) in Other Assets			(1,170)
Increase (decrease) in:			0
Advances to shareholders'			0
Accounts payable	(5,521)	(51,458)	285,606
Accrued Expenses	23,326		51,903
	-----	-----	-----
Net Cash from Working Capital Changes	93,940	(51,458)	413,088

</TABLE>

Page 8

<TABLE>

<S>	<C>	<C>	<C>
INVESTING ACTIVITIES			
Purchases of Equipment	\$ (1,791)		\$ (53,891)
	-----	-----	-----
Net Cash from Investing Activities	(1,791)	0	(53,891)

FINANCING ACTIVITIES

Payment of notes payable			(802)
Increase in notes payable			301,700
Equity contributed			131,374
Proceeds from issuance of common stock	400,000	193,800	2,211,200
	-----	-----	-----
Net Cash from Financing Activities	400,000	193,800	2,643,472
	-----	-----	-----
NET INCREASE / (DECREASE) IN CASH	291,909	44,141	329,742
CASH, BEGINNING PERIOD	37,833	16,040	0
CASH ENDING PERIOD	\$ 329,742	\$ 60,181	\$ 329,742
	=====	=====	=====

</TABLE>

Page 9

MEDICAL DISCOVERIES, INC.

NOTES TO FINANCIAL STATEMENTS
March 31, 1996

NOTES TO UNAUDITED FINANCIAL STATEMENTS

The unaudited financial statements include the accounts of Medical Discoveries, Inc. and include all adjustments which are, in the opinion of management, necessary to present fairly the financial position as of March 31, 1996 and the results of operations and changes in financial position for the three-month period ended March 31, 1996. The results of operations for the three months ended March 31, 1996 are not necessarily indicative of the results to be expected for the entire year.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

PATENTS AND PATENT APPLICATIONS. MDI has filed a patent application with the U.S. Patent and Trademark Office ("U.S. PTO"), covering the application of MDI-P to a variety of human diseases and ailments, including acquired immune deficiency syndrome ("AIDS"). The U.S. PTO has granted the Company a patent with respect to the application of MDI-P to multiple sclerosis and cardiomyopathy. (Patent No. 5,334,383 for "Electrically Hydrolyzed Salines as In Vivo Microbicides or Treatment of Cardiomyopathy and Multiple Sclerosis"). The Company intends to pursue its current application to expand the

scope of its patent protection to include other diseases and ailments, particularly HIV. The Company is also pursuing other United States and foreign applications to provide patent protection for other uses of MDI-P. MDI has also received an official Notice of Allowance of a patent by the United States PTO for the electrolyzer required to generate MDI-P. (Patent No. 5,507,932 for "Apparatus for Electrolyzing Fluids").

Page 10

FUTURE RESEARCH EFFORTS. In regard to applications of MDI-P other than the direct treatment of human diseases, MDI intends to actively pursue the potential application of MDI-P as a sterilizing agent for medical, dental, and veterinary fields in the U.S. and overseas. MDI intends, as soon as the necessary studies are completed, to file a 510(k) pre-market notification in this regard with the FDA. In regard to use of MDI-P for human diseases, MDI intends to file an "investigational new drug" application ("IND Application") with the FDA for use of MDI-P on patients in the United States who are HIV-positive or who have AIDS. The Company has filed a pre-IND submission in this regard. The Company will also seek funding to commence clinical trials on such patients upon approval of the IND Application. Beyond the initial focus on sterilization and on HIV, and as funds will allow, the Company intends to conduct research into the use of MDI-P with respect to multiple sclerosis and cardiomyopathy and with respect to other human diseases and ailments. Additionally, the Company intends to further investigate the ability of MDI-P to kill certain highly resistant and pathogenic bacteria. Also, MDI intends to continue cooperative research efforts with the two major pharmaceutical/biotechnology companies mentioned above with respect to blood-derived products and veterinary diseases. The results of the current preliminary research in these areas will determine the course of future research efforts.

ADDITIONAL FUNDING IS REQUIRED. Management intends to raise substantial additional funds in private stock offerings in the near future in order to meet its near-term funding requirements. In the future, management anticipates the need to raise substantial additional funds in public stock offerings as well. As additional funds are raised, the Company intends to commence paying salaries to its officers. The Company also intends at that time to hire additional technical and administrative personnel. The bulk of any additional funding will likely be spent on continued research, testing, and patent protection with respect to MDI-P.

Page 11

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the Company's 10-KSB filed April 13, 1996, the Company reported a potential dispute involving Robert A. Spira, John J. Carella, and other parties. On May 9, 1996, Mr. Carella accepted the Company's offer for him to become a director of the Company, subject to certain conditions. The Company anticipates formally appointing him to fill an existing vacancy on the board of directors in the near future.

ITEM 2. CHANGES IN SECURITIES

N/A

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

N/A

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

N/A

ITEM 5. OTHER INFORMATION

As described in the Company's 10-KSB filed April 13, 1996, the Company raised \$475,000 through a private placement. In connection with that transaction, the Company has appointed David Walker as a director of the Company. He has been general manager of Sunheaven Farms in Heaven Hills, Washington (a twelve thousand acre agricultural operation) for twenty years. Mr. Walker has a degree in economics from Brigham Young University.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits required by Item 601 of Regulation S-B.

The following are exhibits to this Form 10-QSB.

EXHIBIT NUMBER -----	DESCRIPTION -----
27	Financial Data Schedule.
(b)	Reports on Form 8-K
	N/A

Page 12

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDICAL DISCOVERIES, INC.

Date: May 20, 1996

/s/ MARLIN TOOMBS

Vice President

Page 13

<TABLE> <S> <C>

<ARTICLE> 5

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	MAR-31-1996
<CASH>	329,742
<SECURITIES>	0
<RECEIVABLES>	109,687
<ALLOWANCES>	0<F1>
<INVENTORY>	0
<CURRENT-ASSETS>	373,346
<PP&E>	54,262
<DEPRECIATION>	6023
<TOTAL-ASSETS>	488,838
<CURRENT-LIABILITIES>	550,006
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	5,638,085
<OTHER-SE>	(6,019,843)
<TOTAL-LIABILITY-AND-EQUITY>	488,838
<SALES>	0
<TOTAL-REVENUES>	0
<CGS>	0
<TOTAL-COSTS>	237,249
<OTHER-EXPENSES>	5,781
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	0
<INCOME-PRETAX>	(243,030)
<INCOME-TAX>	0
<INCOME-CONTINUING>	0
<DISCONTINUED>	0
<EXTRAORDINARY>	673,486
<CHANGES>	0
<NET-INCOME>	430,000
<EPS-PRIMARY>	.02
<EPS-DILUTED>	.02

<FN>
<F1>Amount is not separately provided in interim financial statements.
</FN>

</TABLE>