UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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, 1998

( ) 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: 0-13976

AKORN, INC.
(Exact Name of Registrant as Specified in its Charter

LOUISIANA	72-0717400
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

100 Tri-State International, Suite 100 Lincolnshire, Illinois	60069
(Address of Principal Executive Offices)	(Zip Code)

(847) 236-3800
(Issuer's telephone number)

Indicate by check mark whether the issuer (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 April 29, 1998 there were 17,826,244 shares of common stock, no par value, outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 7

The information contained in this filing, other than historical information, consists of forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. Such statements regarding the timing of acquiring, developing and financing new products, of bringing them on line and of deriving revenues and profits from them, as well as the effect of those revenues and profits on the company's margins and financial position, is uncertain because many of the factors affecting the timing of those items are beyond the company's control.

AKORN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
IN THOUSANDS
(UNAUDITED)

	March 31, 1998	December 31, 1997*
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,066	$ 2,413
Short-term investments	-	96
Trade accounts receivable, net	7,453	5,429
Inventory	11,248	9,955
Prepaid expenses and other assets	2,020	1,740
TOTAL CURRENT ASSETS	22,787	19,633
OTHER ASSETS	13,126	6,687
PROPERTY, PLANT and EQUIPMENT, NET	12,560	12,395
TOTAL ASSETS	$ 48,473	$ 38,715
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	$ 1,000	$ 1,750
Current installments of long-term debt and capital lease obligations	2,352	149
Trade accounts payable	3,841	3,447
Accrued compensation	905	985
Accrued expenses and other liabilities	2,724	2,281
TOTAL CURRENT LIABILITIES	10,822	8,612
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS	15,169	9,003
OTHER LONG-TERM LIABILITIES	849	849
SHAREHOLDERS' EQUITY		
Common stock	16,575	16,241
Retained earnings	5,058	4,010
TOTAL SHAREHOLDERS' EQUITY	21,633	20,251
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 48,473	$ 38,715

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*Condensed from audited consolidated financial statements.

See notes to condensed consolidated financial statements.

AKORN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
IN THOUSANDS, EXCEPT PER SHARE DATA
(UNAUDITED)

	Three months ended March 31, 1998	1997
Net sales	$ 12,051	$ 8,869
Cost of sales	5,809	5,441
GROSS PROFIT	6,242	3,428
Selling, general and administrative expenses	3,745	2,558
Research and development	728	361
Relocation expenses	-	1,451
	4,473	4,370
OPERATING INCOME (LOSS)	1,769	(942)
Interest expense	(190)	(116)
Interest and other income, net	1	141
	(189)	25
INCOME (LOSS) BEFORE INCOME TAXES	1,580	(917)
Income taxes (benefit)	532	(340)
NET INCOME (LOSS)	$ 1,048	$ (577)
Per Share:		
NET INCOME (LOSS) - BASIC	$ 0.06	$ (0.03)
NET INCOME (LOSS) - DILUTED	$ 0.06	$ (0.03)
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	17,686	16,592
- DILUTED	18,582	16,592

See notes to condensed consolidated financial statements.

AKORN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
IN THOUSANDS
(UNAUDITED)

	Three months ended March 31, 1998	1997
OPERATING ACTIVITIES		
Net income (loss)	$ 1,048	$ (577)
Adjustments to reconcile net income (loss) to netcash provided by operating activities:		

Depreciation and amortization	895	376
Building and equipment write down	-	400
Changes in operating assets and liabilities	(2,840)	1,985
NET CASH PROVIDED BY OPERATING ACTIVITIES	(897)	2,184
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(577)	(360)
Net maturities of investments	96	-
Product licensing/acquisition costs	(6,908)	(60)
NET CASH USED IN INVESTING ACTIVITIES	(7,389)	(420)
FINANCING ACTIVITIES		
Repayment of long-term debt	-	(16)
Proceeds from issuance of long-term debt	8,391	-
Proceeds from sale of stock	334	-
Reductions in capital lease obligations	(36)	(40)
Repayment of short-term borrowings, net	(750)	(150)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	7,939	(206)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(347)	1,558
Cash and cash equivalents at beginning of period	2,413	1,380
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,066	$ 2,938

See notes to condensed consolidated financial statements.

AKORN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Akorn, Inc. and its wholly owned subsidiaries (the Company). Intercompany transactions and balances have been eliminated in consolidation. These financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and accordingly do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 1998 are not necessarily indicative of the results that may be expected for a full year. For further information, refer to the consolidated financial statements and footnotes for the year ended December 31, 1997, included in the Company's Annual Report on Form 10-K.

NOTE B - SUBSEQUENT EVENTS

On April 8, 1998, the Company announced a licensing agreement with Bio-Technology General Ltd. (BTG) for the exclusive rights to market and sell BTG's BioLonT viscoelastic solution in the U.S. In exchange for these exclusive rights, the Company paid BTG $1,000,000, with $500,000 paid upon closing and $500,000 payable upon final FDA approval of the product, and will pay a product transfer price to BTG.

On April 14, 1998, the Company announced the acquisition of ALZA Corporation's ophthalmic products and proprietary ophthalmic drug delivery technology. The Company paid ALZA $475,000, with $175,000 paid upon closing and $300,000 payable no later than March 31, 1999. The Company will pay ALZA a royalty on sales of the acquired products, but not on future products developed with the drug delivery technology.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board ("FASB") issued

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," which requires all items of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Other comprehensive income may include foreign currency items, minimum pension liability adjustments and unrealized gains and losses on certain investments in debt and equity securities. The accumulated balance of other comprehensive income must be displayed separately from retained earnings and additional paid-in capital in the equity section of a statement of financial position. The Company has adopted this accounting standard January 1, 1998, as required. Currently, the Company does not have any items that qualify as "other comprehensive income." Accordingly, no separate statement has been presented herein.

In June 1997, the FASB issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," which redefines how operating segments are determined and requires disclosure of certain financial and descriptive information about a company's operating segments. The Company will adopt this accounting standard as of December 31, 1998, as required. The Company expects to continue reporting on ophthalmic and injectable segments.

AKORN, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Months Ended March 31, 1998 Compared to 1997
The following table sets forth, for the periods indicated, net sales by segment, excluding intersegment sales:

	Three Months Ended March 31, 1998 (in thousands)	Three Months Ended March 31, 1997 (in thousands)
Ophthalmic division	$ 6,480	$ 5,676
Injectable division	5,571	3,193
Total net sales	$12,051	$ 8,869

Consolidated net sales increased 36% in the quarter ended March 31, 1998 compared to the same period in 1997. Ophthalmic division sales increased 14%, reflecting new product introductions and product acquisitions as well as growth in the base business. Injectable division sales increased 74% compared to the same period in 1997 due to product acquisitions, growth in national account sales and increased contract manufacturing activity.

Consolidated gross profit increased 82% during the quarter, with gross margins increasing from 39% to 52%. Margins for the ophthalmic division increased from 45% to 47%, reflecting product acquisitions as well as a higher-margin sales mix. Margins for the injectable division increased from 29% to 57%, reflecting product acquisitions, reengineering of production processes, and the ongoing transition of the contract manufacturing business to turnkey product development.

Selling, general and administrative (SG&A) expenses increased 46% during the quarter ended March 31, 1998 as compared to the same period in 1997, reflecting increased marketing and promotional activities in the ophthalmic division as well as increased amortization of intangibles related to product acquisitions. The percentage of SG&A expenses to sales increased from 29% to 31%, reflecting the increases noted above.

Research and development (R&D) expense increased 102% in the quarter, to $728,000 from $361,000 for the same period in 1997. The increase reflects an increased number of products under development. Management expects R&D expenses in 1998 to increase over prior year levels.

During the quarter ended March 31, 1997, the Company recorded $1,451,000 in charges related to the relocation of the ophthalmic division and executive offices from Abita Springs, Louisiana to the Chicago area. The charges primarily relate to severance and retention bonus payments as well as a write-down of the Abita Springs facility and equipment to net realizable value.

Interest expense of $190,000 was up 64% on higher outstanding debt balances.

The Company's effective tax rate for the quarter was 34% compared to 37% for the prior-year period. The Company reported net income of $1,048,000 or $0.06 per diluted share for the three months ended March 31, 1998. The net loss for the comparable prior-year period was $577,000 or $0.03 per share.

FINANCIAL CONDITION AND LIQUIDITY

Working capital at March 31, 1998 was $12.0 million compared to $7.4 million in the comparable prior year. At March 31, 1998 the Company had $0.3 million of financing available under its line of credit. Management believes that existing cash and cash flows from operations are sufficient to handle the Company's working capital requirements for the immediate future, but that additional financing will be necessary for acquisitions. There is no guarantee that such financing will be available or available at an acceptable cost.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Certain legal proceedings in which the registrant, Akorn, Inc. (the "Company"), is involved are described in Item 3 to the Company's Form 10-K for the year ended December 31, 1997 and in Note P to the consolidated financial statements included in that report.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the quarter ended March 31, 1998.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(11.1) Computation of Earnings (Loss) per Share
(27) Financial Data Schedule

(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.

AKORN, INC.

/s/ Rita J. McConville

Rita J. McConville
Vice President, Chief Financial Officer and Secretary
(Duly Authorized and Principal Financial Officer)

Date: April 29, 1998

Akorn, Inc.

Exhibit 11.1

COMPUTATION OF NET INCOME (LOSS) PER SHARE
(In Thousands, Except Per Share Data)

	Three Months Ended March 31, 1998	1997
Earnings (Loss):		
Income (loss) applicable to common stock	$1,048	$ (577)
Weighted average number of shares outstanding	17,686	16,592
Net income (loss) per share - basic	$ 0.06	$ (0.03)
Additional shares assuming conversion of options and warrants	896	-
Pro forma shares	18,582	16,592
Net income (loss) per share - diluted	$ 0.06	$ (0.03)

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