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 SEPTEMBER 30, 1998

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 #0-4829-03

Nabi

(Exact name of registrant as specified in its charter)

DELAWARE	59-1212264
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5800 PARK OF COMMERCE BOULEVARD N.W., BOCA RATON, FL 33487

(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code): (561) 989-5800

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, and (2) has been subject to such filing requirements for the past 90 days.

YES (X) NO ( )

The number of shares outstanding of registrant's common stock at November 10, 1998 was 34,903,410 shares.

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)

Nabi

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CONSOLIDATED BALANCE SHEETS

(AMOUNTS IN THOUSANDS)	(UNAUDITED) September 30, 1998	December 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 680	$ 3,397
Trade accounts receivable, net	32,122	36,060
Inventories, net	39,173	43,387
Prepaid expenses and other assets	7,927	16,128
Total current assets	79,902	98,972
Property and equipment, net	97,170	89,187
Other assets:		
Excess of acquisition cost over net assets acquired, net	16,416	17,123
Intangible assets, net	7,299	8,104
Other, net	11,577	12,520
TOTAL ASSETS	$ 212,364	$ 225,906
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 9,511	$ 15,989
Accrued expenses	17,830	17,396
Notes payable	5,368	1,654
Total current liabilities	32,709	35,039
Notes payable	109,484	114,828
Other	389	376
Total liabilities	142,582	150,243
Stockholders' equity:		
Convertible preferred stock, par value $.10 per share: 5,000 shares authorized; no shares outstanding	--	--
Common stock, par value $.10 per share: 75,000 shares authorized; 34,897 and 34,801 shares issued and outstanding, respectively	3,490	3,480
Capital in excess of par value	137,904	137,780
Accumulated deficit	(71,169)	(64,977)
Accumulated other comprehensive income (loss)	(443)	(620)
Total stockholders' equity	69,782	75,663
Total liabilities and stockholders' equity	$ 212,364	$ 225,906

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Nabi

CONSOLIDATED STATEMENTS OF OPERATIONS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)	(UNAUDITED) Three Months Ended September 30, 1998	1997	(UNAUDITED) Nine Months Ended September 30, 1998	1997
Sales	$ 58,713	$ 52,849	$ 178,505	$ 167,141
Costs and expenses:				
Costs of products sold	42,520	43,370	130,651	129,501
Selling, general and administrative expense	7,449	6,992	23,622	17,230
Research and development expense	5,301	4,622	15,689	12,465
Royalty expense	2,694	1,924	8,557	4,321
Other operating expense, principally freight and amortization	499	811	1,658	2,431
Non-recurring charges	--	5,680	--	5,680
Operating income (loss)	250	(10,550)	(1,672)	(4,487)
Interest income	24	16	36	230
Interest expense	(1,419)	(1,247)	(4,596)	(3,215)
Other, net	(7)	(2)	40	(29)
Income (loss) before benefit (provision) for income taxes	(1,152)	(11,783)	(6,192)	(7,501)
Benefit (provision) for income taxes	(2,605)	3,894	--	2,975
Net income (loss)	$ (3,757)	$ (7,889)	$ (6,192)	$ (4,526)
Basic and diluted earnings (loss) per share	$ (0.11)	$ (0.23)	$ (0.18)	$ (0.13)
Weighted average number of shares outstanding	34,897	34,759	34,879	34,728

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Nabi

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)	(UNAUDITED) Nine Months Ended September 30, 1998	1997
Cash flow from operating activities:		
Net income (loss)	$ (6,192)	$ (4,526)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	8,548	6,988
Provision for doubtful accounts	(13)	135
Other	228	54
Non-recurring charges	--	5,680
Change in assets and liabilities:		
Decrease (increase) in trade accounts receivable	3,950	4,145
Decrease (increase) in inventories	4,214	(20,551)
Decrease (increase) in prepaid expenses and other assets	8,254	(5,169)
Decrease (increase) in other assets	258	(3,055)
Increase (decrease) in accounts payable and accrued liabilities	(5,658)	(13,132)
Total adjustments	19,781	(24,905)
Net cash provided (used) by operating activities	13,589	(29,431)
Cash flow from investing activities:		
Proceeds from maturity of short-term investments	--	8,850
Capital expenditures	(14,786)	(27,588)
Net cash provided (used) by investing activities	(14,786)	(18,738)
Cash flow from financing activities:		
Borrowing (repayments) under line of credit, net	(5,261)	32,022
Borrowings under term loan	5,000	--
Other debt	(1,394)	5,219
Proceeds from the exercise of options and warrants	135	410
Net cash provided (used) by financing activities	(1,520)	37,651
Net increase (decrease) in cash and cash equivalents	(2,717)	(10,518)
Cash and cash equivalents at beginning of period	3,397	18,513
Cash and cash equivalents at end of period	$ 680	$ 7,995

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 GENERAL

Nabi is a fully integrated research and development driven biopharmaceutical company that develops and commercializes products for the prevention and treatment of infectious diseases and immunological disorders, and supplies human plasma.

The consolidated financial statements include the accounts of Nabi and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in Nabi's Annual Report to Stockholders for the year ended December 31, 1997.

In the opinion of management, the unaudited consolidated financial statements include all adjustments necessary to present fairly Nabi's consolidated financial position at September 30, 1998 and the consolidated results of its operations for the three and nine months ended September 30, 1998 and 1997. The interim results of operations are not necessarily indicative of the results which may occur for the fiscal year.

NOTE 2 INVENTORIES

The components of inventories, stated at the lower of cost (FIFO) or market, are as follows:

AMOUNTS IN THOUSANDS	SEPTEMBER 30, 1998	DECEMBER 31, 1997
Finished goods	$38,143	$40,029
Work in process	955	212
Raw materials	3,527	3,787
	42,625	44,028
Less: reserves	(3,452)	(641)
TOTAL	$39,173	$43,387

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment and related allowances for depreciation and amortization are summarized below:

DOLLARS IN THOUSANDS	SEPTEMBER 30, 1998	DECEMBER 31, 1997
Information systems	$21,347	$19,066
Leasehold improvements	20,398	18,077
Machinery and equipment	18,103	16,882
Land and buildings	8,815	8,634
Furniture and fixtures	5,139	4,568
Construction in progress	53,643	46,776
Total property and equipment	127,445	114,003
Less: accumulated depreciation and amortization	(30,275)	(24,816)
TOTAL	$97,170	$89,187

Construction in progress consists primarily of costs incurred in connection with construction of Nabi's biopharmaceutical manufacturing facility and includes capitalized interest of $7,645 and $5,149 at September 30, 1998 and December 31, 1997, respectively.

NOTE 4 EARNINGS PER SHARE

At September 30, 1998 and 1997, stock options for shares of common stock were not included in the calculation of diluted earnings per share because the effects were anti-dilutive. The following is the basic and diluted earnings per share for the three and nine months ending September 30, 1998 and 1997:

AMOUNTS IN THOUSANDS	BASIC AND DILUTED EPS
THREE MONTHS ENDED SEPTEMBER 30, 1998	
Net loss	($3,757)
Shares	34,897
Per share	($0.11)
THREE MONTHS ENDED SEPTEMBER 30, 1997	
Net loss	($7,889)
Shares	34,759
Per share	($0.23)
NINE MONTHS ENDED SEPTEMBER 30, 1998	
Net loss	($6,192)
Shares	34,879
Per share	($0.18)
NINE MONTHS ENDED SEPTEMBER 30, 1997	
Net loss	($4,526)
Shares	34,728
Per share	($0.13)

NOTE 5 COMPREHENSIVE INCOME

Effective January 1, 1998, Nabi adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" which establishes new rules for the reporting of comprehensive income.

The components of comprehensive income for the three and nine months ended September 30, 1998 and 1997 are as follows:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
AMOUNTS IN THOUSANDS	1998	1997	1998	1997
Net income (loss)	($3,757)	($7,889)	($6,192)	($4,526)
Other comprehensive income (loss)	186	(53)	177	(445)
TOTAL	($3,571)	($7,942)	($6,015)	($4,971)

NOTE 6 PRODUCT LICENSE APPLICATION

In September 1998, Nabi sold the last of its inventory of the old formulation of one of its major marketed therapeutic products, H-BIG(R). During the third quarter of 1998, Nabi filed a Product License Application for a new formulation of H-BIG(R) which is currently under review by the FDA. Nabi expects to generate revenues from this new formulation, pending FDA approval, in early 1999.

During this period, the Company has filed an amendment to its Investigation for New Drug application to allow expanded access to the newly re-formulated H-BIG(R) for intravascular use in liver transplants patients. Nabi believes this is the best method to provide H-BIG(R) to the patients who are chronically in need of this drug.

NOTE 7 RECENT PRONOUNCEMENTS

In April 1998, Statement of Position ("SOP") No. 98-5, "Reporting on the Costs of Start-Up Activities" was issued. This SOP requires that all start-up or pre-operating costs be expensed as incurred and is effective for fiscal years beginning after December 15, 1998. Management believes that the adoption of the SOP will not have a material impact on the financial statements.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"), which is effective for fiscal years beginning after December 15, 1997. This statement requires disclosure of certain information about operating segments and geographic areas of operation. Management believes that adoption of SFAS 131 in 1998 will not have any effect upon the Company's consolidated financial condition or results of operations.

NOTE 8 RECLASSIFICATIONS

Certain items in the consolidated financial statements for the 1997 period have been reclassified for comparative purposes.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the major factors contributing to Nabi's financial condition and results of operations for the three and nine month periods ended September 30, 1998 and 1997. The discussion and analysis should be read in conjunction with the condensed consolidated financial statements and notes thereto. All dollar amounts are expressed in thousands, except per share amounts.

RESULTS OF OPERATIONS

The following table sets forth Nabi's results of operations expressed as a percentage of sales:

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997	1998	1997
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Costs of products sold	72.4 %	82.1 %	73.2 %	77.5 %
Gross profit margin	27.6 %	17.9 %	26.8 %	22.5 %
Selling, general and administrative expense	12.7 %	13.2 %	13.2 %	10.3 %
Research and development expense	9.0 %	8.7 %	8.8 %	7.4 %
Royalty expense	4.6 %	3.5 %	4.8 %	2.6 %
Other operating expense, principally freight and amortization	0.8 %	1.5 %	0.9 %	1.5 %
Non-recurring charges	-- %	10.7 %	-- %	3.4 %
Operating income (loss)	0.4 %	(20.0)%	(0.9)%	(2.7)%
Interest income	-- %	-- %	-- %	-- %
Interest expense	(2.3)%	(2.4)%	(2.5)%	(1.9)%
Other, net	-- %	-- %	-- %	-- %
Income (loss) before benefit (provision) for income taxes	(2.0)%	(22.4)%	(3.5)%	(4.5)%
Benefit (provision) for income taxes	(4.4)%	7.5 %	- %	1.8 %
Net income (loss)	(6.4)%	(14.9)%	(3.5)%	(2.7)%

Information concerning Nabi's sales by operating segments for the respective periods, is set forth in the following table:

DOLLARS IN THOUSANDS		THREE MONTHS ENDED SEPTEMBER 30, 1998		1997	
Segment					
Plasma	- Source	$30,579	52.1%	$31,280	59.2%
	- Specialty	11,788	20.1	9,843	18.7
	- Other (includes diagnostic products and services)	2,568	4.3	1,060	1.9
		44,935	76.5	42,183	79.8
Drugs		13,778	23.5	10,666	20.2
TOTAL		$58,713	100.0%	$52,849	100.0%

DOLLARS IN THOUSANDS		NINE MONTHS ENDED SEPTEMBER 30, 1998		1997	
Segment					
Plasma	- Source	$97,273	54.5%	$100,099	59.9%
	- Specialty	33,127	18.6	40,395	24.2
	- Other (includes diagnostic products and services)	6,115	3.4	3,490	2.0
		136,515	76.5	143,984	86.1
Drugs		41,990	23.5	23,157	13.9
	TOTAL	$178,505	100.0%	$167,141	100.0%

THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

SALES. Sales for the third quarter of 1998 increased by $5.9 million to $58.7 million compared to $52.8 million for the third quarter of 1997. Plasma sales increased due to a higher volume of specialty plasma sales, primarily anti-D and other high-margin products. This increase was offset by a decrease in source plasma revenues. Although shipments of source plasma increased, the overall decline in revenues was primarily due to lower prices under contracts which were negotiated in late 1997 when there was a general disruption in the plasma industry. Nabi also benefited from an opportunity to provide laboratory testing services for a plasma fractionator during the third quarter of 1998. Drug sales improved based on strong demand for WinRho SDF(TM) and Autoplex(R)T which more than offset a reduction in H-BIG(R) sales due to product supply constraints.

GROSS PROFIT MARGIN. Gross profit and related margin for the third quarter of 1998 was $16.2 million, or 27.6% of sales, compared to $9.5 million, or 17.9% of sales, in the third quarter of 1997. The substantial increase in gross profit and related margin resulted from a shift in product mix toward high-margin drug products and specialty plasma.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE. Selling, general and administrative expense was $7.4 million or 12.7% of sales, for the third quarter of 1998 compared to $7.0 million, or 13.2% of sales, in the third quarter of 1997. The expense increase resulted primarily from sales and marketing efforts directed toward increasing drug product sales. Selling, general and administrative expense as a percentage of sales decreased as a result of higher sales for the quarter.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense was $5.3 million, or 9.0% of sales, for the third quarter of 1998 compared to $4.6 million, or 8.7% of sales, in the third quarter of 1997. The higher spending related primarily to the advancement of clinical trials. During the third quarter of 1998, Nabi submitted its first Product License Application ("PLA") for a new formulation of H-BIG(R). In addition, Nabi has enrolled over 50% of the patients in its pivotal Phase III clinical trial of Nabi-StaphVAX(TM) and is currently in Phase I/II clinical studies using Nabi-Altastaph(TM) in low birth-weight neonates.

INTEREST EXPENSE. Interest expense for the third quarter of 1998 was $1.4 million, or 2.3% of sales, compared to $1.2 million, or 2.4% of sales, in the third quarter of 1997. The increase was primarily attributable to interest expense associated with higher average outstanding borrowings in 1998 as compared to 1997.

OTHER FACTORS. Provision for income taxes was $2.6 million in the third quarter of 1998. Since Nabi does not expect to be profitable for the full year, the tax benefit recorded during the first half of 1998 was reversed in the third quarter. The tax benefit for the third quarter of 1997 was $3.9 million and resulted from expected income tax refunds attributable to the carryback of net operating losses incurred in 1997, against prior years' taxable income.

NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

SALES. Sales for the nine months ended September 30, 1998 increased by $11.4 million to $178.5 million compared to $167.1 million for the nine months of 1997. The increase was primarily attributable to a substantial increase in drug sales based on a strong demand for all three of Nabi's marketed therapeutic products. This significant increase was reduced by an overall decline in plasma product sales. Although revenues for certain high-margin specialty plasma products, including anti-D plasma increased, this was offset by decreased market demand for other specialty plasmas. Source plasma shipments increased in 1998, but sales declined due to lower prices under contracts which were negotiated in late 1997 when there was a general disruption in the plasma industry. Revenues from laboratory testing services increased during 1998.

GROSS PROFIT MARGIN. Gross profit and related margin for the nine months of 1998 was $47.9 million, or 26.8% of sales, compared to $37.6 million, or 22.5% of sales, in the nine months of 1997. The increase in gross profit and related margin resulted from increased sales of high-margin drug products, offset by the effects of reduced margins on source plasma and diagnostic product sales. Gross profits and related margins on plasma product sales were adversely affected by several factors: lower contract prices, higher fees paid to donors to increase production to meet demand during a period of low unemployment, higher costs to meet new regulatory and quality requirements and certain expenses associated with process improvement initiatives within plasma operations.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE. Selling, general and administrative expense was $23.6 million, or 13.2% of sales, for the nine months of 1998 compared to $17.2 million, or 10.3% of sales, in the nine months of 1997. The increase resulted primarily from sales and marketing programs directed toward increasing drug product sales, costs associated with Nabi's restructuring efforts and incremental expenses in the first half of 1998 associated with the SAP information systems which were implemented in the third quarter of 1997.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense was $15.7 million, or 8.8% of sales, for the nine months of 1998 compared to $12.5 million, or 7.4% of sales, in the nine months of 1997. In 1998 these programs have been focused primarily on the advancement of clinical trials for Nabi-H-BIG(R), Nabi-StaphVAX(TM) and Nabi-Altastaph(TM).

ROYALTY EXPENSE. Royalty expense increased to $8.6 million or 4.8% of sales during the nine months of 1998, compared to $4.3 million, or 2.6% of sales, in the nine months of 1997 primarily due to increased sales of H-BIG(R) and WinRho SDF(TM) in 1998.

INTEREST EXPENSE. Interest expense for the nine months of 1998 was $4.6 million, or 2.5% of sales, compared to $3.2 million, or 1.9% of sales, in the nine months of 1997. The increase was primarily attributable to interest expense associated with higher average outstanding borrowings in the nine months of 1998 when compared to 1997.

OTHER FACTORS. There was no tax provision in 1998 since Nabi has incurred a pre-tax loss for the nine months of 1998 and does not anticipate profits for the year. During the nine months of 1997, the benefit for income taxes of $3 million results from expected income tax refunds attributable to the carryback of net operating losses incurred in 1997 against prior years' taxable income. The 1997 effective rate of 39.7% differs from the statutory rate primarily due to foreign trade income and a reduction in tax reserves established in prior periods, offset by the effect of non-deductible goodwill.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1998, Nabi's credit agreement provided for a $45 million revolving credit facility subject to certain borrowing base restrictions as defined in the agreement which matures in September 2002, and a $5 million term loan due March 1999. Borrowings under the agreement were $34 million and additional availability was approximately $6.7 million at September 30, 1998. The credit agreement is secured by substantially all of Nabi's assets and requires the maintenance of certain financial covenants and prohibits the payment of dividends.

As of September 30, 1998, Nabi's current assets exceeded current liabilities by $47.2 million as compared to a net working capital position of $63.9 million at December 31, 1997. Cash and cash equivalents at September 30, 1998 was $680,000 compared to $3.9 million at December 31, 1997. The primary source of cash for the nine months of 1998 was from operations, including reductions in receivables and inventories and the collection of a significant refund of income taxes. Net cash provided by operating activities was $13.6 million representing an improvement of $43 million from the prior year. The primary uses of cash were capital expenditures and debt repayments.

Projected capital expenditures for the remainder of 1998 include deferred validation costs, including capitalized interest for manufacturing facilities, development of information systems, and plasma center renovations. Nabi believes that cash flow from operations and its available bank credit facilities will be sufficient to meet its anticipated cash requirements for the remainder of 1998.

YEAR 2000

During 1997, the Company implemented a current version of SAP software. This system is used for most computer processing related to purchasing, accounts payable, invoicing, accounts receivable, inventory, fixed assets and financial reporting. The vendor of this software has advised Nabi that this system is Year 2000 compliant.

During the third quarter of 1998, Nabi established a cross-functional team to coordinate the Company's efforts in addressing year 2000 issues beyond SAP. These efforts are focused in four major areas: information systems, equipment, other systems and third party supplier and customer relationships.

The Company's program to address Year 2000 preparedness has four overlapping phases: (1) the identification and assessment of business critical systems, equipment and business relationships, (2) the testing of year 2000 readiness for internal systems and equipment and the inquiry/audit of year 2000 readiness for third party suppliers and customers, (3) the renovation or replacement of systems, equipment or business relationships that that will not be year 2000 compliant, including re-testing as required, and finally, (4) contingency planning to mitigate the potential effect of issues which may be so deeply embedded in systems, equipment and processes that they are beyond the Company's ability to identify and control.

As of the end of the October 1998, Nabi had completed all major elements of its project planning and the assessment of internal information systems and applications. Assessment of other equipment and systems is targeted for completion during the fourth quarter of 1998 and the inquiry/audit of third party suppliers and customers is expected to be completed by March, 1999. Testing is planned for completion by the end of March 1999 and any renovations or replacements are targeted for completion by June, 1999. Nabi's goal is to complete any required validation of changes to systems, equipment or processes and contingency planning by the end of the third quarter of 1999.

The Company will utilize both internal and external resources in its year 2000 efforts. The additional cost to achieve year 2000 compliance is currently estimated at $2 to $5 million dollars, including expense and capital expenditures, not all of which are incremental to the Company's operations. These expenditures will primarily be incurred during 1999.

The Company's efforts in these areas are ongoing. At this time, based on the work completed to date, Nabi believes that its software, equipment and other systems are year 2000 compliant or that it will be able to renovate or replace, in a timely manner, any element, which if not year 2000 compliant could be expected to have a significant, adverse effect on our ability to deliver products or services. There can be no assurance that the Company's efforts will be successful. If they are not, the Company's operations or financial condition may be materially and adversely affected.

FACTORS TO BE CONSIDERED

The parts of this Quarterly Report on Form 10-Q captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings" contain certain forward-looking statements which involve risks and uncertainties. Readers should refer to a discussion under "Factors to be Considered" contained in Nabi's Annual Report on Form 10-K for the year ended December 31, 1997 concerning certain factors that could adversely affect Nabi's future operating performance or cause Nabi's actual results to differ materially from the results anticipated in such forward-looking statements, including in particular the risks described under the caption, "Dependence Upon third Parties to Manufacture Products." Said discussion is hereby incorporated by reference into this Quarterly Report.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Nabi is a party to litigation in the ordinary course of business. Nabi does not believe that any such litigation will have a material adverse effect on its business, financial position or results of operations.

In addition, Nabi is a co-defendant with various other parties in numerous suits filed in the U.S. by, or on behalf of, individuals who claim to have been infected with HIV as a result of either using HIV-contaminated products made by the defendants other than Nabi or having familial relations with those so infected. The claims against Nabi are based on negligence and strict liability. The defendants include Bayer Corporation, Armour Pharmaceutical Company, Rhone-Poulenc Rorer, Inc., Baxter Healthcare Corporation, Alpha Therapeutic Corporation and The National Hemophilia Foundation. A national settlement involving most of the plaintiffs is pending.

Nabi denies all claims against it in these suits and intends to defend the cases vigorously. Nabi believes that any such litigation will not have a material adverse effect on its business, financial position or results of operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibit

10.33	Employment Agreement dated August 1, 1998 between Dr. Robert B. Naso and Nabi................................16
27	Financial Data Schedule (for SEC use only).

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.

Nabi

Date: November 13, 1998 By: /s/ THOMAS H. MCLAIN

THOMAS H. MCLAIN
Senior Vice President, Corporate Services and Chief Financial Officer

EXHIBIT 10.33

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EMPLOYMENT AGREEMENT
DATED AUGUST 1, 1998
BETWEEN
DR. ROBERT B. NASO AND NABI

Nabi
- ---

5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FL 33487

EFFECTIVE AS OF AUGUST 1, 1998

Dr. Robert B. Naso
8630 Rock Haven Drive
Gaithersburg, Maryland 20882

Dear Bob:

You have agreed to serve as Senior Vice President Quality, Regulatory & Product Development, for Nabi. The following are the terms of such employment:

1. TERM: You will serve as Senior Vice President Quality, Regulatory & Product Development, for Nabi, for a period beginning as of the date hereof and ending on July 31, 2001, unless your employment is sooner terminated as provided below (the "Employment Period").

2. SALARY: Your salary will be $215,000.00 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.

3. BONUS: You will be entitled to participate in Nabi's VIP Management Incentive Program.

Unless the Employment Period is terminated for "cause" pursuant to Section 7(B)(b) below, bonus compensation shall be pro rated in respect of any calendar year during which the Employment Period terminates based on the amount of bonus compensation which would have been payable with respect to such year based on your original VIP Management Incentive Program participation, divided by 12, times the number of full calendar months during the relevant year you were employed prior to the termination of the Employment Period. If the Employment Period is terminated pursuant to Section 7(B)(b) below, no bonus compensation is payable with respect to the calendar year during which it is terminated.

Bonus payments shall be payable within 120 days after the end of the relevant calendar year.

4. AUTO ALLOWANCE: You, while an employee under the terms of this Agreement, shall receive an auto allowance of not less than $900.00 per month.

5. BENEFITS: You will be eligible to participate in Nabi's 401(k), medical/dental insurance, life insurance, executive long term disability program, Supplemental Executive Retirement Plan (SERP), and other benefit programs upon the effective date of this Agreement. You will accrue Paid Leave Bank (PLB) time at the rate of 18.67 hours per month.

6. DUTIES AND EXTENT OF SERVICES:

(A) During the Employment Period, you agree to devote substantially all of your working time, and such energy, knowledge, and efforts as is necessary to the discharge and performance of your duties provided for in this Agreement and such other reasonable duties and responsibilities consistent with your position as are assigned to you from time to time by the person to whom you report. You shall be located primarily in Nabi's Rockville, Maryland, facilities, but shall travel to other locations from time to time as shall be reasonably required in the course of performance of your duties.

(B) During the Employment Period, you shall serve as Nabi's Senior Vice President Quality, Regulatory and Product Development. You shall have such duties as are delegated to you by the person to whom you report provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to Nabi.

7. TERMINATION:

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that any bonus compensation payable pursuant to Section 3 of this Agreement shall be prorated as provided for in Section 3.

(B) Nabi may terminate the Employment Period in the event of (a) your disability that prevents you from performing your obligations pursuant to this Agreement for any three (3) consecutive months or (b) for "cause", which is defined as (i) commission of fraud or embezzlement or other felonious acts by you, (ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such failure is delivered to you, (iii) failure to comply with the provisions of Section 8 or 9 of this Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, which gross negligence causes material damage to Nabi, provided that, in the event of termination under this clause (B), you shall receive ten (10) days' notice of such failure prior to termination and a determination must be made by Nabi's Board of Directors or a duly appointed committee of the Board, after you are afforded an opportunity to be heard, that it is, at the date of such termination, reasonable to conclude that grounds for such termination under this clause (B) still exists.

(C) Nabi may otherwise terminate the Employment Period upon thirty (30) days' prior notice to you. In the event of such termination based on the effective date of such termination, Nabi will pay you severance pay of twelve (12) months of your annual base salary as in effect at the time of such termination ("Severance Pay") and maintain in effect for a twelve (12) month period all then existing benefits, (subject to the limitations of the applicable plans), including but not limited to, the auto allowance, life insurance, short and long term disability programs, health care coverage, and SERP benefits. Severance Pay provided for in this paragraph shall be made in twelve (12) equal monthly installments. If you terminate your employment with Nabi within thirty (30) days of the expiration of the Employment Period, you shall be entitled to receive Severance Pay under Section 7C unless during the thirty (30) day period prior to the expiration of the Employment Period, Nabi offered to renew this Agreement on terms no less favorable to you than the terms then in effect.

(D) If your employment terminates pursuant to Section 7B(a) or Section 7C, all non-vested stock options, restricted stock or similar incentive equity instruments pursuant to the Company's 1990 Equity Incentive Plan and/or successor plans (the "Options") shall immediately vest. All such "Options" shall be exercisable for one (1) year past termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

(E) Your confidentiality and non-competition agreements set forth in Sections 8 and 9 below shall survive the termination of your employment regardless of the reasons therefor.

8. CONFIDENTIALITY: You acknowledge that your duties as described in Section 6 of this Agreement will give you access to trade secrets and other confidential information of Nabi and/or its affiliates,

including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage.

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer tapes, and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

9. NON-COMPETITION:

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that you will not, during the term of your employment by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly, (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which is competitive with any business of Nabi (a "Competitive Business"), (b) solicit or accept orders from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce any such customer to reduce such customer's purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi's employees to leave the employ of Nabi or hire or negotiate for the employment of any employee of Nabi.

(B) You have carefully read and considered the provisions of this Section and Section 8 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of Nabi, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of Nabi, its officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 8 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

(D) With respect to the provisions of this Section, you agree that damages, by themselves, are an inadequate remedy at law, that a material breach of the provisions of this Section would cause irreparable injury to the aggrieved party, and that provisions of this Section 9 may be specifically enforced by injunction or similar remedy in any court of competent jurisdiction without affecting any claim for damages.

10. MISCELLANEOUS: This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement is a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the party to be charged therewith. All notices required and allowed hereunder shall be in writing, and shall be deemed given upon deposit in the Certified Mail, Return Receipt Requested, first-class postage and registration fees prepaid, and correctly addressed to the party for whom intended at its address set forth under its name below, or to such other address as has been most recently specified by a party by one or more counterparts, each of which shall constitute one and the same agreement. All references to genders or number in this Agreement shall be deemed interchangeably to have a masculine, feminine, neuter, singular or plural meaning, as the sense of the context required.

If the foregoing confirms your understanding of our agreements, please so indicate by signing in the space provided below and returning a signed copy to us.

Nabi
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487

By: /s/ DAVID J. GURY

David J. Gury
Chief Executive Officer

Accepted and agreed:

/s/ ROBERT B. NASO
- ------------------------------
Dr. Robert B. Naso
8630 Lochaven Drive
Gaithersburg, Maryland 20882

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 1998 (UNAUDITED) AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 (UNAUDITED) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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9-MOS
DEC-31-1998
JAN-01-1998
SEP-30-1998
680
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(6,192)
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0
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(6,192)
(0.18)
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RECEIVABLES, INVENTORY AND PP&E REPRESENT NET AMOUNTS.
LOSS PROVISION INCLUDED IN OTHER EXPENSES.