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 June 30, 1998
Commission File Number 0-21104

CRYOLIFE, INC.
(Exact name of registrant as specified in its charter)

Florida	59-2417093
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1655 Roberts Boulevard, NW
Kennesaw, Georgia 30144
(Address of principal executive offices)
(zip code)

(770) 419-3355
(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

The number of shares of common stock, par value $0.01 per share, outstanding on August 12, 1998 was 12,800,533.

Part I - FINANCIAL INFORMATION
Item 1. Financial statements

CRYOLIFE, INC. AND SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(Unaudited)		(Unaudited)	
Revenues:				
Cryopreservation and products	$ 15,477,000	$ 12,641,000	$ 29,978,000	$ 23,024,000
Research grants, licenses and other revenues	785,000	82,000	909,000	112,000
	16,262,000	12,723,000	30,887,000	23,136,000
Costs and expenses:				
Cost of cryopreservation and products	6,345,000	4,550,000	11,826,000	7,976,000
General, administrative and marketing	5,841,000	5,165,000	11,707,000	9,644,000
Research and development	1,256,000	857,000	2,267,000	1,706,000

Interest (income) expense	(281,000)	296,000	110,000	428,000
	13,161,000	10,868,000	25,910,000	19,754,000
Income before income taxes	3,101,000	1,855,000	4,977,000	3,382,000
Income tax expense	1,053,000	695,000	1,757,000	1,270,000
Net income	$ 2,048,000	$ 1,160,000	$ 3,220,000	$ 2,112,000
Earnings per share:				
Basic	$ 0.16	$ 0.12	$ 0.29	$ 0.22
Diluted	$ 0.16	$ 0.12	$ 0.28	$ 0.21
Weighted average shares outstanding:				
Basic	12,709,000	9,615,000	11,219,000	9,598,000
Diluted	13,033,000	9,889,000	11,577,000	9,881,000

See accompanying notes to summary consolidated financial statements.

Item 1. Financial Statements

CRYOLIFE, INC.
SUMMARY CONSOLIDATED BALANCE SHEETS

	June 30, 1998	December 31, 1997
	(Unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 32,106,000	$ 111,000
Receivables (net)	10,320,000	9,765,000
Deferred preservation costs (net)	13,295,000	12,257,000
Inventories	3,477,000	1,761,000
Prepaid expenses and other assets	2,103,000	1,260,000
Total current assets	61,301,000	25,154,000
Property and equipment (net)	18,458,000	15,487,000
Goodwill (net)	9,502,000	9,809,000
Patents (net)	2,253,000	2,196,000
Other (net)	1,529,000	1,103,000
TOTAL ASSETS	$ 93,043,000	$ 53,749,000
LIABILITIES AND SHAREHOLDERS' EQUITY Current Liabilities:		
Accounts payable	$ 1,142,000	$ 1,612,000
Accrued expenses	352,000	534,000
Accrued procurement fees	1,990,000	1,565,000
Accrued compensation	1,081,000	1,122,000
Current maturities of capital lease obligations	215,000	---
Current maturities of long-term debt	496,000	1,496,000
Income taxes payable	381,000	---
Total current liabilities	5,657,000	6,329,000
Deferred income taxes	384,000	327,000
Capital lease obligations, less current maturities	1,829,000	---
Bank loans	---	10,777,000
Convertible debenture	4,393,000	5,000,000
Other long-term debt	814,000	1,089,000
Total liabilities	13,077,000	23,522,000
Shareholders' equity:		
Preferred stock	---	---
Common stock (issued 12,792,000 shares in 1998 and		

10,243,000 shares in 1997)	133,000	102,000
Additional paid-in capital	64,166,000	17,694,000
Retained earnings	15,847,000	12,627,000
Less: Treasury stock (543,000 shares)	(180,000)	(180,000)
Note receivable from shareholder	---	(16,000)
Total shareholders' equity	79,966,000	30,227,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 93,043,000	$ 53,749,000

See accompanying notes to summary consolidated financial statements.

Item 1. Financial Statements

CRYOLIFE, INC.
SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
	(Unaudited)	
Net cash flows provided by (used in) operating activities:		
Net income	$ 3,220,000	$ 2,112,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,808,000	1,595,000
Provision for doubtful accounts	53,000	15,000
Deferred income taxes	57,000	(1,000)
Receivables	(608,000)	822,000
Deferred preservation costs and inventories	(2,754,000)	(3,222,000)
Prepaid expenses and other assets	(843,000)	(737,000)
Accounts payable and accrued expenses	113,000	(2,922,000)
Net cash flows provided by (used in) operating activities	1,046,000	(2,338,000)
Net cash flows used in investing activities:		
Capital expenditures	(2,090,000)	(2,571,000)
Other assets	(724,000)	280,000
Cash paid for acquisition, net of cash acquired	---	(4,418,000)
Net sales of marketable securities	---	2,000
Net cash flows used in investing activities	(2,814,000)	(6,707,000)
Net cash flows provided by financing activities:		
Principal payments of debt	(13,732,000)	---
Proceeds from borrowings on revolving term loan	1,680,000	7,581,000
Payment of obligations under capital leases	(97,000)	---
Proceeds from issuance of common stock and from notes receivable from shareholders	45,912,000	302,000
Net cash provided by financing activities	33,763,000	7,883,000
Increase (decrease) in cash	31,995,000	(1,162,000)
Cash and cash equivalents, beginning of period	111,000	1,370,000
Cash and cash equivalents, end of period	$ 32,106,000	$ 208,000
Supplemental cash flow information		
Non-cash investing and financing activities:		
Establishing capital lease obligations	$ 2,141,000	$ ---
Debt conversion into common stock	$ 607,000	$ ---
Fair value of assets acquired	$ ---	$ 1,768,000

Cost in excess of assets acquired	---	8,541,000
Liabilities assumed	---	(891,000)
Debt issued for assets acquired	---	(5,000,000)
Net cash paid for acquisition	$ ---	$ 4,418,000

See accompanying notes to summary consolidated financial statements.

CRYOLIFE, INC. AND SUBSIDIARIES
NOTES TO SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with (i) generally accepted accounting principles for interim financial information and (ii) the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial presentations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three and six months ended June 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-K for the year ended December 31, 1997.

NOTE 2 - FOLLOW-ON EQUITY OFFERING

On April 3, 1998 the Company completed a follow-on equity offering (the "Offering") of 2,588,000 new shares of its common stock resulting in net proceeds of $39.4 million. On April 16, 1998 the Company issued an additional 387,500 shares of common stock pursuant to the underwriters' overallotment option resulting in $6.0 million of additional net proceeds to the Company. A portion of the net proceeds were used to repay outstanding amounts under the Company's bank loans and for expansion of manufacturing facilities. The remainder of the proceeds will be used for additional expansion of manufacturing facilities and for general corporate purposes, including working capital and potential acquisitions.

In conjunction with the Offering, $607,000 of the convertible debentures were converted into 50,000 shares of the Company's common stock.

NOTE 3 - INVESTMENTS

Management determines the appropriate classification of investments at the time of purchase and reevaluates such designation at each balance sheet date. Available for sale securities are carried at fair value, with unrealized gains and losses reported in a separate component of stockholders' equity. Realized gains and losses are included in investment income and are determined on a first-in, first-out basis.

At June 30, 1998 and December 31, 1997, the Company held $30.4 million and $0, respectively, in mutual funds and money market funds. All investments were classified as available for sale as of June 30, 1998. Fair market value is equivalent to cost at June 30, 1998. All investments held by the Company have original maturities of less than 90 days and are classified as cash and cash equivalents as of June 30, 1998.

NOTE 4 - INVENTORY

Inventories are comprised of the following:

	(Unaudited) June 30, 1998	December 31, 1997
Raw materials	$ 394,000	$ 262,000
Work-in-process	668,000	358,000

Finished goods	2,415,000	1,141,000
	$ 3,477,000	$ 1,761,000

NOTE 5 - EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	1998	1997	1998	1997
Numerator for basic and diluted earnings per share - income available to common shareholders	$ 2,048,000	$ 1,160,000	$3,220,000	$2,112,000
Denominator for basic earnings per share - weighted-average basis	12,709,000	9,615,000	11,219,000	9,598,000
Effect of dilutive stock options	324,000	274,000	358,000	283,000
Denominator for diluted earnings per share - adjusted weighted-average shares	13,033,000	9,889,000	11,577,000	9,881,000
Earnings per share:				
Basic	$ .16	$ .12	$.29	$ .22
Diluted	$ .16	$ .12	$.28	$ .21

PART I - FINANCIAL INFORMATION

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

Results of Operations

Cryopreservation and product revenues increased 22% to $15.5 million for the three months ended June 30, 1998 from $12.6 million for the same period in 1997. Cryopreservation and product revenues increased 30% to $30.0 million for the six months ended June 30, 1998 from $23.0 million for the same period in 1997. The increase in revenues was primarily due to the growing acceptance in the medical community of cryopreserved tissues which has resulted in increased demand, the Company's ability to procure greater amounts of tissue, price increases for certain cryopreservation services and revenues attributable to the Company's line of single-use devices following the Ideas for Medicine, Inc. ("IFM") acquisition in March 1997. Revenues for the six months ended June 30, 1998 and June 30, 1997 included $3.2 million and $2.1 million respectively, attributable to the acquisition of IFM.

Revenues from human heart valve and conduit cryopreservation services increased 9% to $7.9 million for the three months ended June 30, 1998 from $7.3 million for the three months ended June 30, 1997, representing 47% and 57%, respectively, of total revenues during such periods. Revenues from human heart valve and conduit cryopreservation services increased 12% to $15.3 million for the six months ended June 30, 1998 from $13.8 million for the six months ended June 30, 1997, representing 49% and 59%, respectively, of total revenues during such periods. This increase in revenues was primarily due to a 7% and an 11% increase in the number of heart allograft shipments for the three months and six months ended June 30, 1998, respectively, due to an increased demand and the Company's ability to procure greater amounts of tissue.

Revenues from human vascular tissue cryopreservation services increased 39% to $3.6 million for the three months ended June 30, 1998 from $2.6 million for the three months ended June 30, 1997, representing 22% and 20%, respectively, of total revenues during such periods. Revenues from human vascular tissue cryopreservation services increased 38% to $7.1 million for the six months ended June 30, 1998 from $5.1 million for the six months ended June 30, 1997, representing 23% and 22%, respectively, of total revenues during such periods. This increase in revenues was primarily due to a 45% and a 39% increase in the number of vascular allograft shipments for the three months and six months ended June 30, 1998, respectively, due to an increased demand and the Company's ability to procure greater amounts of tissue.

Revenues from human connective tissue cryopreservation services increased 87% to $1.9 million for the three months ended June 30, 1998 from $1.0 million for the three months ended June 30, 1997, representing 12% and 8%, respectively, of total revenues during such periods. Revenues from human connective tissue cryopreservation services increased 116% to $3.7 million for the six months ended June 30, 1998 from $1.7 million for the six months ended June 30, 1997, representing 12% and 7%, respectively, of total revenues during such periods. This increase in revenues was primarily due to a 58% and an 85% increase in the number of allograft shipments for the three months and six months ended June 30, 1998, respectively, due to increased demand and the Company's ability to procure greater amounts of tissue. Additional revenue increases have resulted from a greater proportion of the 1998 shipments consisting of cryopreserved menisci, which have a significantly higher per unit revenue than the Company's cryopreserved tendons and price increases for the cryopreservation of menisci.

Revenues from bioprosthetic cardiovascular devices increased 61% to $218,000 for the three months ended June 30, 1998 from $135,000 for the three months ended June 30, 1997, representing 1% of total revenues during such periods. Revenues from bioprosthetic cardiovascular devices increased 75% to $418,000 for the six months ended June 30, 1998 from $239,000 for the six months ended June 30, 1997, representing 1% of total revenues during such periods. This increase in revenues was primarily due to a 42% and an 88% increase in the number of bioprosthetic cardiovascular device shipments for the three months and six months ended June 30, 1998, respectively, due to increased manufacturing capacity.

Other revenues increased to $785,000 for the three months ended June 30, 1998 from $82,000 for the three months ended June 30, 1997. Other revenues increased to $909,000 for the six months ended June 30, 1998 from $112,000 for the six months ended June 30, 1997. Other revenues in 1998 relate primarily to proceeds from the sale of the Company's port product line and research grant awards for the Company's SynerGraft(R) technology.

Cost of cryopreservation services and products aggregated $6.3 million for the three months ended June 30, 1998, compared to $4.6 million for the corresponding period in 1997, representing 41% and 36%, respectively, of total cryopreservation and product revenues in each period. Cost of cryopreservation services and products aggregated $11.8 million for the six months ended June 30, 1998, compared to $8.0 million, respectively, for the six months ended June 30, 1997, representing 39% and 35% of total cryopreservation and product revenues, respectively. Cost of cryopreservation services and products increased 39% for the second quarter 1998 compared to the second quarter 1997. The increase in 1998 of the cost of cryopreservation services and products as a percentage of revenues results from a lesser portion of 1998 revenues being derived from human heart valve and conduit cryopreservation services which carry a significantly higher gross margin than other cryopreservation services, from increased manufacturing overhead costs associated with the Company's new manufacturing facilities and from the inclusion of six months of IFM's sales in 1998, which generate lower gross margins than cryopreservation services, compared with four months of IFM sales in the first six months of 1997.

General, administrative and marketing expenses increased 13% to $5.8 million for the three months ended June 30, 1998, compared to $5.2 million for the corresponding period in 1997, representing 38% and 41%, respectively, of total cryopreservation and product revenues in each period. General, administrative and marketing expenses increased 21% to $11.7 million for the six months ended

June 30, 1998, compared to $9.6 million for the corresponding period in 1997, representing 39% and 42%, respectively, of total cryopreservation and product revenues in each period. The increase in expenditures in 1998 resulted from expenses incurred to support the increase in revenues and costs associated with the introduction of BioGlue into the European community.

Research and development expenses increased 47% to $1.3 million for the three months ended June 30, 1998, compared to $857,000 for the corresponding period in 1997, representing 8% and 7%, respectively, of total cryopreservation and product revenues for each period. Research and development expenses increased 33% to $2.3 million for the six months ended June 30, 1998, compared to $1.7 million for the corresponding period in 1997, representing 8% and 7%, respectively, of total cryopreservation and product revenues for each period. Research and development spending relates principally to the Company's focus on its bioadhesives and SynerGraft technologies.

Net interest income was $281,000 for the three months ended June 30, 1998 compared to net interest expense of $296,000 for the corresponding period in 1997. Net interest expense decreased to $110,000 for the six months ended June 30, 1998 compared to $428,000 for the corresponding period in 1997. This decrease in interest expense for the three and six months ended June 30, 1998 is due to the repayment of certain indebtedness with the proceeds from the follow-on equity offering, as well as the conversion of a portion of the convertible debenture into common stock of the Company, and the receipt of interest income on the invested proceeds from the Offering.

The decline in the effective income tax rate to 34% from 37.5% for the three months ended June 30, 1998 and 1997, respectively, and to 35.3% from 37.6% for the six months ended June 30, 1998 and 1997, respectively, is due to the implementation of state tax planning strategies.

Seasonality

The demand for the Company's human heart valve and conduit cryopreservation services is seasonal, with peak demand generally occurring in the second and third quarters. Management believes that this demand trend for human heart valve and conduit cryopreservation services is primarily due to the high number of surgeries scheduled during the summer months. Management believes that the trends experienced by the Company to date for its human connective tissue for the knee cryopreservation services indicate that this business may also be seasonal because it is an elective procedure that may be performed less frequently during the fourth quarter holiday months. However, the demand for the Company's human vascular tissue cryopreservation services, bioprosthetic cardiovascular devices, single-use medical devices and BioGlue does not appear to experience this seasonal trend.

Liquidity and Capital Resources

At June 30, 1998, net working capital was $55.6 million, compared to $18.8 million at December 31, 1997, with a current ratio of 9 to 1 at June 30, 1998. The Company's primary capital requirements arise out of general working capital needs, capital expenditures for facilities and equipment and funding of research and development projects. The Company historically has funded these requirements through bank credit facilities, cash generated by operations and equity offerings.

Net cash provided by operating activities was $1.0 million for the six months ended June 30, 1998, as compared to net cash used in operating activities of $2.3 million for the six months ended June 30, 1997. This increase primarily resulted from a decrease in the amount of accounts payable liquidated in the first quarter in 1998 as compared to the first quarter in 1997 due to the construction of the Company's new corporate headquarters and manufacturing facility, partially offset by an increase in accounts receivable.

Net cash used in investing activities was $2.8 million for the six months ended June 30, 1998, as compared to $6.7 million for the six months ended June 30, 1997. This decrease was primarily attributable to the absence of a business acquisition during the first quarter of 1998 as compared to the first quarter of 1997, during which the Company acquired IFM, coupled with a decrease in capital expenditures during the first six months of 1998.

Net cash provided by financing activities was $33.8 million for the six months ended June 30, 1998, as compared to $7.9 million for the six months ended June 30, 1997. This increase was primarily attributable to proceeds of $45.4 million from the Offering, partially offset by the repayment of borrowings on the Company's bank loans, and accrued interest thereon, totaling $13.3 million.

The Company anticipates that the net proceeds from the Offering and cash generated from operations will be sufficient to meet its operating and development needs for the next 12 months. However, the Company's future liquidity and capital requirements beyond that period will depend upon numerous factors, including the timing of the Company's receipt of FDA approvals to begin clinical trials for its products currently in development, the resources required to further develop its marketing and sales capabilities if, and when, those products gain approval, the resources required to expand manufacturing capacity and the extent to which the Company's products generate market acceptance and demand. There can be no assurance that the Company will not require additional financing or will not seek to raise additional funds through bank facilities, debt or equity offerings or other sources of capital to meet future requirements. These additional funds may not be available when needed or on terms acceptable to the Company, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Year 2000

The Company is aware of the issues that many computer systems will face as the millennium (year 2000) approaches. The Company, however, believes that its own internal software and hardware is year 2000 compliant. The Company believes that any year 2000 problems encountered by procurement agencies, hospitals and other customers and vendors are not likely to have a material adverse effect on the Company's operations. The Company anticipates no other year 2000 problems which are reasonably likely to have a material adverse effect on the Company's operations. There can be no assurance, however, that such problems will not arise.

Recent Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement No. 130, Reporting Comprehensive Income ("Statement 130"). The Company adopted Statement 130 for the quarter ended June 30, 1998. Due to the immateriality of the Company's elements of comprehensive income, such adoption had no effect on the Company's consolidated financial statements.

Forward-Looking Statements

Statements made in this Form 10-Q for the quarter ended June 30, 1998 that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. It is important to note that the Company's actual results could differ materially from those contained in such forward-looking statements as a result of adverse changes in any of a number of factors that affect the Company's business, including without limitation, changes in (1) government regulation of the Company's business, (2) the Company's competitive position, (3) the availability of tissue for implant, (4) the status of the Company's products under development, (5) the protection of the Company's proprietary technology and (6) the reimbursement of health care costs by third-party payors. See the "Business-Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 1997 for a more detailed discussion of these and other factors which might affect the Company's future performance.

Item 3. Qualitative and Quantitative Discussion About Market Risk.

Not Applicable.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings.
None

Item 2. Changes in Securities.
None

Item 3. Defaults Upon Senior Securities.
Not Applicable

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

(a) The Annual Meeting of Shareholders was held on May 21, 1998.

(b) Management's nominees for director were elected at the meeting by the holders of common stock. The election was uncontested.

(c) A proposal to approve the Company's 1998 Long-Term Incentive Plan was approved. The result of the voting was as follows:

	Common Shares
Voting for	10,488,899
Voting against	1,006,191
Abstain from voting	42,300
Broker Non-votes	109,105
Total	11,646,495

A proposal to approve the Company's Amended and Restated Non-Employee Directors Stock Option Plan was approved. The result of the voting was a follows:

	Common Shares
Voting for	11,213,183
Voting against	272,674
Abstain from voting	51,533
Broker Non-votes	109,105
Total	11,646,495

The following table shows the results of voting in the election of Directors:

	Shares Voted For	Authority Withheld
Steven G. Anderson	11,614,904	31,591
Ronald C. Elkins, M.D.	11,615,704	30,791
Benjamin H. Gray	11,615,704	30,791
Virginia C. Lacy	11,534,704	111,791
Ronald D. McCall, Esq.	11,615,704	30,791

Item 5. Other information.
With respect to the Company's annual meeting of shareholders to be held in 1999, all shareholder proposals submitted outside the shareholder proposal rules contained in Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, which pertains to the inclusion of shareholder proposals in a Company's proxy materials, must be received by the Company by March 3, 1999, in order to be considered timely. With regard to such shareholder proposals, if the date of the next annual meeting of shareholders is advanced or delayed by more than 30 calendar days from May 21, 1999, the Company shall, in a timely manner, inform its shareholders of the change, and the date by which such proposals must be received. As set forth in the Company's Proxy Statement dated April 17, 1998, shareholders who wish to avail themselves of the provisions of Rule 14a-8 must submit their proposals no later than December 18, 1998.

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibit index can be found below.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Company, as amended. (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (No. 33-56388).)
3.2	Amendment to Articles of Incorporation of the Company dated November 29, 1995. (Incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal three months ended December 31, 1995.)
3.3	Amendment to the Company's Articles of Incorporation to increase the number of authorized shares of common stock from 20 million to 50 million shares and to delete the requirement that all preferred shares have one vote per share. (Incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.)
3.4	ByLaws of the Company, as amended. (Incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.)
10.1	1998 Long-Term Incentive Plan (Incorporated by reference to Appendix 1 to the Company's Definitive Proxy Statement filed with the Commission on April 17, 1998).
10.2	Amended and Restated Non-Employee Directors Stock Option Plan (Incorporated by reference to Appendix 2 to the Company's Definitive Proxy Statement filed with the Commission on April 17, 1998).
27.1	Financial Data Schedule: Quarter Ended June 30, 1998
27.2	Restated Financial Data Schedule: Fiscal Year Ended December 31, 1996
27.3	Restated Financial Data Schedule: Quarter Ended March 31, 1996
27.4	Restated Financial Data Schedule: Quarter Ended June 30, 1996
27.5	Restated Financial Data Schedule: Quarter Ended September 30, 1996
27.6	Restated Financial Data Schedule: Quarter Ended March 31, 1997
27.7	Restated Financial Data Schedule: Quarter Ended June 30, 1997
27.8	Restated Financial Data Schedule: Quarter Ended September 30, 1997

(b) Current 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.

CRYOLIFE, INC.
(Registrant)

August 13, 1998 /s/ EDWIN B. CORDELL, JR.

DATE

EDWIN B. CORDELL, JR.
Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL DATA INFORMATION EXTRACTED FROM THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS CONTAINED IN ITS REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		3,220,000
<EPS-PRIMARY>		.29
<EPS-DILUTED>		.28

<ARTICLE>5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF CRYOLIFE, INC. FOR THE YEAR ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<RESTATED>

<PERIOD-TYPE>	YEAR	
<FISCAL-YEAR-END>		DEC-31-1996
<PERIOD-START>		JAN-01-1996
<PERIOD-END>		DEC-31-1996
<CASH>		1,369,699
<SECURITIES>		43,145
<RECEIVABLES>		6,571,751
<ALLOWANCES>		94,287
<INVENTORY>		260,796
<CURRENT-ASSETS>		18,181,323
<PP&E>		17,353,960
<DEPRECIATION>		5,787,596
<TOTAL-ASSETS>		34,972,719
<CURRENT-LIABILITIES>		7,244,628
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		101,103
<OTHER-SE>		24,828,088
<TOTAL-LIABILITY-AND-EQUITY>		34,972,719
<SALES>		0
<TOTAL-REVENUES>		37,228,354
<CGS>		0
<TOTAL-COSTS>		12,593,126
<OTHER-EXPENSES>		18,551,612
<LOSS-PROVISION>		166,600
<INTEREST-EXPENSE>		71,800
<INCOME-PRETAX>		6,083,616
<INCOME-TAX>		2,156,135
<INCOME-CONTINUING>		3,927,481
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		3,927,481
<EPS-PRIMARY>		.41
<EPS-DILUTED>		.40

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL DATA INFORMATION EXTRACTED FROM THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS CONTAINED IN ITS REPORT ON FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<CIK> 0000784199
<NAME> CRYOLIFE, INC.
<RESTATED>

<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	MAR-31-1996
<CASH>	1,273,142
<SECURITIES>	4,485,974
<RECEIVABLES>	6,352,965
<ALLOWANCES>	43,187
<INVENTORY>	333,884
<CURRENT-ASSETS>	19,275,685
<PP&E>	8,592,933
<DEPRECIATION>	5,069,543
<TOTAL-ASSETS>	25,098,513
<CURRENT-LIABILITIES>	3,723,505
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	50,059
<OTHER-SE>	21,324,949
<TOTAL-LIABILITY-AND-EQUITY>	21,375,008
<SALES>	0
<TOTAL-REVENUES>	8,433,807
<CGS>	0
<TOTAL-COSTS>	2,878,849
<OTHER-EXPENSES>	4,315,765
<LOSS-PROVISION>	15,000
<INTEREST-EXPENSE>	0
<INCOME-PRETAX>	1,239,193
<INCOME-TAX>	456,696
<INCOME-CONTINUING>	782,497
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	782,497
<EPS-PRIMARY>	0.08
<EPS-DILUTED>	0.08

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL DATA INFORMATION EXTRACTED FROM THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS CONTAINED IN ITS REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<CIK> 0000784199
<NAME> CRYOLIFE, INC.
<RESTATED>

<PERIOD-TYPE>	6-MOS	
<FISCAL-YEAR-END>		DEC-31-1996
<PERIOD-END>		JUN-30-1996
<CASH>		58,061
<SECURITIES>		4,317,254
<RECEIVABLES>		7,154,569
<ALLOWANCES>		(53,837)
<INVENTORY>		332,885
<CURRENT-ASSETS>		19,361,114
<PP&E>		9,904,814
<DEPRECIATION>		(5,324,542)
<TOTAL-ASSETS>		26,955,837
<CURRENT-LIABILITIES>		4,022,378
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		100,582
<OTHER-SE>		22,387,061
<TOTAL-LIABILITY-AND-EQUITY>		26,955,837
<SALES>		0
<TOTAL-REVENUES>		18,131,677
<CGS>		0
<TOTAL-COSTS>		6,168,219
<OTHER-EXPENSES>		9,197,548
<LOSS-PROVISION>		28,400
<INTEREST-EXPENSE>		0
<INCOME-PRETAX>		2,765,910
<INCOME-TAX>		994,974
<INCOME-CONTINUING>		1,770,936
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<EXTRAORDINARY>		0
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<EPS-DILUTED>		0.18

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL DATA INFORMATION EXTRACTED FROM THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS CONTAINED IN ITS REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<CIK> 0000784199
<NAME> CRYOLIFE, INC.
<RESTATED>

<PERIOD-TYPE> 9-MOS
<FISCAL-YEAR-END> DEC-31-1996
<PERIOD-END> SEP-30-1996
<CASH> 97,145
<SECURITIES> 2,145,688
<RECEIVABLES> 7,311,881
<ALLOWANCES> (88,737)
<INVENTORY> 353,427
<CURRENT-ASSETS> 17,446,326
<PP&E> 15,231,276
<DEPRECIATION> 5,579,541
<TOTAL-ASSETS> 32,109,252
<CURRENT-LIABILITIES> 4,540,416
<BONDS> 0
<PREFERRED-MANDATORY> 0
<PREFERRED> 0
<COMMON> 101,060
<OTHER-SE> 23,885,217
<TOTAL-LIABILITY-AND-EQUITY> 32,109,252
<SALES> 0
<TOTAL-REVENUES> 28,542,326
<CGS> 0
<TOTAL-COSTS> 9,731,419
<OTHER-EXPENSES> 14,090,993
<LOSS-PROVISION> 81,600
<INTEREST-EXPENSE> 39,269
<INCOME-PRETAX> 4,719,914
<INCOME-TAX> 1,687,524
<INCOME-CONTINUING> 3,032,390
<DISCONTINUED> 0
<EXTRAORDINARY> 0
<CHANGES> 0
<NET-INCOME> 3,032,390
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<EPS-DILUTED> 0.31

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED BALANCE SHEET OF CRYOLIFE, INC. AS OF MARCH 31, 1997 AND THE RELATED UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<CIK> 0000784199

<NAME> CRYOLIFE, INC.

<RESTATED>

<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1997
<PERIOD-START>	JAN-01-1997
<PERIOD-END>	MAR-31-1997
<CASH>	192,000
<SECURITIES>	42,000
<RECEIVABLES>	9,110,000
<ALLOWANCES>	131,000
<INVENTORY>	1,073,000
<CURRENT-ASSETS>	20,858,000
<PP&E>	18,533,000
<DEPRECIATION>	6,167,000
<TOTAL-ASSETS>	47,063,000
<CURRENT-LIABILITIES>	6,570,000
<BONDS>	5,000,000
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	101,000
<OTHER-SE>	25,909,000
<TOTAL-LIABILITY-AND-EQUITY>	47,063,000
<SALES>	554,000
<TOTAL-REVENUES>	10,413,000
<CGS>	282,000
<TOTAL-COSTS>	3,426,000
<OTHER-EXPENSES>	5,328,000
<LOSS-PROVISION>	15,000
<INTEREST-EXPENSE>	132,000
<INCOME-PRETAX>	1,527,000
<INCOME-TAX>	575,000
<INCOME-CONTINUING>	575,000
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	575,000
<EPS-PRIMARY>	.10
<EPS-DILUTED>	.10

<ARTICLE> 5
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THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED BALANCE SHEET OF CRYOLIFE, INC. AS OF JUNE 30, 1997 AND THE RELATED UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<CIK> 0000784199
<NAME> CRYOLIFE, INC.
<RESTATED>

<PERIOD-TYPE>	6-MOS	
<FISCAL-YEAR-END>		DEC-31-1997
<PERIOD-START>		JAN-01-1997
<PERIOD-END>		JUN-30-1997
<CASH>		208,000
<SECURITIES>		41,000
<RECEIVABLES>		8,067,000
<ALLOWANCES>		131,000
<INVENTORY>		1,257,000
<CURRENT-ASSETS>		21,792,000
<PP&E>		19,932,000
<DEPRECIATION>		7,140,000
<TOTAL-ASSETS>		47,937,000
<CURRENT-LIABILITIES>		5,165,000
<BONDS>		5,000,000
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<PREFERRED>		0
<COMMON>		102,000
<OTHER-SE>		27,241,000
<TOTAL-LIABILITY-AND-EQUITY>		47,937,000
<SALES>		2,176,000
<TOTAL-REVENUES>		23,136,000
<CGS>		1,291,000
<TOTAL-COSTS>		7,976,000
<OTHER-EXPENSES>		11,350,000
<LOSS-PROVISION>		15,000
<INTEREST-EXPENSE>		428,000
<INCOME-PRETAX>		3,382,000
<INCOME-TAX>		1,270,000
<INCOME-CONTINUING>		2,112,000
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		2,112,000
<EPS-PRIMARY>		.22
<EPS-DILUTED>		.21

<ARTICLE> 5
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THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDIED CONSOLIDATED BALANCE SHEET OF CRYOLIFE, INC. AS OF SEPTEMBER 30, 1997 AND THE RELATED UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<CIK> 0000784199
<NAME> CRYOLIFE, INC.
<RESTATED>

<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1997
<PERIOD-START>	JAN-01-1997
<PERIOD-END>	SEP-30-1997
<CASH>	42,000
<SECURITIES>	41,000
<RECEIVABLES>	10,040,000
<ALLOWANCES>	146,000
<INVENTORY>	1,487,000
<CURRENT-ASSETS>	24,936,000
<PP&E>	20,997,000
<DEPRECIATION>	7,488,000
<TOTAL-ASSETS>	51,684,000
<CURRENT-LIABILITIES>	6,417,000
<BONDS>	5,000,000
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	102,000
<OTHER-SE>	28,842,000
<TOTAL-LIABILITY-AND-EQUITY>	51,684,000
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<TOTAL-REVENUES>	37,814,000
<CGS>	1,874,000
<TOTAL-COSTS>	13,089,000
<OTHER-EXPENSES>	18,994,000
<LOSS-PROVISION>	31,000
<INTEREST-EXPENSE>	744,000
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<INCOME-TAX>	2,161,000
<INCOME-CONTINUING>	3,570,000
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<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	3,570,000
<EPS-PRIMARY>	.37
<EPS-DILUTED>	.36