

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

Quarterly Report Under Section 13 or 15(d)
of the Securities and Exchange Act of 1934

For the quarter ended: June 29, 1996 Commission File Number: 1-10730

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts

04-2882273

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer Identification No.)

400 Wood Road, Braintree, MA 02184

(Address of principal executive offices)

Registrant's telephone number, including area code: (617) 848-7100

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) (2.) has been subject to the filing requirements for at least the past 90 days.

Yes No

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

28,941,580 shares of Common Stock, \$.01 par value, as of

June 29, 1996

HAEMONETICS CORPORATION
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HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited - in thousands, except share data)

ASSETS	June 29, 1996	March 30 1996
	-----	-----
Current assets:		
Cash and short term investments.....	\$ 10,928	\$ 13,434
Accounts receivable, less allowance of \$1,061 at June 29, 1996 and \$984 at March 30, 1996.....	65,002	60,326
Inventories.....	58,331	56,729
Current investment in sales-type leases, net.....	12,097	11,020
Deferred tax asset.....	10,911	10,911
Other prepaid and current assets.....	7,048	6,459
	-----	-----
Total current assets.....	164,317	158,879
	-----	-----
Property, plant and equipment.....	164,827	160,824
Less accumulated depreciation.....	77,057	74,408
	-----	-----
Net property, plant and equipment.....	87,770	86,416
Other assets:		
Investment in sales-type leases, net.....	23,766	21,428
Distribution rights, net.....	11,949	12,418
Other assets, net.....	8,379	8,677
	-----	-----
Total other assets.....	44,094	42,523
	-----	-----
Total assets.....	\$296,181	\$287,818
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt.....	\$ 6,877	\$ 3,378
Accounts payable.....	12,131	16,909
Accrued payroll and related costs.....	8,879	8,305
Accrued income taxes.....	9,941	8,345
Other accrued expenses.....	10,645	9,502
	-----	-----
Total current liabilities.....	48,473	46,439
	-----	-----
Deferred income taxes.....	9,498	9,253
Long-term debt, net of current maturities.....	12,319	15,156
Stockholders' equity:		
Common stock, \$.01 par value; Authorized - 80,000,000 shares; Issued - 28,941,580 at June 29, 1996; 28,770,346 shares at March 30, 1996.....	290	288
Additional paid-in capital.....	54,525	52,355
Retained earnings.....	192,129	182,707
Cumulative translation adjustments.....	4,714	7,387
	-----	-----
Stockholders' equity before treasury stock.....	251,658	242,737
Less: treasury stock - 1,607,354 shares at cost at June 29, and March 30, 1996.....	25,767	25,767
	-----	-----
Total stockholders' equity.....	225,891	216,970
	-----	-----
Total liabilities and stockholders' equity.....	\$296,181	\$287,818
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited - in thousands, except per share data)

Three Months Ended

	June 29, 1996	July 1, 1995
Net revenues.....	\$75,506	\$68,775
Cost of goods sold.....	33,190	31,458
Gross profit.....	42,316	37,317
Operating expenses:		
Research and development.....	5,037	4,283
Selling, general and administrative.....	23,132	19,474
Total operating expenses.....	28,169	23,757
Operating income.....	14,147	13,560
Interest expense.....	(412)	(639)
Interest income.....	648	554
Other income (expense), net.....	99	(41)
Income before provision for income taxes....	14,482	13,434
Provision for income taxes.....	5,060	4,694
Net income.....	\$ 9,422	\$ 8,740
NET INCOME PER SHARE.....	\$ 0.34	\$ 0.32
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING.....	27,707	27,675

The accompanying notes are an integral part of these consolidated financial statements.

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited - in thousands)

	Common Stock Shares	Additional Paid-in \$'s	Retained Capital Earnings	Treasury Stock	Cumulative Translation Adjustment	Total Stockholders' Equity	
Balance, March 30, 1996.....	28,770	\$288	\$52,355	\$182,707	(\$25,767)	\$7,387	\$216,970
Exercise of stock options.....	172	2	2,170	---	---	---	2,172
Employee stock purchase plan.....	---	---	---	---	---	---	0
Treasury stock.....	---	---	---	---	---	---	0
Net income.....	---	---	---	9,422	---	---	9,422
Translation adjustment.....	---	---	---	---	(2,673)	---	(2,673)
Balance June 29, 1996.....	28,942	\$290	\$54,525	\$192,129	(\$25,767)	\$4,714	\$225,891

The accompanying notes are an integral part of these consolidated financial statements.

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited- in thousands)

Three Months Ended
June 29, 1996 July 1, 1995

Cash flows from operating activities:(estimated)		
Net income.....	\$ 9,422	\$8,740
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	2,452	4,232
Decrease in deferred income taxes.....	259	(76)
Increase in accounts receivable, net.....	(5,325)	(1,644)
(Increase) decrease in inventories.....	(2,095)	319
(Increase) decrease in sales-type leases.....	(3,616)	(333)
(Increase) decrease in other assets.....	(698)	1,410
Increase (decrease) in accounts payable, accrued expenses and deferred revenues.....	(1,767)	(5,476)
Total adjustments.....	(10,790)	(1,568)
Net cash provided by operating activities.....	(1,368)	7,172
Cash flows from investing activities:		
Capital expenditures on property, plant and equipment, net.....	(4,197)	(4,373)
Increase in distribution rights.....	---	---
DHL asset acquisition.....	---	---
Net cash used in investing activities.....	(4,197)	(4,373)
Cash flows from financing activities:		
Payments on long-term real estate mortgage.....	(57)	(37)
Net increase (decrease) in short-term revolving credit agreements.....	3,637	(3,842)
Net increase (decrease) in long-term revolving credit agreements.....	(2,271)	5,012
Exercise of stock options.....	2,172	350
Employee stock purchase plan.....	---	---
Purchase of treasury stock.....	---	(4,765)
Net cash used in financing activities.....	3,481	(3,282)
Effect of exchange rates on cash.....	(422)	(11)
Net increase (decrease) in cash.....	(2,506)	(494)
Cash at beginning of period.....	13,434	4,230
Cash at end of period.....	\$10,928	\$3,736
Supplemental disclosures of cash flow information:		
Interest paid.....	\$ 451	\$ 517
Income taxes paid, net of refunds.....	\$ 3,916	\$5,840

The accompanying notes are an integral part of these consolidated financial statements.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The results of operations for the interim periods shown in this report are not necessarily indicative of results for any future interim period or for the entire fiscal year. The Company believes that the quarterly information presented includes all adjustments (consisting only of normal, recurring adjustments) that the Company considers necessary for a fair presentation in accordance with generally accepted accounting principles. The accompanying consolidated financial statements and notes should be read in conjunction with the Company's audited annual financial statements.

2. FOREIGN CURRENCY

The Company enters into forward exchange contracts to hedge certain firm sales commitments to customers which are denominated in foreign currencies. The purpose of the Company's foreign hedging activities is to protect the Company from the risk that the eventual dollar cash flows resulting from the sale of products to international customers will be adversely affected by changes in exchange rates. Gains and losses realized on these contracts are recorded in operations, offsetting the related foreign currency transactions. The cash flows related to the gains and losses on these foreign currency hedges are classified in the statements of cash flows as part of cash flows from operating activities.

At June 29, 1996 the Company had forward exchange contracts, all

having maturities of less than one year, to exchange foreign currencies (major European currencies and Japanese yen) for U.S. dollars totaling \$120.7 million. Of that balance, \$70.2 million represented contracts for terms of 30 days or less. Gross unrealized gains from hedging firm sales commitments, based on current spot rates, were \$4.3 million at June 29, 1996. Deferred gains and losses are recognized in earnings when the transactions being hedged are recognized.

3. INVENTORIES

Inventories are stated at the lower of cost or market and include the cost of material, labor and manufacturing overhead. Cost is determined on the first-in, first-out method.

Inventories consist of the following:

	June 29, 1996	March 30, 1996
	----	----
	(in thousands)	
Raw materials	\$ 6,856	\$ 6,727
Work-in-process	6,956	6,699
Finished goods	44,519	43,303
	-----	-----
	\$58,331	\$56,729
	=====	=====

4. NET INCOME PER SHARE

Net income per share data is computed using the weighted average number of shares of common stock outstanding and common equivalent shares from stock options (using the treasury stock method).

Management's Discussion and Analysis of Financial Condition and Results of Operations

Three Months Ended June 29, 1996 Compared to Three Months Ended July 1, 1995

Net revenues in 1996 increased 9.8% to \$75.5 million from \$68.8 million in 1995. Worldwide disposable sales increased 7%, with an increase of 21% internationally, partially due to favorable currency impact, offset by a decrease of 12% in the domestic market. Sales of disposables products accounted for approximately 86% and 88%, respectively, of net revenues for the three months ended June 29, 1996, and July 1, 1995.

Gross profit in 1996 increased to \$42.3 million from \$37.3 million in the same period of 1995. As a percentage of net revenues, gross profit increased 1.7% to 56.0% in 1996 from 54.3% in 1995. The 1.7% increase was attributable to a higher percentage of international sales which have a better gross profit margin than domestic sales and favorable currency impact.

The Company expended \$5.0 million in 1996 on research and development (6.7% of net revenues) and \$4.3 million in the same period of 1995 (6.3% of net revenues).

Selling, general and administrative expenses increased to \$23.1 million in 1996 from \$19.4 million in 1995 and increased as a percentage of net revenues to 30.6% from 28.2%. The increase resulted from increased staffing and related personnel costs in both the domestic and international markets.

Interest expense decreased in 1996 to \$0.4 million from \$0.6 million in the same period of 1995 due to a decreased level of borrowing. Total debt increased \$0.7 million to \$19.2 million as compared to \$18.5 million as of March 30, 1996. Total debt decreased \$15.2 million from a year ago.

The provision for income taxes remained at approximately 35% as a percentage of pretax income. The annualized rate for the full 12 months of fiscal 1997 will be approximately 35%.

Liquidity and Capital Resources

The Company historically has satisfied its cash requirements principally from internally generated cash flow, stock offerings, and bank borrowings. During the three months ended June 29, 1996, the Company utilized \$1.4 million of its' cash flow for operating activities compared to

generating \$7.2 million in cash flow from operating activities for the three months ended July 1, 1995. The Company's need for funds was driven primarily by increases in sales-type leases of \$3.6 million, accounts receivable of \$5.3 million due to higher quarterly sales, and inventory increases of \$2.1 million. Cash flows from an increase in revolving credit agreements totaled \$1.4 million for the three months ended June 29, 1996. During the three months ended June 29, 1996, net cash used for capital expenditures was \$4.2 million related to equipment utilized in the U.S. commercial plasma business and investments in facilities and manufacturing equipment. The Company believes that committed bank lines, combined with internally generated funds, will be sufficient to meet future liquidity and capital needs.

At June 29, 1996, the Company had working capital of \$115.8 million. This reflects an increase of \$3.3 million in working capital as compared with \$112.5 million as of March 30, 1996.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

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

Not applicable.

Item 5. Other Information

Effective May 3, 1996, Ms. Brigid A. Makes was named Chief Financial Officer. Ms. Makes replaces Neal Armstrong, who resigned from the Board of Directors and from his position as Chief Financial Officer in November 1995.

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

- (a). Exhibits None
- (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.

HAEMONETICS CORPORATION

Date: August 6, 1996 By: /s/ JOHN F. WHITE
John F. White, President

Date: August 6, 1996 By: /s/ BRIGID A. MAKES
Brigid A. Makes, Chief Financial Officer,
(Principal Financial Officer)

3-MOS
MAR-29-1997
MAR-31-1996
JUN-29-1996
10,928
0
66,063
1,061
58,331
164,317
164,827
77,057
296,181
48,473
12,319
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290
225,601
296,181
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75,506
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0
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9,422
.34
.34