FORM 10-Q

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: September 30, 2000 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: (781) 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 X No ___

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

25,198,959 shares of Common Stock, $ .01 par value, as of
September 30, 2000

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

	Three Months Ended		Six Months Ended	
	Sept. 30, 2000	Oct. 2, 1999	Sept. 30, 2000	Oct. 2, 1999
Net revenues	$70,570	$68,194	$140,263	$137,316
Cost of goods sold	37,187	36,555	73,461	72,860
Gross profit	33,383	31,639	66,802	64,456
Operating expenses:				
Research and development	4,202	3,782	8,336	7,405
Selling, general and administrative	20,832	20,528	41,788	41,272
In process research and development (note 11)	18,606	-	18,606	-
Other unusual charges relating to acquisition (note 10)	4,174	-	4,613	-
Total operating expenses	47,814	24,310	73,343	48,677
Operating income	(14,431)	7,329	(6,541)	15,779
Interest expense	(848)	(1,052)	(1,869)	(2,067)
Interest income	1,126	1,248	2,308	2,365
Other income, net	779	692	1,546	924
Income (loss) from continuing operations before provision for income taxes	(13,374)	8,217	(4,556)	17,001
Provision for income taxes	1,745	2,629	4,338	5,440
Income (loss) from continuing operations	(15,119)	$ 5,588	(8,894)	$ 11,561
Discontinued operations: (note 8)				
Income (loss) from operations, net of income tax expense of $68 in 1999	-	144	-	144
Net income. (loss)	(15,119)	$ 5,732	(8,894)	$ 11,705
Basic income (loss) per common share				
Continuing operations	$(0.602)	$ 0.213	$ (0.353)	$ 0.436
Discontinued operations	-	0.005	-	0.005
Net income	(0.602)	0.218	(0.353)	0.441
Income (loss) per common share assuming dilution				
Continuing operations	$(0.602)	$ 0.210	$ (0.353)	$ 0.433
Discontinued operations	-	0.005	-	0.005
Net income	(0.602)	0.216	(0.353)	0.438
Weighted average shares outstanding				
Basic	25,133	26,290	25,191	26,546
Diluted	25,133	26,578	25,191	26,730

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

ASSETS	September 30, 2000	April 1, 2000
(note 10)		
Current assets:		
Cash and short term investments	$ 38,617	$ 61,328
Accounts receivable, less allowance of $944 at September 30, 2000 and $1,149 at April 1, 2000	59,849	59,140
Inventories	52,969	59,817
Current investment in sales-type leases, net	6,770	8,036
Deferred tax asset	19,515	16,360
Other prepaid and current assets	3,838	5,237
Total current assets	181,558	209,918
Property, plant and equipment	193,911	185,432
Less accumulated depreciation	111,790	103,824
Net property, plant and equipment	82,121	81,608
Other assets:		
Investment in sales-type leases, net (long term)	7,011	10,775
Distribution rights, net	10,702	11,356
Goodwill, less accumulated amortization of $758 at September 30, 2000 and $662 at April 1, 2000	4,836	1,832
Deferred tax asset	20,806	14,806
Other assets, net	16,105	15,187
Total other assets	59,460	53,956
Total assets	$323,139	$345,482

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable and current maturities of long-term debt	$ 17,763	$ 32,896
Accounts payable	11,078	17,224
Accrued payroll and related costs	10,464	8,456
Accrued income taxes	16,561	15,700
Other accrued liabilities	17,951	14,199
Total current liabilities	73,817	88,475
Deferred income taxes	16,455	10,722
Long-term debt, net of current maturities	41,098	41,306
Other long-term liabilities	2,102	2,164
Stockholders' equity:		
Common stock, $.01 par value; Authorized - 80,000,000 shares; Issued 30,150,821 shares at September 30, 2000; 30,004,811 shares at April 1, 2000	301	300
Additional paid-in capital	76,542	73,662
Retained earnings (note 10)	218,180	227,104
Cumulative translation adjustments	(15,692)	(13,078)
Stockholders' equity before treasury stock.	279,331	287,988
Less: treasury stock 4,951,862 shares at cost at September 30, 2000 and 4,728,762 shares at cost at April 1, 2000	89,664	85,173
Total stockholders' equity	189,667	202,815
Total liabilities and stockholders' equity	$323,139	$345,482

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	Common Stock $'s	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Cumulative Translation Adjustment	Total Stockholders' Equity	Comprehensive Income
Balance, April 1, 2000 Restated	30,005	$300	$73,662	$(85,173)	$227,104	$(13,078)	$202,815	
Employee stock purchase plan	---	---	---	238		---	238	
Exercise of stock options and related tax benefit	146	1	2,880	---	(30)	---	2,851	
Purchase of treasury stock	---	---	---	(4,729)	---	---	(4,729)	
Net loss	---	---	---	---	(8,894)	---	(8,894)	$ (8,894)
Foreign currency translation adjustment	---	---	---	---	---	(2,614)	(2,614)	(2,614)
Comprehensive loss	---	---	---	---	---	---	---	$(11,508)
Balance, September 30, 2000	30,151	$301	$76,542	$(89,664)	$218,180	$(15,692)	$189,667	

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited- in thousands)

	Six Months Ended Sept 30, 2000	Six Months Ended Oct 2, 1999
Cash Flows from Operating Activities:		
Net income (loss)	$ (8,894)	$ 11,705
Less net income from discontinued operations	-	144
Net income (loss) from continuing operations	(8,894)	11,561
Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Depreciation and amortization	11,972	16,200
Deferred tax (expense) benefit	(77)	67
In process research and development	18,606	-
Equity in losses of investment (note 10)	1,353	-
Other unusual non-cash charges	1,282	491
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - net	(1,572)	5,083
Decrease (increase) in inventories	3,672	(2,733)
Decrease in sales-type leases (current)	1,686	1,586
(Increase) decrease in prepaid income taxes	(171)	1,118
(Increase) decrease in other assets	(334)	1,475
Decrease in accounts payable, accrued expenses and other current liabilities	(2,849)	(4,842)
Net cash provided by operating activities, continuing operations	24,674	30,006
Net cash used in operating activities, discontinued operations	0	(4,932)
Net cash provided by operating activities	24,674	25,074
Cash Flows from Investing Activities:		
Capital expenditures on property, plant and equipment, net of retirements and disposals	(6,163)	(13,889)
Acquisition of Transfusion Technologies Corporation, net of cash acquired	(26,572)	-
Net decrease in sales-type leases (long-term)	2,977	2,934
Net cash used in investing activities, continuing operations	(29,758)	(10,955)
Net cash provided by investing activities, discontinued operations	0	3,562
Net cash provided by (used in) investing activities	(29,758)	(7,393)
Cash Flows from Financing Activities:		
Payments on long-term real estate mortgage	-	(77)
Net (decrease) increase in short-term revolving credit agreements	(15,568)	2,509
Net decrease in long-term credit agreements	(235)	(126)
Employee stock purchase plan purchases	208	185
Exercise of stock options and related tax benefit	2,880	400
Purchase of treasury stock	(4,729)	(20,638)
Net cash used in financing activities	(17,444)	(17,747)
Effect of exchange rates on cash and cash equivalents	(183)	(44)
Net decrease in cash and cash equivalents	(22,711)	(110)
Cash and cash equivalents at beginning of period	61,328	56,319
Cash and cash equivalents at end of period	$ 38,617	$ 56,209
Non-cash investing and financing activities:		
Transfers from inventory to fixed assets for placements of Haemonetics equipment	$ 3,149	$ 3,058
Supplemental disclosures of cash flow information:		
Net decrease in cash and cash equivalents,		

discontinued operations	$ 0	$ (1,370)
Net (decrease) increase in cash and cash equivalents, continuing operations	$(22,711)	$ 1,260
Interest paid	$ 1,748	$ 1,858
Income taxes paid	$ 3,354	$ 8,629

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED 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. FISCAL YEAR

The Company's fiscal year ends on the Saturday closest to the last day of March. Both fiscal year 2001 and 2000 include 52 weeks with the second quarter of each fiscal year including 13 weeks.

3. COMPREHENSIVE INCOME

In the first quarter of fiscal year 1999, the Company adopted the provisions of Statement of Financial Accounting Standard (SFAS) NO. 130, "Reporting Comprehensive Income," which established standards for reporting and display of comprehensive income and its components. Comprehensive income is the total of net income and all other non-owner changes in stockholders' equity, which for the Company, is foreign currency translation. At September 30, 2000 and April 1, 2000, the cumulative foreign currency translation adjustment totaled ($15.7) million and ($13.1) million, respectively. For the three and six months ended September 30, 2000, the Comprehensive income (loss) was ($17,549) and ($11,508) respectively.

4. NEW PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," which the Company will be required to adopt by the end of the fourth quarter of fiscal year 2001. SAB 101 provides additional guidance on the accounting for revenue recognition including both broad conceptual discussions, as well as certain industry-specific guidance. The Company is in the process of reviewing SAB 101. Management does not anticipate a required change to its revenue recognition policy resulting from the application of SAB 101.

In June 1998, Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, as amended by FASB Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133-An Amendment of FASB Statement No. 133," and by FASB Statement No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - An Amendment of FASB Statement No. 133," establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The SFAS No. 133 as amended requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Additionally, a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 as amended is effective for fiscal years beginning after June 15, 2000. The impacts of adopting SFAS No. 133 as amended on the Company's financial statements and the timing of adoption of SFAS No. 133 as amended have not been determined. However, it is expected that the derivative financial instruments acquired in connection with the Company's hedging program will qualify for hedge accounting under SFAS No. 133 as amended.

5. FOREIGN CURRENCY

Foreign currency transactions and financial statements are translated into U.S. dollars following the provisions of SFAS No. 52, "Foreign Currency Translation." Accordingly, assets and liabilities of foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at period end. Net revenues and costs and expenses are translated at average rates in effect during the period. The effects of exchange rate changes on the Company's assets and liabilities are included in the cumulative translation adjustment account. Included in other income (expense) in the consolidated statement of operations in for the six months of fiscal year 2001 and fiscal year 2000 are ($225,900) and $169,500 respectively, in foreign currency transaction gains (losses).

The Company enters into forward exchange contracts to hedge certain firm sales commitments by customers that are denominated in foreign currencies. The purpose of the Company's foreign hedging activities is to minimize, for a period of time, the unforeseen impact on the Company's results of operations of fluctuations in foreign exchange rates. The Company also enters into forward contracts that settle within 35 days to hedge certain inter-company receivables denominated in foreign currencies. Actual gains and losses on all forward contracts are recorded in operations, offsetting the gains and losses on the underlying transactions being hedged. These derivative financial instruments are not used for trading purposes. The cash flows related to the gains and losses on these foreign currency hedges are classified in the consolidated statements of cash flows as part of cash flows from operating activities.

At September 30, 2000 and October 2, 1999, the Company had forward exchange contracts, all maturing in less than twelve months, to exchange foreign currencies (major European currencies and Japanese yen) primarily for U.S. dollars, the fair value of which totaled $129,308,000 and $154,558,000, respectively. Of the respective balances, $27,814,000 and $49,271,000 represented contracts related to inter-company receivables that settled within 35 days. The balance of the contracts relate to firm sales commitments. Gross unrealized gains and losses from hedging firm sales commitments, based upon current forward rates, were a $6,381,000 gain at September 30, 2000, and a $2,863,000 gain and a ($10,377,000) loss at October 2, 1999. Deferred gains and losses are recognized in earnings when the transactions being hedged are recognized. Management anticipates that these deferred amounts at September 30, 2000 will be offset by the foreign exchange effect on sales of products to international customers in future periods.

The Company is exposed to credit loss in the event of nonperformance by counter-parties on these foreign exchange contracts. The Company does not anticipate nonperformance by any of these parties.

6. 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:

	Sept. 30, 2000	April 1, 2000
	(in thousands)	
Raw materials	$14,678	$14,081
Work-in-process	5,167	7,199
Finished goods	33,124	38,537
	$52,969	$59,817

7. NET INCOME PER SHARE

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations, as required by SFAS No. 128, "Earnings Per Share." Basic EPS is computed by dividing reported earnings available to stockholders by weighted average shares outstanding. Diluted EPS includes the effect of other common stock equivalents. The Company did not include the effect of Stock options in its calculation of Diluted loss per share for the three and six months ended September 30, 2000 as it was anti-dilutive.

	For the three months ended	
	September 30, 2000	October 2, 1999
Basic EPS		
Net income (loss)	$(15,119)	$ 5,732
Weighted Average Shares	25,133	26,290
Basic income (loss) per share	$ (0.602)	$ .218
Diluted EPS		
Net income(loss)	$(15,119)	$ 5,732
Basic Weighted Average shares	25,133	26,290
Effect of Stock options	-	288
Diluted Weighted Average shares	25,133	26,578
Diluted income (loss) per share	$ (0.602)	$ .216

	For the six months ended	
	September 30, 2000	October 2, 1999
Basic EPS		
Net income(loss)	$ (8,894)	$11,705
Weighted Average Shares	25,191	26,547
Basic income (loss) per share	$ (0.353)	$ .441
Diluted EPS		
Net income(loss)	$ (8,894)	$11,705
Basic Weighted Average shares	25,191	26,547
Effect of Stock options	-	183
Diluted Weighted Average shares	25,191	26,730
Diluted income (loss) per share	$ (0.353)	$ .438

8. DISCONTINUED OPERATIONS

During fiscal year 1999, the Company sold six of its seven regional blood systems for total cash proceeds of $5,325,000. Additionally, on May 2, 1999, the Company sold its one remaining center completing the divestiture of its BBMS business. As of October 2, 1999, the Company completed its accounting for the divestiture with the reversal of the excess reserve of $144,000, net of taxes of $68,000.

The operating results for BBMS have been segregated from the results for the continuing operations and reported as a separate line on the consolidated statements of operations for all periods presented. For the six months ended October 2, 1999, the operating loss for BBMS of $403,000 was charged to the discontinued operations provision established in the fourth quarter of fiscal year 1998.

The operating losses, in thousands, for BBMS are detailed as follows for six months ending:

	October 2, 1999 (in thousands)
Net Revenues	$413
Gross Profit	(24)
Operating expense:	
Research and Development	-
Selling, general and administrative	569
Total operating expenses	569
Operating loss	(593)
Other expense	-
Tax benefit	(190)
Net loss	(403)
Operating loss (net of taxes) charged to reserve	403
Recovery of remaining reserve	144
Reflected on Consolidated Statement of Operations	$144

No interest was allocated for the six months ended October 2, 1999, as all blood centers have been divested effective May 1999. The allocation of corporate interest was calculated based upon the percentage of net assets of BBMS to total domestic assets.

9. SEGMENT INFORMATION

Segment Definition Criteria

The Company manages its business on the basis of one operating segment: the design, manufacture and marketing of automated blood processing systems. Haemonetics chief operating decision-maker uses consolidated results to make operating and strategic decisions. Manufacturing processes, as well as the regulatory environment in which the company operates, are largely the same for all product lines.

Product and Service Segmentation

The Company's principal product offerings include blood bank, surgical and plasma products.

The blood bank products comprise machines and single use disposables that perform "apheresis," the separation of whole blood into its components and subsequent collection of certain components. The device used for blood component therapy is the MCS(r)+, mobile collection system.

Surgical products comprise machines and single use disposables that perform intraoperative autologous transfusion ("IAT") or surgical blood salvage, as it is more commonly known. Surgical blood salvage is a procedure whereby shed blood is cleansed and then returned back to a patient. The devices used to perform this are a full line of Cell Saver(R) autologous blood recovery systems.

Plasma collection products are machines and disposables that, like blood bank, perform apheresis for the separation of whole blood components and subsequent collection of plasma. The device used in automated plasma collection is the PCS(R)2.

Three months ended (in thousands)

September 30, 2000	Blood Bank	Surgical	Plasma	Other	Total
Revenues from external customers	30,092	15,606	21,236	3,636	70,570
October 2, 1999					
Revenues from external customers	28,450	15,124	21,616	3,004	68,194

Six months ended (in thousands)

September 30, 2000	Blood Bank	Surgical	Plasma	Other	Total
Revenues from external customers	59,549	31,578	41,453	7,683	140,263
October 2, 1999					
Revenues from external customers	57,498	30,974	43,300	5,544	137,316

10. ACQUISITION

On September 18, 2000, Haemonetics Corporation, ("Haemonetics") completed the acquisition of Transfusion Technologies Corporation, a Delaware Corporation ("Transfusion") pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated September 4, 2000 among Haemonetics, Transfusion, Transfusion Merger Co., the holders of a majority of outstanding shares of Preferred and Common Stock of Transfusion and certain principals of Transfusion. The acquisition was effected in the form of a merger (the "Merger") of Transfusion Merger Co., a wholly owned subsidiary of Haemonetics, with and into Transfusion. Transfusion was the surviving corporation in the merger.

Transfusion Technologies designs, develops and markets systems for the processing of human blood for transfusion to patients. Its systems are based on centrifuge technology called the Dynamic Disk TM and consist of sterile, single-use disposable sets and computer controlled electromechanical devices that control the blood processing procedure. The systems have applications in both autotransfusion and blood component collection technologies.

The aggregate purchase price, before transaction costs and cash acquired, of approximately $50.1 is comprised of $36.5 million to Transfusion's common and preferred stockholders, and warrant and option holders, and $13.6 million, representing the economic value of Haemonetics' 19.8% preferred stock investment in Transfusion made in November 1999. The cash required to purchase the remaining 80.2% interest in Transfusion, was $26.6, net of cash acquired.

The Transfusion merger was accounted for using the purchase method of accounting for business combinations. Accordingly, the accompanying Consolidated Statement of Operations includes Transfusion Technologies' results of operations commencing on the date of acquisition. The purchase price was allocated to the net assets acquired based on the Company's estimates of fair value at the acquisition date. For certain assets acquired in property, plant and equipment, representing Transfusion's equipment placed at customer locations, net book value was used as a proxy for fair market value. The allocation of the purchase price is still subject to adjustment upon final valuation of certain acquired assets and liabilities. The excess of the purchase price over the fair market value of the net assets acquired has been recorded as goodwill in the amount of $3.1 million. The goodwill is being amortized over 20 years.

The preliminary allocation of the purchase price over the fair market value of the assets acquired is as follows:

Consideration Paid for 80.2%:	$45,318,231
Plus other estimated transaction costs	2,488,743(i)
Total estimated purchase price	47,806,974
Less: estimated fair value of Transfusion' identifiable net assets on September 15, 2000	44,706,706
Total estimated goodwill due to acquisition	3,100,268

(i) Transaction costs primarily include professional fees, costs to close down the Transfusion Technologies' facility and severance costs.

The following unaudited pro forma summary combines the consolidated results of operations of Haemonetics Corporation and Transfusion Technologies as if the acquisition had occurred as of the beginning of the fiscal year presented after giving effect to certain adjustments including adjustments to reflect reductions in depreciation expense, increases in intangible and goodwill amortization expense and lost interest income. This pro forma summary is not necessarily indicative of the results of operations that would have occurred if Haemonetics and Transfusion Technologies had been combined during such periods. Moreover, the pro forma summary is not intended to be indicative of the results of operations to be attained in the future.

	Six Months Ended September 29, 2000	1999
	(in thousands, except per share amounts)	
Net revenues	$141,639	$137,909
Operating income	6,392	8,967
Income from continuing operations	5,551	6,635
Basic and diluted income per common share from continuing operations:		
Basic	$ 0.22	$ 0.26
Diluted	$ 0.22	$ 0.25
Weighted average number of common shares outstanding:		
Basic	25,191	26,547
Diluted	25,738	26,730

Unusual charges expensed as a result of the acquisition of Transfusion Technologies amounted to $4.2 and $4.6 million for the three and six months ended September 30, 2000. Included in the unusual charges were $2.8 million in bonuses paid to key Transfusion executives hired by Haemonetics and severance to employees laid off due to overlaps created by the merger, a $0.5 million write-off of an investment in a technology which the Company decided not to pursue in lieu of the technologies acquired in the merger, and the adjustment required to modify the 19.8% investment of Transfusion by Haemonetics in November of fiscal year 2000 from the cost method to the equity method of accounting as required by generally accepted accounting principles. To effect this change, the historic cost of the 19.8% investment made by Haemonetics' was written down by its 19.8% share of the monthly losses incurred by Transfusion Technologies from November of fiscal year 2000. For fiscal year 2001, the charge to the statement of operations related to this cost to equity adjustment was $0.9 million and $1.3 million, respectively for the three and six months ended September 30, 2000. In addition the Company restated its Investment in Transfusion Technologies on the balance Sheet for losses incurred through April 1, 2000 of $3.6 million. Retained earnings at April 1, 2000 was also reduced by $3.6 million.

11 IN-PROCESS RESEARCH AND DEVELOPMENT

Included in the purchase price allocation for the acquisition of Transfusion Technologies was an aggregate amount of purchased in-process research and development ("IPR&D") of $21.5 million, $2.9 million of which is reflected in the restatement of the third quarter of fiscal year 2000 relative to Haemonetics' original 19.8% investment and $18.6 million of which is reflected in the current period Consolidated Statement of Operations. The values represent purchased in-process technology that had not yet reached technical feasibility and had no alternative future use. Accordingly, the amounts were immediately expensed in the Consolidated Statement of Operations.

An independent valuation was performed to assess and allocate a value to the purchased IPR&D. The value represents the estimated fair market value based on risk-adjusted future cash flows generated by the products employing the in-process projects over a ten-year period. Estimated future after-tax cash flows for each product were based on Transfusion Technologies' and Haemonetics' estimates of revenue, operating expenses, income taxes, and charges for the use of contributory assets. Additionally, these cash flows were adjusted to compensate for the existence of any core technology and development efforts that were to be completed post-acquisition.

Revenues were estimated based on relevant market size and growth factors, expected industry trends, individual product sales cycles, and the estimated life of each product's underlying technology. Estimated operating expenses include cost of goods sold, selling, general and administrative, and research and development ("R&D") expenses. The estimated R&D expenses include only those costs needed to maintain the products once they have been introduced into the market. Operating expense estimates were consistent with expense levels for similar products.

The discount rates used to present-value the projected cash flows were based on a weighted average cost of capital relative to Transfusion Technologies and its industry adjusted for the product-specific risk associated with the purchased IPR&D projects. Product-specific risk includes such factors as: the stage of completion of each project, the complexity of the development work completed to date, the likelihood of achieving technological feasibility, and market acceptance.

The forecast data employed in the valuation were based upon projections created by Transfusion Technologies' management and Haemonetics management's estimate of the future performance of the business. The inputs used in valuing the purchased IPR&D were based on assumptions that management believes to be reasonable but which are inherently uncertain and unpredictable. These assumptions may be incomplete or inaccurate, and no assurance can be given that unanticipated events or circumstances will not occur. Accordingly, actual results may vary from the forecasted results. While management believes that all of the development projects will be successfully completed, failure of any of these projects to achieve technological feasibility, and/or any variance from forecasted results, may result in a material adverse effect on Haemonetics' financial condition and results of operations.

A brief description of the IPR&D projects related to the acquisition of Transfusion Technologies, including their estimated stage of completion and associated discount rates, is outlined below.

Chairside Separator ("CSS"). The CSS is a portable, automated device used for the donor-side collection and processing of a single unit of whole blood into a unit of red cell concentrate and plasma. The system is designed for use in a blood center, hospital, or mobile blood drive location and can be powered either through a standard AC outlet or by DC battery packs. Haemonetics estimates that the project was 95 percent completed at the time of acquisition and product sales would commence by the fourth quarter 2001. The IPR&D value assigned to the CSS was $17.6 million. A discount rate of 33 percent was employed in the analysis.

Red Cell Collector ("RCC"). The RCC is a portable, automated device used for the collection and processing of two units of red blood cells from donors. The system collects and automatically anticoagulates the whole blood while separating it into red blood cells and plasma. The plasma and 500ml of saline is then re-infused back to the donor. The system is designed for use in a blood center, hospital, or mobile blood drive location and can be powered either through a standard AC outlet of by DC battery packs. Haemonetics estimates that the project was 65 percent completed at the time of acquisition and product sales would commence by the second quarter 2003. The IPR&D value assigned to the RCC was $3.9 million. A discount rate of 33 percent was employed in the analysis.

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

RESULTS OF CONTINUING OPERATIONS

The table outlines the components of the consolidated statements of income for continuing operations as a percentage of net revenues:

	Percentage of Net Revenues Three Months Ended		Percentage Inc(Dec) Three Months Ended
	Sept 1, 2000	Oct 2, 1999	2000/1999
Net revenues	100.0 %	100.0%	3.5 %
Cost of goods sold	52.7	53.6	1.7
Gross Profit	47.3	46.4	5.5
Operating Expenses:			
Research and development	6.0	5.5	11.1
Selling, general and administrative	29.5	30.1	1.5
In process research and development	26.3	-	100.0
Other Unusual charges relating to acquisition	5.9	-	100.0
Total operating expenses	67.7	35.6	96.7
Operating income	(20.4)	10.8	(296.9)
Interest expense	(1.2)	(1.5)	(19.4)
Interest income	1.6	1.8	(9.8)
Other income, net	1.0	1.0	12.6
Income from continuing operations before provision for income taxes	(19.0)	12.1	(262.8)
Provision for income taxes	2.4	3.9	(33.6)
Earnings from continuing operations	(21.4)%	8.2%	(370.6)%

Three Months Ended September 30, 2000 Compared to Three Months Ended October 2 , 1999

			Percent Increase / (Decrease)	
By geography:	2000	1999	Actual dollars as reported	At constant currency
United States	$22,160	$22,026	0.6	0.6
International	48,410	46,168	4.9	2.3
Net revenues	$70,570	$68,194	3.5	1.7

			Percent Increase / (Decrease)	
By product type:	2000	1999	Actual dollars as reported	At constant currency
Disposables	$64,290	$61,985	3.7	1.5
Misc & service	3,636	3,003	21.1	31.0
Equipment	2,644	3,206	(17.5)	(19.1)
Net revenues	$70,570	$68,194	3.5	1.7

Disposables by product line:	2000	1999	Percent Increase / (Decrease) Actual dollars as reported	At constant currency
Surgical	$14,208	$13,649	4.1	5.4
Blood bank*	28,970	26,828	8.0	5.1
Plasma	21,112	21,508	(1.8)	(4.7)
Disposable revenues	$64,290	$61,985	3.7	1.5

* Includes red cell disposables

Three months ended September 30, 2000 compared to three months ended October 2, 1999

Net Revenues

Net revenues in 2000 increased 3.5% to $70.6 million from $68.2 million in 1999. With currency rates held constant, net revenues increased 1.7 % from 1999 to 2000.

Disposable sales increased approximately 3.7% year over year at actual rates. With currency rates held constant, disposable sales increased 1.5%. The 1.5% increase at constant currency was a result of growth in both worldwide surgical, 5.4%, and worldwide blood bank, 5.1%, offset by a decrease in worldwide plasma, 4.7%. More specifically, the growth in the worldwide surgical business is mainly attributed to volume increase and the mix effect of products sold in the US, Asia and Japan markets. The Company views the increasing prices of red cells around the world, and the favorable autotransfusion economics its Surgical product offerings deliver, as factors contributing to the volume increases. The increase in the worldwide blood bank revenues is attributed to volume increases and the mix effect from the introduction of new disposable products in the Europe and Asia markets. Sales of red cell disposables, which are included in the blood bank revenues, increased 34% at constant currency over last year. The increase in red cell sales was attributable to volume increases in both the US and Europe as the rollout of this new technology in these markets continues to gain strength. The decrease in the Plasma sales was attributable most significantly to volume decreases due to reduced demand resulting from various market factors.

Constant currency sales of disposable products, excluding service and other miscellaneous revenue, accounted for approximately 91% of net revenues for both 2000 and 1999.

Service generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and miscellaneous revenues accounted for approximately 5.3% and 4.1 % of the Company's net revenues, at constant currency, for 2000 and 1999, respectively.

Equipment revenues decreased approximately 17.5 % from $3.2 million in 1999. With currency rates held constant, equipment revenues decreased 19.1% from 1999 to 2000. The 19.1% decrease was a result of decreased equipment revenues in the blood bank and surgical product lines, mainly in Europe and the US. The decrease in revenue recognized on equipment shipments represents a continuing trend of customer preference for, and the Company's policy of, moving toward placing on loan Company-owned equipment versus selling it under long-term sales-type leases. Reasons for customer preference vary significantly but included the customers' preference to be relieved from certain risks of ownership, particularly the equipment's economic useful life and technological feasibility. From the Company's point of view, placing company owned equipment versus selling it, allows the Company to better track the location and the utilization of the equipment.

International sales as reported accounted for approximately 68.6% and 67.7% of net revenues for 2000 and 1999, respectively. As in the US, the sales outside the US are susceptible to risks and uncertainties from regulatory changes, the Company's ability to forecast product demand and market acceptance of the Company's products, changes in economic conditions, the impact of competitive products and pricing and changes in health care policy.

Gross profit

Gross profit of $33.4 million in 2000 increased $1.8 million or 0.9 as a percent of sales from $31.6 million in 1999. At constant currency, gross profit as a percent of sales decreased by 1.1% and decreased in dollars by $0.2 million from 1999 to 2000. The $0.2 million gross profit decrease from 1999 was a result of improvements in gross profit from higher sales being offset by increases in manufacturing variances such as further reductions in inventory. Offsetting the increased manufacturing variances were cost savings of approximately $0.7 million from the Company's Customer Oriented Redesign for Excellence ("CORE") Program. In 1998, the Company initiated the CORE Program to increase operational effectiveness and improve all aspects of customer service. The CORE Program is based on Total Quality of Management, ("TQM"), principals, and the Program aims to increase the efficiency and the quality of, processes and products, and to improve the quality of management at Haemonetics. The $0.7 million in CORE savings in the second quarter resulted from savings in material and labor costs as a result of redesigning the way products are made and by negotiating lower material prices with vendors.

Expenses

The Company expended $4.2 million (6.0% of net revenues) on research and development in 2000 and $3.8 million (5.5% of net revenues) in 1999. At constant currency rates, research and development as a percent of sales increased by 0.6% and increased in dollars by $0.5 million from 1999 to 2000. The increase in research and development was a result of the Company's objective to reinvest available funds into new product development in order to fuel future top line growth.

Selling, general and administrative expenses increased $0.3 million from $20.5 million in 1999. At constant currency, selling, general and administrative expenses increased $0.5 million from 1999 to 2000 and increased 0.3% as a percent of sales from 1999 to 2000. The CORE Program contributed approximately $0.2 million to reductions in distribution related selling, general and administrative expenses. More specifically, the distribution savings were generated by lowering freight costs with the move of the Company's European distribution center from the Netherlands to Germany, by renegotiating lower freight rates with vendors and by increasing local sourcing of raw materials abroad.

In Process Research and Development (IPR&D) and Other Unusual charges Relating to the Acquisition

Acquisition of Transfusion Technologies Corporation

On September 15, 2000, the Company completed the acquisition of Transfusion Technologies Corporation, a Delaware Corporation ("Transfusion") pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated September 4, 2000 among Haemonetics, Transfusion, Transfusion Merger Co., the holders of a majority of outstanding shares of Preferred and Common Stock of Transfusion and certain principals of Transfusion. The acquisition was effected in the form of a merger (the "Merger") of Transfusion Merger Co., a wholly owned subsidiary of Haemonetics, with and into Transfusion. Transfusion was the surviving corporation in the merger.

a) In Process Research and Development (IPR&D)

The Company incurred a charge in the second quarter of fiscal 2001 related to the acquisition of Transfusion Technologies Corporation of $18.6 million representing the value of the research and development projects that were in process, that had not yet reached technical feasibility and had no alternative future use at the time of the acquisition. Accordingly, the amounts were immediately expensed in the Consolidated Statement of Operations. (See footnotes #10 and #11 for a further description of the acquisition and an explanation as to how the IPR&D was valued.)

b) Other Unusual Charges Relating to the Acquisition

Unusual charges expensed in Q2 of fiscal year 2001, as a result of the acquisition of Transfusion Technologies amounted to $4.2 million which included $2.8 million in bonuses paid to key Transfusion Executives hired by Haemonetics and severance to employees laid off due to overlaps created by the merger, a $0.5 million write-off of an investment in a technology which Haemonetics decided not to pursue in lieu of the technologies acquired in the merger, and the adjustment required to modify the 19.8% investment of Transfusion by Haemonetics in November of fiscal year 2000 from the cost method to the equity method of accounting as required by generally accepted accounting principles. To effect this change, the historic cost of the 19.8% investment made by Haemonetics' was written down by its 19.8% share of the monthly losses incurred by Transfusion Technologies from November of fiscal year 2000. For fiscal year 2001, the charge to the statement of operations related to this cost to equity adjustment was $0.9 million for the three months ended September 30, 2000.

Operating Income

Operating income, as a percentage of net revenues, decreased 31.2 percentage points to (20.4)% in 2000 from 10.8% in 1999. At constant currency, operating income, as a percent of sales, decreased 31.8% from 1999 or $23.9 million. The $23.9 million decrease in operating income resulted largely from the $22.8 million in combined IPR&D and other unusual charges incurred as a result of the Company's acquisition Transfusion Technologies as well as $1.1 million in combined increases in operating expenses and slightly lower gross profit.

Other Income and Expense

Interest expense decreased $0.2 million from 1999 to 2000 due to a reduction in the average outstanding borrowings and lower interest rates. Interest income decreased $0.1 million from 1999 to 2000. Other income net increased $0.1 million due to increases in income earned from points on forward contracts, which was partially offset by an increase in amortization expense related to investments and the Company's acquisition of Transfusion Technologies, and increases in foreign exchange transaction losses. Points on forward contracts are amounts, either paid or earned, based on the interest rate differential between two foreign currencies in a forward hedge contract.

Taxes

The provision for income taxes, as a percentage of pretax income, was 32.0% in the second quarter of fiscal year 2000 and 28.0% in the second quarter of fiscal year 2001 before the effect of the Transfusion Technologies acquisition. The Company anticipates the provision rate applied to the Company before the effect of the Transfusion Technologies acquisition to remain at 28% for fiscal year 2001. Contributing to the decrease in the tax rates from 32% to 28% was an increase in export benefits from the Company's Foreign Sales Corporation, benefits associated with the repatriation of funds as well as the geographic mix of income.

Six Months Ended September 30, 2000 Compared to
Six Months Ended October 2, 1999

	Percentage of Net Revenues Six Months Ended		Percentage Incr/(decr) Six Months Ended
	Sept 30, 2000	Oct 2, 1999	2000/99
Net revenues	100.0 %	100.0%	2.1 %
Cost of goods sold	52.4	53.1	0.8
Gross Profit	47.6	46.9	3.6
Operating Expenses:			
Research and development	5.9	5.4	12.6
Selling, general and administrative	29.8	30.0	1.3
In process research and development	13.3	-	-
Other unusual items	3.3	-	-
Total operating expenses	52.3	35.4	50.7
Operating income	(4.7)	11.5	(141.5)
Interest expense	(1.3)	(1.5)	(9.6)
Interest income	1.7	1.7	(2.4)
Other income	1.1	0.7	67.3
Income from continuing operations before provision for income taxes	(3.2)	12.4	(126.8)
Provision for income taxes	3.1	4.0	(20.3)
Earnings from continuing operations	(6.3)%	8.4%	(177.0)%

Six Months Ended September 30, 2000 Compared to
Six Months Ended October 2, 1999

By geography:	2000	1999	Percent Increase / (Decrease) Actual dollars as reported	At constant currency
United States	$ 44,308	$ 44,546	(0.5)	(0.5)
International	95,955	92,770	3.4	1.2
Net revenues	$140,263	$137,316	2.1	0.7

By product type:	2000	1999	Percent Increase / (Decrease) Actual dollars as reported	At constant currency
Disposables	$126,911	$124,099	2.3	0.4
Misc & service	7,683	5,544	38.6	46.5
Equipment	5,669	7,673	(26.1)	(26.3)
Net revenues	$140,263	$137,316	2.1	0.7

Disposables by product line:	2000	1999	Percent Increase / (Decrease) Actual dollars as reported	At constant currency
Surgical	$ 29,058	$ 28,213	3.0	4.0
Blood bank*	56,637	53,873	5.1	2.4
Plasma	41,216	42,013	(1.9)	(4.2)
Disposable revenues	$126,911	$124,099	2.3	0.4

* Includes red cell disposables

Net Revenues

Net revenues in 2000 increased 2.1% to $140.3 million from $137.3 million in 1999. With currency rates held constant, net revenues increased 0.7% from 1999 to 2000.

Disposable sales increased approximately 2.3% year over year at actual rates. With currency rates held constant, disposable sales increased 0.4%. The 0.4% increase was a result of growth in worldwide surgical, 4.0%, and worldwide blood bank, 2.4%, markets offset by a decrease in worldwide plasma sales of 4.2%. More specifically, the growth in the worldwide surgical business is mainly attributed to volume increase and the mix effect of products sold in the US, Asia and Japan markets. The Company views the increasing prices of red cells around the world, and the favorable autotransfusion economics its Surgical product offerings deliver, as factors contributing to the volume increases. The increase in the worldwide blood bank sales is attributed to volume increases and the mix effect from the introduction of new products in the Europe, Asia and US blood bank markets. Sales of red cell disposables, which are included in the blood bank revenues, increased 26% at constant currency over last year. The increase in red cell sales was attributable to volume increases in both the US and Europe as the rollout of this new technology in these markets continues to gain strength. Demand decreases in the US, Europe, Japan and Asia accounted for the decrease in the worldwide plasma sales and resulted from a combination of market factors including a lack of available donors in the US.

Constant currency sales of disposable products, excluding service and other miscellaneous revenue, accounted for approximately 90% and 91% of net revenues for 2000 and 1999, respectively.

Service generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and miscellaneous revenues accounted for approximately 5.6% and 3.9% of the Company's net revenues, at constant currency, for 2000 and 1999, respectively.

Equipment revenues decreased approximately 26.1% from $7.7 million in 1999 at actual rates and 26.3% with currency rates held constant. The 26.3% decrease was a result of lower equipment revenues in the blood bank, surgical and plasma product lines, in all geographies, but particularly in Asia due to a large non-recurring equipment sale in the prior year. The overall decrease in revenue recognized on equipment shipments represents a continuing trend of customer preference for, and the Company's policy of, moving toward placing on loan Company-owned equipment versus selling it under long-term sales-type leases. Reasons for customer preference vary significantly but included the customers' preference to be relieved from certain risks of ownership, particularly the equipment's economic useful life and technological feasibility. From the Company's point of view, placing company owned equipment versus selling it, allows the Company to better track the location and the utilization of the equipment.

International sales as reported accounted for approximately 68.4% and 67.6% of net revenues for 2000 and 1999, respectively. As in the US, the sales outside the US are susceptible to risks and uncertainties from regulatory changes, the Company's ability to forecast product demand and market acceptance of the Company's products, changes in economic conditions, the impact of competitive products and pricing and changes in health care policy.

Gross profit

Gross profit of $66.8 million in 2000 increased $2.3 million from $64.5 million in 1999. With currency rates held constant, gross profit as a percent of sales decreased by 0.6% and decreased in dollars by $0.3 million from 1999 to 2000. The $0.3 million gross profit decrease from 1999 was a result of improvements in gross profit from higher sales being offset by increases in manufacturing variances from further reductions in inventory. Offsetting the increased manufacturing variances were cost savings of approximately $1.5 million from the Company's CORE Program. The $1.5 million in savings for the six months ended September 30, 2000, resulted primarily from savings in material costs as a result of redesigning the way products are made to use less material and by negotiating lower material prices with vendors.

Expenses

The Company expended $8.3 million (5.9% of net revenues) on research and development in 2000 and $7.4 million (5.4% of net revenues) in 1999. With currency rates held constant, research and development as a percent of sales increased by 0.7% and increased $1.0 million in dollars from 1999 to 2000. The increase in research and development spending is a result of the Company reinvesting available funds into new product development in order to fuel future top line growth.

Selling, general and administrative expenses increased $0.5 million from $41.3 million in 1999. At constant currency rates, selling, general and administrative expenses increased $0.7 million from 1999 to 2000 and increased 0.3% as a percent of sales from 1999 to 2000. The CORE Program contributed approximately $0.3 million due to reductions in distribution related selling, general and administrative expenses. More specifically, the distribution savings were generated by lowering freight costs with the move of Company's European distribution center from the Netherlands to Germany.

In Process Research and Development (IPR&D) and Other Unusual charges Relating to the Acquisition

a) In Process Research and Development (IPR&D)

As previously discussed, the Company incurred a charge in the second quarter of fiscal 2001 related to the acquisition of Transfusion Technologies Corporation of $18.6 million representing the value of the research and development projects that were in process, that had not yet reached technical feasibility and had no alternative future use at the time of the acquisition. Accordingly, the amounts were immediately expensed in the Consolidated Statement of Operations. (See footnotes #10 and #11 for a further description of the acquisition and an explanation as to how the IPR&D was valued.)

b) Other Unusual Charges Relating to the Acquisition

Unusual charges expensed in Q2 of fiscal year 2001, as a result of the acquisition of Transfusion Technologies amounted to $4.2 million and included $2.8 million in bonuses paid to key Transfusion Executives hired by Haemonetics and severance to employees laid off due to overlaps created by the merger, a $0.5 million write-off of an investment in fluid warming technology which Haemonetics decided not to pursue in lieu of the technologies acquired in the merger, and the adjustment required to modify the 19.8% investment of Transfusion by Haemonetics in November of fiscal year 2000 from the cost method to the equity method of accounting as required by generally accepted accounting principles. To effect this change, the historic cost of the 19.8% investment made by Haemonetics' was written down by its 19.8% share of the monthly losses incurred by Transfusion Technologies from November of fiscal year 2000. For fiscal year 2001, the charge to the statement of operations related to this cost to equity adjustment was $1.3 million for the six months ended September 30, 2000.

Operating Income

Operating income, as a percentage of net revenues, decreased 16.2 percentage points to (4.7)% in 2000 from 11.5% in 1999. At constant currency rates, operating income, as a percent of sales, decreased 18.0% from 1999 or $25.1 million. The $25.1 million decrease in operating income resulted largely from the $23.2 million in combined IPR&D and other unusual items from the Transfusion Technologies acquisition as well as $2.0 million in combined increases in operating expenses and slightly lower gross profit results.

Foreign Exchange

Greater than two-thirds of the Company's revenues are generated outside the U.S. in foreign currencies. As such, the Company uses a combination of business and financial tools comprised of various natural hedges, (offsetting exposures from local production costs and operating expenses), and forward contracts to hedge its balance sheet and P&L exposures. Hedging through the use of forward contracts does not eliminate the volatility of foreign exchange rates, but because the Company generally enters into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation.

The Company computes a composite rate index for purposes of measuring, comparatively, the change in foreign currency hedge spot rates from the hedge spot rates of the corresponding period in the prior year. The relative value of currencies in the index corresponds to the value of sales in those currencies. The composite was set at 1.00 based upon the weighted rates at March 31, 1997.

For fiscal year 2000 and 2001, the indexed hedge rates were 3.9% less favorable and 9.1% more favorable than the respective prior years. For the first and second quarters of fiscal 2001, the indexed hedge spot rates appreciated 5.4% and 8.2%, respectively and for the first and second quarters of fiscal 2002, the indexed hedge spot rates appreciated 5.2% and 3.3%, respectively over the corresponding quarters of the preceding years. These indexed hedge rates represent the change in spot value (value on the day the hedge contract is undertaken) of the Haemonetics specific hedge rate index. These indexed hedge rates impact sales, cost of sales and SG&A in the Company's financial statements.

The final impact of currency fluctuations on the results of operations is dependent on the local currency amounts hedged and the actual local currency results.

			Composite Index Hedge Spot Rates	Favorable / (Unfavorable) Change vs Prior Year
FY1999		Q1	0.98	(9.4%)
		Q2	1.06	(13.4%)
		Q3	1.03	(5.9%)
		Q4	1.05	(7.4%)
1999	Total		1.03	(9.1%)
FY2000		Q1	1.10	(10.8%)
		Q2	1.09	(2.8%)
		Q3	1.04	(0.6%)
		Q4	1.07	(1.0%)
2000	Total		1.07	(3.9%)
FY2001		Q1	1.04	5.4%
		Q2	1.00	8.2%
		Q3	0.92	12.9%
		Q4	0.97	10.3%
2001	Total		0.98	9.1%
FY2002		Q1	0.99	5.2%
		Q2	0.97	3.3%

Other Income and Expense

Interest expense decreased $0.2 million from 2000 to 1999 due to a reduction in the average outstanding borrowings and lower interest rates. Interest income was relatively unchanged 1999 to 2000. Other income net increased $0.6 million due to increases in income earned from points on forward contracts, which was partially offset by an increase in amortization expense related to investments and the Company's acquisition of Transfusion Technologies. Points on forward contracts are amounts, either paid or earned, based on the interest rate differential between two foreign currencies in a forward hedge contract.

Taxes

The provision for income taxes, as a percentage of pretax income, was 32.0% during the first six months of fiscal year 2000 and 28.0% during the first six months of fiscal year 2001 before the effect of the Transfusion Technologies acquisition. The Company anticipates the provision rate applied to the Company before the effect of the Transfusion Technologies acquisition to remain at 28% for fiscal year 2001. Contributing to the decrease in the tax rates from 32% to 28% was an increase in export benefits from the Company's Foreign Sales Corporation, benefits associated with the repatriation of funds as well as the geographic mix of income.

RESULTS OF DISCONTINUED OPERATIONS (BLOOD BANK MANAGEMENT SERVICES, "BBMS")

Accounting for the divestiture of all BBMS centers effective May 1999, was completed during the second quarter of 1999 with the recovery of the excess reserve amounting to $144,000 (net of $68,000 of taxes).

LIQUIDITY AND CAPITAL RESOURCES

The Company has satisfied its cash requirements principally from internally generated cash flow and borrowings. The Company's need for funds is derived primarily from capital expenditures, acquisitions, new business development and working capital.

During the six months ended September 30, 2000, the Company decreased its cash balances, before the effect of exchange rates, by $22.5 million from operating, investing and financing activities which represents an increase in cash utilization of $22.4 million from the $0.1 million utilized in the Company's operating, investing and financing activities during the six months ended October 2, 1999. The increase in cash utilization was largely a result of the $26.6 million spent to acquire Transfusion Technologies.

Operating Activities:

The Company generated $24.7 million in cash from operating activities of continuing operations in 2000 as compared to $30.0 million generated during 1999. The $5.3 million decrease in operating cash flow generated from continuing operations from 1999 to 2000 was a result of a decrease of $4.1 in net income adjusted for non cash items and $1.2 million in additional funds utilized by various working capital activities. Specifically, the $1.2 million in additional funds utilized by working capital activities resulted from cash generated from targeted reductions in inventory levels, and increases in accounts payable, accrued expenses and other current liabilities as a result of accruals booked as part of the Transfusion Technologies acquisition, offset primarily by increases in accounts receivable due to timing and mix of domestic sales booked during the six months ended September 30, 2000.

The Company measures its performance using an operating cash flow metric defined as net income adjusted for depreciation, amortization and other non-cash items; capital expenditures for property, plant and equipment together with the investment in Haemonetics equipment at customer sites, including sales-type leases; and the change in operating working capital, including change in accounts receivable, inventory, accounts payable and accrued expenses, excluding tax accounts and the effects of currency translation. This alternative measure of operating cash flows is a non-GAAP measure that may not be comparable to similarly titled measures reported by other companies. It is intended to assist readers of the report who employ "free cash flow" and similar measures that do not include tax assets and liabilities, equity investments and other sources and uses that are outside the day-to-day activities of a Company.

As measured by the Company's operating cash flow metric, the company generated $25.5 million and $24.3 million of operating cash during the six months ended September 30, 2000 and the six months ended October 2, 1999, respectively. The $25.5 million of operating cash generated for the six months ended September 30, 2000 was calculated excluding the $26.6 of cash spent to acquire Transfusion Technologies. The $25.5 of cash flow resulted from $14.3 million of net income adjusted for non-cash items, $9.2 million from the reduction of the Company's net investment in property plant and equipment and sales-type leases, and from a $2.0 million lower working capital investment, due mainly to lower inventories. Non-cash transfers from inventory to property, plant and equipment have been excluded for purposes of this calculation and amounted to approximately $3.1 million in the six-month periods for both 2000 and 1999. The $24.3 million of operating cash generated for the six months ended October 2, 1999 resulted from $13.1 million of net income adjusted for non-cash items and $7.6 million from the reduction of the Company's net investment in property plant and equipment and sales-type leases, and a $3.6 million in lower working capital investment, due mainly to lower accounts receivable.

During 1999, the Company's discontinued operations utilized $4.9 million in operating cash flows stemming from working capital changes.

Investing Activities

The Company utilized $29.8 million in cash for investing activities from continuing operations in 2000, an increase of $18.8 million from 1999. In 2000, the Company acquired Transfusion Technologies utilizing $26.6 million of cash. This cash utilization was partially offset by a decrease in capital expenditures for 2000 of $7.7, net of retirements and disposals.

The Company estimates that the cash and non-cash costs of restructuring, integrating and consolidating the operations of Haemonetics Corporation and Transfusion Technologies over the next 6 months to be approximately $1.5 million, net of tax of $0.6 million, which will be charged to income as incurred. Further, the Company expects the cash outlays to be financed by internally generated cash flows.

During 1999, the Company's discontinued operations provided $3.6 million in operating cash flows as a result of the sale of capital assets relative to the dissolution of the discontinued operations.

Financing Activities:

During the six months ended September 30, 2000, the Company's utilized $0.3 less cash as a result of its financing activities than during 1999. The Company paid the remaining $8.0 million balance on its Braintree headquarter real estate mortgage and $7.0 million in Japanese short-term debt. This $15.0 million debt reduction represented an $18.0 million increase in cash utilization for debt pay down as compared to 1999. This increase use of cash was partially offset by the fact that the Company repurchased fewer shares for its treasury during 2000 as compared to 1999, representing $15.9 million.

At September 30, 2000, the Company had working capital of $107.7 million. This reflects a decrease of $13.7 million in working capital for the six months ended September 30, 2000. The Company has received a commitment for a $10.0 million mortgage to be secured by the company owned headquarters and manufacturing facility in Braintree Massachusetts. The Company expects the transaction to close during the third quarter of fiscal year 2001. The funds received from this transaction will be used for general corporate purposes. The Company believes all its anticipated sources of cash are adequate to meet its projected needs.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," which the Company will be required to adopt in the fourth quarter of fiscal year 2001. SAB 101 provides additional guidance on the accounting for revenue recognition including both broad conceptual discussions, as well as certain industry-specific guidance. The Company is in the process of reviewing SAB 101. Management does not anticipate a required change to its revenue recognition policy resulting from the application of SAB 101.

In June 1998, Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, as amended by FASB Statement No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133-An Amendment of FASB Statement No. 133," and by FASB Statement No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - An Amendment of FASB Statement No. 133." establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The SFAS No. 133 as amended requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Additionally, a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 as amended is effective for fiscal years beginning after June 15, 2000. The impacts of adopting SFAS No. 133 as amended on the Company's financial statements and the timing of adoption of SFAS No. 133 as amended have not been determined. However, it is expected that the derivative financial instruments acquired in connection with the Company's hedging program will qualify for hedge accounting under SFAS No. 133 as amended.

Cautionary Statement Regarding Forward-Looking Information

Statements contained in this report, as well as oral statements made by the Company that are prefaced with the words "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend," "designed" and similar expressions, are intended to identify forward looking statements regarding events, conditions and financial trends that may affect the Company's future plans of operations, business strategy, results of operations and financial position. These statements are based on the Company's current expectations and estimates as to prospective events and circumstances about which the Company can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or unanticipated. Such risks and uncertainties include technological advances in the medical field and the Company's ability to successfully implement products that incorporate such advances, product demand and market acceptance of the Company's products, regulatory uncertainties, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates, changes in customers' ordering patterns, the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which the Company operates.

EURO CURRENCY

Effective January 1, 1999, 11 of the 15 countries in the European Union (Austria, Belgium, Finland, France, Germany, Holland, Ireland, Italy, Luxembourg, Portugal and Spain) adopted a single currency known as the Euro. For the three years following January 1, 1999, these countries will be allowed to transact business in both the Euro and in their own currencies at fixed exchange rates. Beginning on July 1, 2002, the Euro will become the only currency for these 11 countries.

Operations in Europe

The introduction of the Euro may have a significant impact on the Company's operations. The Company has 10 subsidiaries located throughout Europe, that generate one-third of its sales.

State of Readiness

The Company has formed a Euro Steering Committee (the "Committee") to address all issues related to the Euro. This Committee is now preparing a detailed action plan which will cover all areas of concern including information systems, finance, tax, treasury, legal, marketing and human resources.

As a part of the detailed action plan, a comprehensive questionnaire was distributed to all of the Company's European subsidiaries to gain a better understanding of the impact of the Euro currency in each location. Currently, the responses to the questionnaires are being analyzed and specific action plans are being developed for each subsidiary.

Date of conversion

The target date for conversion of the Company's local and corporate information systems to the Euro is April 1, 2001, which is the first day of the Company's fiscal year 2002.

Business activities

The introduction of the Euro will likely result in greater transparency of pricing throughout Europe and make price comparison easier between countries. It is anticipated that these changes will have little impact on Haemonetics in the short-term but could result in some long-term price harmonization. The Company's products are heavily regulated by organizations specific to each country and as a result, transactions between countries are infrequent.

Information systems

The Company is continuing a thorough review of the impact of the Euro conversion on its information systems. The Company realizes it will create technical challenges to adapt information technology and other systems to accommodate Euro-denominated transactions. The Committee is in the process of identifying all systems and determining their state of Euro readiness. The cost of adapting these systems is not yet known, but the Company does not believe it to be significant. All local transactional systems are planned to be tested by Q3 FY01.

Accounting, Finance & Treasury

At the point the Company adopts the Euro, it expects to experience the benefits of simplified hedging, banking and financial transaction systems.

The Corporate local currency bank accounts have been consolidated to a single Euro account. Each subsidiary will maintain bank accounts, which are capable of processing transactions in both the local currency and the Euro. The transactions between the local currency accounts and Euro accounts throughout Europe do not result in any additional expense for the company.

Tax

It is expected that some of the European countries will allow costs related to the introduction of the Euro to be fully deductible. Additionally, it is anticipated that most countries will allow tax relief by means of a one-time depreciation or amortization charge related to assets utilized in the Euro conversion.

Legal

The EU has adopted regulations precluding a party from using the Euro conversion as the reason for breaching or changing its contractual obligations, unless the other parties to the contract are in agreement. The Company is now in the process of identifying any contracts between the Company and parties outside the USA, which fall under these regulations. At this point, the Company is not aware of substantial risk related to such contracts.

The conversion to Euro on April 2, 2001 will result in the conversion of the share capital of the 6 subsidiaries within the European Monetary Union (EMU). The Committee has concluded that if the converted share capital results in uneven amounts, they will be rounded by increasing or decreasing the share capital.

The Committee has identified the new amounts of the share capital per the requested minimum capital requirements issued by the EU. The Committee is currently in the process of coordinating all activities related to these changes such as meetings of the subsidiary board of directors, shareholder meetings, changes in by-laws and defining the appropriate accounting transactions. The Company anticipates that all required changes will be completed during the second and third quarters of fiscal year 2001. The Company does not anticipate material exposure resulting from the share capital conversion.

Human Resources

The Committee has decided not to rewrite the existing employee contracts in subsidiaries located in the EMU, but rather, to give a letter to each employee which will form an integrated part of the existing employee contract. This letter will indicate the salary amount in Euro, as well as provide general information about the Euro. The effective date of this letter will be April 2, 2001.

A Euro contact person responsible for organizing regular employee updates and for communicating the company-wide progress of the Euro implementation has been identified at each European subsidiary.

Costs

Although the total cost of the Euro conversion has not yet been quantified, the Company does not believe that the total cost will be significant or have a material impact on its business, results of operations, financial position or cash flows.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposures relative to market risk are due to foreign exchange risk and interest rate risk.

Foreign exchange risk

Over two-thirds of the Company's revenues are generated outside the U.S. yet the Company's reporting currency is the U.S. dollar. Foreign exchange risk arises because the Company engages in business in foreign countries in local currency. Exposure is partially mitigated by producing and sourcing product in local currency. Accordingly, whenever the US dollar strengthens relative to the other major currencies, there is an adverse affect on the Company's results of operations and alternatively, whenever the U.S. dollar weakens relative to the other major currencies, there is a positive effect on the Company's results of operations.

It is the Company's policy to minimize for a period of time, the unforeseen impact on its results of operations of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge the majority of its firm sales commitments to customers that are denominated in foreign currencies. The Company also enters into forward contracts that settle within 35 days to hedge certain intercompany receivables denominated in foreign currencies. Actual gains and losses on all forward contracts are recorded in operations, offsetting the gains and losses on the underlying transactions being hedged. These derivative financial instruments are not used for trading purposes. The Company's primary foreign currency exposures in relation to the U.S. dollar are the Japanese Yen and the Euro equivalent of the French Franc, Deutsche Mark and Italian Lire.

At September 30, 2000, the Company had the following significant foreign exchange contracts to hedge certain firm sales commitments denominated in foreign currency outstanding:

Hedged Currency	(BUY) / SELL Local Currency	Weighted Forward Contract Rate	US$ @ Current Rate	Unrealized Gain / (Loss)	Maturity
Euro Equivalent	7,500,000	$1.108	6,621,400	$1,686,100	Oct-Dec 2000
Euro Equivalent	8,100,000	$1.004	7,182,560	946,070	Jan-Mar 2001
Euro Equivalent	7,500,000	$0.915	6,674,500	185,875	Apr-Jun 2001
Euro Equivalent	6,500,000	$0.942	5,810,200	313,300	Jul-Sep 2001
Japanese Yen	2,075,000,000	99.7 per US$	19,314,132	$1,506,729	Oct-Dec 2000
Japanese Yen	1,900,000,000	100.8 per US$	17,958,885	892,548	Jan-Mar 2001
Japanese Yen	2,000,000,000	101.2 per US$	19,185,334	568,595	Apr-Jun 2001
Japanese Yen	1,925,000,000	101.2 per US$	18,747,394	281,345	Jul-Sep 2001
		Total:	101,494,405	$6,380,562	

The Company estimated the change in the fair value of all forward contracts assuming both a 10% strengthening and weakening of the U.S. dollar relative to all other major currencies. In the event of a 10% strengthening of the U.S. dollar, the change in fair value of all forward contracts would result in a $10.4 million unrealized gain; whereas a 10% weakening of the U.S. dollar would result in a $11.9 million unrealized loss.

Interest Rate Risk

Approximately 97%, of the Company's long-term debt is at fixed rates. Accordingly, a change in interest rates has an insignificant effect on the Company's interest expense amounts. The fair value of the Company's long-term debt however would change in response to interest rates movements due to its fixed rate nature. At September 30, 2000, the fair value of the Company's long-term debt was approximately $1.1 million higher than the value of the debt reflected on the Company's financial statements. This higher fair market is primarily related to the $40.0 million, 7.05% fixed rate senior notes the Company holds. These notes represent approximately 97% of the Company's outstanding long-term borrowings at September 30, 2000. At October 2, 1999, the fair value of the Company's long-term debt was approximately $1.2 million higher than the value of the debt reflected on the Company's financial statements.

Using scenario analysis, the Company changed the interest rate on all long-term maturities by 10% from the rate levels, which existed at September 30, 2000. The effect was a change in the fair value of the Company's long-term debt, of approximately $1.5 million.

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

On July 25, 2000, the Company held its annual meeting of stockholders. At the meeting, Sir Stuart Burgess, Ronald G. Gelbman and N. Colin Lind were re-elected as Directors for terms ending in 2003. The voting results were as follows:

Sir Stuart Burgess	For 23,716,610	Withheld 295,679
Ronald G. Gelbman	For 23,716,720	Withheld 295,569
N. Colin Lind	For 23,716,690	Withheld 295,599

The other members of the Board of Directors whose terms continued after the meeting were:

Serving a Term Ending in 2001 - Yutaka Sakurada, Donna D. E. Williamson and Harvey G. Klein, M.D.;

Serving a Term Ending in 2002 - James L. Peterson and Benjamin L. Holmes.

At the meeting, the stockholders ratified the selection by the Board of Directors of Arthur Andersen LLP as independent public accountants for the current fiscal year. The vote was as follows:

For 23,986,680	Against 17,944	Abstain 7,665

Item 5. Other Information

None

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

(a). Exhibits

The following exhibits will be filed as part of this form 10-Q:

Exhibit 10A Amendment, dated September 29, 2000, to the Note Purchase agreement, dated October 15, 1997.

Exhibit 27   Financial Data Schedule

(b). Reports on Form 8-K.

A report on Form 8-K was filed on September 29, 000 reporting under Item 2, The Acquisition of Transfusion Technologies Corporation.

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: November 10, 2000	By: /s/ James L. Peterson James L. Peterson, President and Chief Executive Officer
Date: November 10, 2000	By: /s/ Ronald J. Ryan Ronald J. Ryan, Sr. Vice President and Chief Financial Officer, (Principal Accounting Officer)

Exhibit 10A

AMENDMENT OF NOTE PURCHASE AGREEMENTS

This Amendment of Note Purchase Agreements (the "Amendment") is made as of this 29th day of September, 2000 by and among Allstate Life Insurance Company, Employers Insurance of Wausau A Mutual Company, State Farm Life Insurance Company and Nationwide Mutual Fire Insurance Company (herein collectively the "Purchasers") and Haemonetics Corporation, a Massachusetts corporation (the "Company"). Capitalized words used as defined terms herein and not otherwise defined shall have the meaning ascribed thereto in the Note Purchase Agreements (as defined below).

WITNESSETH

WHEREAS, the Purchasers and the Company have entered into separate and several Note Purchase Agreements each dated as of October 15, 1997 (the "Note Purchase Agreements") relating to the issuance by the Company of $40,000,000 in aggregate principal amount of its 7.05% Senior Notes due October 15, 2007;

WHEREAS, on or about September 15, 2000 the Company acquired all of the capital stock of Transfusion Technologies Corporation, a Delaware corporation ("TTC"), which it did not previously own;

WHEREAS, in connection with such acquisition of TTC stock, certain purchase accounting adjustments to the financial statements of TTC will be required under GAAP and, prior to said acquisition, TTC recognized losses which, in accordance with GAAP, were not reflected on the Company's financial statements; and

WHEREAS, Section 10.1 of the Note Purchase Agreement provides that the Company will at all times keep and maintain a minimum amount of Consolidated Stockholder's Equity and Section 10.5 of the Note Purchase Agreements provides that the Company will not make Restricted Payments unless in compliance with certain financial tests.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Purchasers and the Company hereby agree as follows:

1. Amendments to the Note Purchase Agreements. The parties hereto hereby amend the Note Purchase Agreements, effective as of September 30, 2000, as follows:

(a) Section 10.1 is hereby amended by deleting the same in its entirety and inserting in lieu thereof the following:

"Section 10.1. Consolidated Stockholders' Equity. The company will at all times keep and maintain Consolidated Stockholders' Equity at an amount not less than the lesser of (i) $180,000,000 (One Hundred and Eighty Million Dollars) plus 25% of Consolidated Net Income determined on a cumulative basis for the period commencing October 1, 2000 and ending as of the end of the quarter immediately preceding the date of determination, and (ii) $200,000,000 (Two Hundred Million Dollars)."

(b) Section 10.5(a) is hereby amended by adding at the end thereof the following:

"; plus
(iv) an amount equal to the TTC Adjustment Amount."

(c) Schedule B to the Note Purchase Agreements is hereby further amended by adding after the definition of Swaps, the following:

"TTC Adjustment Amount" means a positive amount equal to the negative impact on the stock accounts, additional paid in capital and surplus and retained earnings of Transfusion Technologies Corporation, a Delaware corporation ("TTC"), resulting from the Company's acquisition on or about September 15, 2000 of the equity interest in TTC not previously owned by the Company, plus, a positive amount equal to 50% of the negative impact that TTC's results of operations prior to September 15, 2000 had on the Company's Consolidated Net Income.

2. Representations, Warranties and Covenants of the Company. To induce the Purchasers to enter into this Amendment, the Company hereby represents, warrants and covenants to the Purchasers as follows:

(a) The representations and warranties of the Company contained in the Note Purchase Agreements were true and correct when made and are true and correct at and as of the date hereof, except that all representations and warranties that expressly related to specific financial statements of the Company are deemed to be made herein with respect to the financial statements of the Company as of and for the period ended June 30, 2000, copies of which have been delivered to the Purchasers.

(b) There exists no Default or Event of Default, after giving effect to the Amendments contemplated hereby, under the Note Purchase

Agreements or the Notes.

(c) The Company has not, directly or indirectly, paid or caused to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or granted any security, to any holder of the Notes as consideration for or as an inducement to the entering into this Amendment.

3. Effect of Amendment. The Amendment set forth herein shall be limited precisely as written and shall not be deemed a amendment or modification of any other term or condition of the Note Purchase Agreements or to be a consent to any future amendment of any provision thereof.

4. Note Purchase Agreements and Notes Ratified. This Amendment shall be construed in connection with each of the Note Purchase Agreements, and except as expressly modified by this Amendment, all terms, conditions and covenants contained in the Note Purchase Agreements and Notes are hereby ratified and shall be and remain in full force and effect.

5. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

6. Governing Law. This Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois.

* * * * * * * * * * * *

The foregoing amendment is hereby accepted and agreed to as of the date first written above.

ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Ronald Mendel

By: /s/ Patricia W. Wilson

NATIONWIDE INDEMNITY COMPANY
(AS SUCCESSOR TO EMPLOYERS INSURANCE
OF WAUSAU A MUTUAL COMPANY)

By: /s/ Mark W. Poeppelman

STATE FARM LIFE INSURANCE COMPANY

By:___________________________

By:___________________________

NATIONWIDE MUTUAL
FIRE INSURANCE COMPANY

By: /s/ Mark W. Poeppelman

HAEMONETICS CORPORATION

By:____________________________