FORM 10-Q

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

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

For the quarter ended: January 1, 2005 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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.)

Yes [X]   No [ ]

The number of shares of $.01 par value common stock outstanding as of January 1, 2005:
25,885,759

HAEMONETICS CORPORATION
INDEX

ITEM 1. Financial Statements

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003	JANUARY 1, 2005	DECEMBER 27, 2003
Net revenues	$ 98,098	$ 90,737	$ 283,623	$ 266,508
Cost of goods sold	46,317	47,347	139,193	141,675
Gross profit	51,781	43,390	144,430	124,833
Operating expenses:				
Research and development	6,584	4,072	14,891	13,691
Selling, general and administrative	29,897	24,945	85,366	79,200
Total operating expenses	36,481	29,017	100,257	92,891
Operating income	15,300	14,373	44,173	31,942
Interest expense	(553)	(682)	(1,850)	(2,235)
Interest income	598	805	1,463	1,274
Other income (expense), net	262	58	(39)	(55)
Income before provision for income taxes	15,607	14,554	43,747	30,926
Provision for income taxes	4,600	5,240	14,046	11,134
Net income	$ 11,007	$ 9,314	$ 29,701	$ 19,792
Basic earnings per common share	$ 0.43	$ 0.38	$ 1.17	$ 0.82
Diluted earnings per common share	$ 0.42	$ 0.38	$ 1.15	$ 0.81
Weighted average shares outstanding				
Basic	25,628	24,518	25,347	24,234
Diluted	26,314	24,780	25,886	24,446

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

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

	JANUARY 1, 2005 (unaudited)	APRIL 3, 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 160,276	$ 118,117
Accounts receivable, less allowance of $2,105 as of January 1, 2005 and $2,261 as of April 3, 2004	87,578	82,640
Inventories	52,485	52,235
Deferred tax asset, net	19,523	21,856
Prepaid expenses and other current assets	8,594	6,601
Total current assets	328,456	281,449
PROPERTY, PLANT AND EQUIPMENT:		
Total property, plant and equipment	280,073	269,121
Less: accumulated depreciation	207,389	191,091
Net property, plant and equipment	72,684	78,030
OTHER ASSETS:		
Other intangibles, less amortization of $8,810 as of Januray 1, 2005 and $5,569 as of April 3, 2004	26,317	24,784
Goodwill, net	18,545	17,242
Other long-term assets	10,772	5,889
Total other assets	55,634	47,915
Total assets	$ 456,774	$ 407,394
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable and current maturities of long-term debt	$ 29,862	$ 32,818
Accounts payable	12,305	14,249
Accrued payroll and related costs	15,737	14,547
Accrued income taxes	8,844	7,967
Other accrued liabilities	28,197	26,262
Total current liabilities	94,945	95,843
Deferred tax liability, net	1,388	1,682
Long-term debt, net of current maturities	19,359	25,442
Other long-term liabilities	5,143	4,678
Stockholders' equity:		
Common stock, $0.01 par value; Authorized - 80,000,000 shares; Issued - 33,411,667 shares at January 1, 2005 and 32,647,910 shares at April 3, 2004	334	326
Additional paid-in capital	147,758	127,744
Retained earnings	351,992	322,291
Accumulated other comprehensive loss	(987)	(6,535)
Stockholders' equity before treasury stock	499,097	443,826
Less: Treasury stock at cost - 7,525,908 shares at January 1, 2005 and 7,568,289 shares at April 3, 2004	163,158	164,077
Total stockholders' equity	335,939	279,749
Total liabilities and stockholders' equity	$ 456,774	$ 407,394

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	COMMON STOCK SHARES	COMMON STOCK $	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	RETAINED EARNINGS
Balance, April 3, 2004	32,648	$ 326	$ 127,744	$ (164,077)	$ 322,291
Employee stock purchase plan	--	--	10	919	--
Exercise of stock options and related tax benefit	764	8	20,004	--	--
Net income	--	--	--	--	29,701
Foreign currency translation adjustment	--	--	--	--	--
Unrealized gain on derivatives	--	--	--	--	--
Comprehensive income	--	--	--	--	--
Balance, January 1, 2005	33,412	$ 334	$ 147,758	$ (163,158)	$ 351,992

	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL STOCKHOLDERS' EQUITY	COMPREHENSIVE INCOME
Balance, April 3, 2004	$ (6,535)	$ 279,749	
Employee stock purchase plan	--	929	
Exercise of stock options and related tax benefit	--	20,012	
Net income	--	29,701	$ 29,701
Foreign currency translation adjustment	5,240	5,240	5,240
Unrealized gain on derivatives	308	308	308
Comprehensive income	--	--	$ 35,249
Balance, January 1, 2005	$ (987)	$ 335,939	

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

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

	NINE MONTHS ENDED JANUARY 1, 2005	NINE MONTHS ENDED DECEMBER 27, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 29,701	$ 19,792
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
NON CASH ITEMS:		
Depreciation and amortization	20,723	23,191
Impairment of intangibles	1,700	--
Deferred tax expense (benefit)	1,877	(143)
Gain on sales of plant, property and equipment	(3,114)	(1,495)
Tax benefit related to exercise of stock options	2,138	1,725
Unrealized gain from hedging activities	(410)	(2,224)
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase) decrease in accounts receivable, net	(1,125)	343
(Increase) decrease in inventories	(2,331)	6,474
(Increase) decrease in prepaid income taxes	(1,984)	2,934
Decrease in other assets and other long-term liabilities	1,059	2,676
Increase (decrease) in accounts payable and accrued expenses	229	(6,102)
Net cash provided by operating activities	48,463	47,171
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures on property, plant and equipment	(12,980)	(9,477)
Proceeds from sale of property, plant and equipment	7,034	3,437
Acquisition of patents		(4,019) --
Acquisition of software development company and milestone payments	(1,020)	(1,020)
Investment in preferred stock	(5,570)	--
Net cash used in investing activities	(16,555)	(7,060)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term real estate mortgage	(349)	(311)
Net decrease in short-term revolving credit agreements	(3,315)	(1,903)
Payments on long-term credit agreements	(5,714)	(5,714)
Employee stock purchase plan	929	865
Exercise of stock options	17,874	13,425
Net cash provided by financing activities	9,425	6,362
Effect of Exchange Rates on Cash and Cash Equivalents	826	824
Net Increase in Cash and Cash Equivalents	42,159	47,297
Cash and Cash Equivalents at Beginning of Year	118,117	49,885
Cash and Cash Equivalents at End of Period	$ 160,276	$ 97,182
Non-cash Investing and Financing Activities:		
Transfers from inventory to fixed assets for placements of Haemonetics equipment	$ 3,561	$ 5,851
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ 2,171	$ 2,615
Income taxes paid	$ 12,386	$ 11,945

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

1. BASIS OF PRESENTATION

Our accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of our management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. All significant intercompany transactions have been eliminated. Operating results for the nine-month period ended January 1, 2005 are not necessarily indicative of the results that may be expected for the full fiscal year ending April 2, 2005. For further information, refer to the audited consolidated financial statements and footnotes included in our annual report on Form 10-K for the fiscal year ended April 3, 2004.

Certain amounts in the prior year financial statements have been reclassified to conform to the fiscal year 2005 presentation.

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal year 2005 includes 52 weeks with all four quarters including 13 weeks. Fiscal year 2004 included 53 weeks with the first three quarters of the fiscal year including 13 weeks and the fourth quarter of fiscal 2004 including 14 weeks.

2. EARNINGS PER SHARE ("EPS")

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 net income by weighted average shares outstanding. Diluted EPS includes the effect of potential dilutive common shares.

	FOR THE THREE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
	(in thousands, except per share amounts)	
BASIC EPS		
Net income	$ 11,007	$ 9,314
Weighted average shares	25,628	24,518
Basic earnings per share	$ 0.43	$ 0.38
DILUTED EPS		
Net income	$ 11,007	$ 9,314
Basic weighted average shares	25,628	24,518
Effect of stock options	686	262
Diluted weighted average shares	26,314	24,780
Diluted earnings per share	$ 0.42	$ 0.38

	FOR THE NINE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
	(in thousands, except per share amounts)	
BASIC EPS		
Net income	$ 29,701	$ 19,792
Weighted average shares	25,347	24,234
Basic earnings per share	$ 1.17	$ 0.82
DILUTED EPS		
Net income	$ 29,701	$ 19,792
Basic weighted average shares	25,347	24,234
Effect of stock options	539	212
Diluted weighted average shares	25,886	24,446
Diluted earnings per share	$ 1.15	$ 0.81

3. STOCK-BASED COMPENSATION

We adopted the disclosure only provisions for employee stock-based compensation under Statement of Financial Accounting Standards (SFAS) No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," and continue to account for employee stock-based compensation using the intrinsic value method under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25").

At the date of grant, the exercise price of our employee stock options equals the market price of the underlying stock. Therefore, under the intrinsic value method no accounting recognition is given to options granted to employees and directors until the options are exercised. Upon exercise, net proceeds, including tax benefits realized, are credited to equity. The compensation cost for options granted to consultants is recorded at fair value in accordance with Emerging Issues Task Force "EITF" issue 96-18, "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services."

Had compensation costs under our stock-based compensation plans been determined based on the fair value model of Statement of Financial Accounting Standards (SFAS) 123 "Accounting for Stock-Based Compensation," as amended by SFAS 148, the effect on our earnings per share would have been as follows:

	FOR THE THREE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
	(in thousands, except per share amounts)	
Net income (as reported):	$ 11,007	$ 9,314
Deduct: Total stock-based compensation expense determined under the fair value method for all awards, net of tax	(1,214)	(1,159)
Pro Forma Net Income:	$ 9,793	$ 8,155
Earnings per share:		
Basic		
As reported	$ 0.43	$ 0.38
Pro forma	$ 0.38	$ 0.33
Diluted		
As Reported	$ 0.42	$ 0.38
Pro forma	$ 0.37	$ 0.33

	FOR THE NINE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
	(in thousands, except per share amounts)	
Net income (as reported):	$ 29,701	$ 19,792
Deduct: Total stock-based compensation expense determined under the fair value method for all awards, net of tax	(3,806)	(3,839)
Pro Forma Net Income:	$ 25,895	$ 15,953
Earnings per share:		
Basic		
As reported	$ 1.17	$ 0.82
Pro forma	$ 1.02	$ 0.66
Diluted		
As Reported	$ 1.15	$ 0.81
Pro forma	$ 1.00	$ 0.65

4. ACCOUNTING FOR SHIPPING AND HANDLING COSTS

Shipping and handling costs are included in costs of goods sold with the exception of $1.3 million and $1.2 million for the three month period ended January 1, 2005 and December 27, 2003, respectively, and $3.8 million and $3.7 million for the nine month period ended January 1, 2005 and December 27, 2003, respectively which is included in selling, general and administrative expenses.

5. FOREIGN CURRENCY

We enter into forward exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated revenues, principally Japanese Yen and Euro. The purpose of our hedging strategy is to lock in foreign exchange rates for twelve months to minimize, for this period of time, the unforeseen impact on our results of operations of fluctuations in foreign exchange rates. We also enter into forward contracts that settle within 35 days to hedge certain inter-company receivables denominated in foreign currencies. 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.

6. PRODUCT WARRANTIES

We provide a warranty on parts and labor for one year after the sale and installation of each device. We also warrant our disposable products through their use or expiration. We estimate our potential warranty expense based on our historical warranty experience, and we periodically assess the adequacy of our warranty accrual and make adjustments as necessary.

	FOR THE THREE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
	(in thousands)	
Warranty accrual as of the beginning of the period	$ 751	$ 652
Warranty Provision	392	320
Warranty Spending	(395)	(320)
Warranty accrual as of the end of the period	$ 748	$ 652

	FOR THE NINE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
Warranty accrual as of the beginning of the period	$ 677	$ 1,056
Warranty Provision	1,421	1,122
Warranty Spending	(1,350)	(1,526)
Warranty accrual as of the end of the period	$ 748	$ 652

7. COMPREHENSIVE INCOME

Comprehensive income is the total of net income and all other non-owner changes in stockholders' equity. For us, all other non-owner changes are primarily foreign currency translation, the change in our net minimum pension liability and the changes in fair value of the effective portion of our outstanding cash flow hedge contracts.

A summary of the components of other comprehensive income is as follows:

	FOR THE THREE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
	(in thousands)	
Net income	$ 11,007	$ 9,314
Other comprehensive income:		
Foreign currency translation	6,343	3,512
Unrealized loss on cash flow hedges, net of tax	(5,206)	(3,495)
Reclassifications into earnings of cash flow hedge losses, net of tax	800	2,153
Total comprehensive income	$ 12,944	11,484

	FOR THE NINE MONTHS ENDED	
	JANUARY 1, 2005	DECEMBER 27, 2003
	(in thousands)	
Net income	$ 29,701	$ 19,792
Other comprehensive income:		
Foreign currency translation	5,240	8,040
Unrealized gain (loss) on cash flow hedges, net of tax	(2,842)	(7,831)
Reclassifications into earnings of cash flow hedge losses, net of tax	3,150	4,975
Total comprehensive income	$ 35,249	$ 24,976

8. 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:

	JANUARY 1, 2005	APRIL 3, 2004
	(in thousands)	
Raw materials	$ 13,904	$ 11,630
Work-in-process	6,126	5,340
Finished goods	32,455	35,265
	$ 52,485	$ 52,235

9. ACQUIRED INTANGIBLE ASSETS

OTHER TECHNOLOGY

During the 3rd quarter of fiscal year 2005, we entered into an exclusive license arrangement with a private company related to the use of their technology in blood processing applications. We paid an initial $0.6 million related to this license and made an investment in the private company of $5 million (see investment note for further discussion on our investment). In connection with the agreement, future milestones are payable upon the demonstration of a successful proof of concept and completion of other specified deliverables. The potential milestone payments total $12.4 million and will be capitalized as other technology if paid. We are also obligated to make minimum royalty payments for future commercial sales of products that incorporate this technology.

The license is classified as "Other Technology" in the table below and is assigned an estimated useful life of 15 years.

In addition, during the 3rd quarter, we recognized an impairment charge of $1.7 million related to the excess of the carrying value over the fair market value of an intangible asset. The impairment was triggered by a re-evaluation of our plans to deploy such technology. As a result of our change in strategy, the carrying value of the intangible was reduced to zero.

PATENTS

During the second quarter of fiscal 2005, we purchased $4.0 million in patents for several products aimed at blood conservation and surgical blood salvage. The useful life assigned to the patents acquired was 10 years.

AS OF JANUARY 1, 2005

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	WEIGHTED AVERAGE USEFUL LIFE (IN YEARS)
		(in thousands)	
AMORTIZED INTANGIBLES			
Patents	$ 10,389	$ (2,102)	13
Other technology	12,330	(3,921)	15
Customer contracts and related relationships	11,909	(2,786)	15
Subtotal	34,628	(8,809)	14
INDEFINITE LIFE INTANGIBLES			
Trade name	498	--	Indefinite
Total Intangibles	$ 35,126	$ (8,809)	

AS OF APRIL 3, 2004

	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	WEIGHTED AVERAGE USEFUL LIFE (IN YEARS)
		(in thousands)	
AMORTIZED INTANGIBLES			
Patents	$ 6,371	$ 1,594	14
Other technology	11,754	1,810	15
Customer contracts and related relationships	11,738	2,165	15
Subtotal	29,863	5,569	15
INDEFINITE LIFE INTANGIBLES			
Trade name	490	--	Indefinite
Total Intangibles	$ 30,353	$ 5,569	

Other changes to the net carrying value of our intangible assets from April 3, 2004 to January 1, 2005 include amortization expense and the effect of exchange rate changes in the translation of the intangible assets held by our Canadian subsidiary.

Amortization expense for amortized other intangible assets was $2.3 million and $0.4 million for the three months ended January 1, 2005 and December 27, 2003, respectively. The amortization for the three months ended January 1, 2005 includes the $1.7 million impairment charge discussed above. Annual amortization expenses is expected to approximate $3.7 million for fiscal 2005, $2.8 million for fiscal years 2006 and 2007 and $2.7 million for fiscal years 2008 through 2010.

10. GOODWILL

The change in the carrying amount of our goodwill during the nine months ended January 1, 2005 is as follows (in thousands):

Carrying amount as of April 3, 2004	$ 17,242
Fifth Dimension earn-out payment	1,020(a)
Effect of change in rates used for translation	283
Carrying amount as of January 1, 2005	$ 18,545

(a) The acquisition of Fifth Dimension, which occurred on January 1, 2002, involved the potential for earn-out payments of up to $4.1 million based on Fifth Dimension reaching certain performance milestones prior to fiscal 2008. The $ 1.0 million payment accrued in the second quarter of fiscal 2005 and made during the third quarter of fiscal 2005 was the second milestone payment. The first milestone payment, also in the amount of $1.0 million, was earned as of the end of the fiscal year 2003 and paid during the first quarter of fiscal 2004.

11. INVESTMENT

As discussed previously in our acquired intangible asset note, during the quarter, we made an investment of $5.0 million for preferred stock of a private company representing an 18% ownership interest. This investment is being accounted for under the cost method of accounting.

12. INCOME TAXES

The income tax provision, as a percentage of pretax income, was 29.5% and 32.1% for the three and nine months ended January 1, 2005, as compared to 36.0% for both of the comparable periods in fiscal 2004. The lower effective tax rate for the quarter resulted from a 1% reduction in our natural tax rate for the full year to 35% due to an increase in export tax credits and tax exempt income. The effective tax rate for the three and nine month periods were also favorably impacted by certain discrete events occurring during the year including the resolution of certain tax contingencies.

13. COMMITMENTS AND CONTINGENCIES

We are presently engaged in various legal actions, and although ultimate liability cannot be determined at the present time, we believe, based on consultation with counsel, that any such liability will not materially affect our consolidated financial position or our results of operations.

14. DEFINED BENEFIT PENSION PLANS

Two of our subsidiaries have defined benefit pension plans covering substantially all full time employees at those subsidiaries. Net periodic benefit costs for the plans in the aggregate include the following components:

(in thousands):	FOR THE THREE MONTHS ENDED JANUARY 1, 2005	FOR THE THREE MONTHS ENDED DECEMBER 27, 2003
Service Cost	$ 146	$ 123
Interest cost on benefit obligation	41	32
Expected return on plan assets	(14)	(48)
Recognized net actuarial loss	--	43
Settlements	6	6
Amortization of unrecognized prior service cost, unrecognized gain and unrecognized initial obligation	8	10
Net periodic benefit cost	$ 187	$ 166

(in thousands):	FOR THE NINE MONTHS ENDED JANUARY 1, 2005	FOR THE NINE MONTHS ENDED DECEMBER 27, 2003
Service Cost	$ 762	$ 649
Interest cost on benefit obligation	206	168
Expected return on plan assets	(77)	(258)
Recognized net actuarial loss	--	230
Settlements	31	30
Amortization of unrecognized prior service cost, unrecognized gain and unrecognized initial obligation	43	51
Net periodic benefit cost	$ 965	$ 870

15. SEGMENT INFORMATION

Segment Definition Criteria
We manage our business on the basis of one operating segment: the design, manufacture and marketing of automated blood processing systems. Our chief operating decision-maker uses consolidated results to make operating and strategic decisions. Manufacturing processes, as well as the regulatory environment in which we operate, are largely the same for all product lines.

Product and Service Segmentation
We have two families of products: (1) those that serve the donor and (2) those that serve the patient. Under the donor product of families we have included blood bank, red cell and plasma collection products. The patient products are the surgical collection products.

Donor
The blood bank products include machines, single use disposables and intravenous solutions that perform "apheresis," (the separation of whole blood into its components and subsequent collection of certain components, including platelets and plasma), as well as the washing of red blood cells for certain procedures. The main devices used for this blood component processing are the MCS(R)+ 9000 system and the ACP(R) 215 automated cell processing system. In addition, the blood bank product line includes intravenous solutions used in non-apheresis applications.

Red cell products include machines, single use disposables and intravenous solutions that perform apheresis for the collection of red blood cells. The device used for the collection of red blood cells is the MCS(R)+ 8150 systems.

Plasma collection products are machines, single use disposables and intravenous solutions that perform apheresis for the collection of plasma. The devices used in automated plasma collection are the PCS(R)2 plasma collection system and the Superlite(TM).

Patient

Surgical products include machines and single use disposables that perform surgical blood salvage in transplant, orthopedic and cardiovascular surgical applications. Surgical blood salvage is a procedure whereby shed blood is collected, cleansed and made available to be transfused back to the patient. The devices used in the surgical area are the OrthoPAT(R) and the Cell Saver(R) autologous blood recovery systems.

Other

Other revenue includes revenue generated from equipment repairs performed under preventative maintenance contracts or emergency service billings and miscellaneous sales, including revenue from our software division, Fifth Dimension.

Revenues from External Customers:

	THREE MONTHS ENDED	
(in thousands)	JANUARY 1, 2005	DECEMBER 27, 2003
Donor:		
Blood Bank	$ 36,938	$ 31,525
Red Cell	7,220	5,610
Plasma	24,433	27,529
	68,591	64,664
Patient:		
Surgical	24,298	21,072
Other	5,209	5,001
Total revenues from external customers	$ 98,098	$ 90,737

	NINE MONTHS ENDED	
(in thousands)	JANUARY 1, 2005	DECEMBER 27, 2003
Blood Bank	$ 103,480	$ 86,985
Red Cell	23,927	15,455
Plasma	74,502	89,369
	201,909	191,809
Patient:		
Surgical	67,996	59,392
Other	13,718	15,307
Total revenues from external customers	$ 283,623	$ 266,508

16. REORGANIZATION

On August 12, 2003, during the second quarter of fiscal 2004, we announced a reorganization of our business in order to meet the needs of our two categories of customers: "Donor" and "Patient". As a result of the reorganization, we reduced our worldwide workforce of 1,500 employees by approximately 4%. No facilities were closed. The reductions resulted in a charge during the first nine months of fiscal 2004, included in selling, general and administrative expenses, for severance and related costs of $2.7 million. All payments were made during fiscal 2004.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OUR BUSINESS

We design, manufacture and market automated systems for the collection, processing and surgical salvage of donor and patient blood, including the single-use disposables used with our systems and related data management software. Our systems allow users to collect and process only the blood component(s) they target, red blood cells, platelets or plasma, increasing donor and patient safety as well as collection efficiencies. Our systems consist of proprietary disposable sets that operate on our specialized equipment. Our data management systems are used by blood collectors to improve the safety and efficiency of blood collection logistics by eliminating previously manual functions at commercial plasma collection facilities and not-for-profit blood banks. We organize our business into two global product families: Donor and Patient to better serve our customers and position us for continued growth.

As a general practice we place our equipment at customers' sites, with contractual requirements that customers purchase a certain number of disposables in a predetermined time frame and, in some cases, pay a fee for the use of our equipment. This disposable revenue stream (including sales of disposables and fees for the use of our equipment) accounted for approximately 89.9% and 90.1% of our total revenues for the third quarters of fiscal 2005 and fiscal 2004, respectively.

FINANCIAL SUMMARY

(IN THOUSANDS, EXCEPT PER SHARE DATA)	FOR THE QUARTER ENDED JANUARY 1, 2005	FOR THE QUARTER ENDED DECEMBER 27, 2003	% INCREASE/ (DECREASE) Q3FY05 VS. Q3FY04
Net revenues	$ 98,098	$ 90,737	8.1%
Gross Profit	51,781	43,390	19.3
% of net revenues	52.8%	47.8%	
Operating income	15,300	14,373	6.4
% of net revenues	15.6%	15.8%	
Provision for income tax	4,600	5,240	(12.2)
% of net revenues	4.7%	5.7%	
Net income	11,007	9,314	18.2
% of net revenues	11.2%	10.3%	
Earnings per share-diluted	$ 0.42	$ 0.38	10.5%

Net revenues for the third quarter of fiscal 2005 increased 8.1% over the same period in fiscal 2004. The favorable effects of foreign exchange contributed 6.1% to the increase. The remaining 2.0% increase resulted primarily from increases in disposable revenue across our Blood Bank, surgical, and red cell product lines partially offset by volume decreases in our plasma product revenue.

Gross profit increased 19.3% versus Q3 fiscal 2004. The favorable effects of foreign exchange accounted for a 12.3% increase in gross profit. The remaining 7.0% increase was due primarily to (i) the excess and obsolete inventory provisions recorded last year related to the loss of the Alpha business and other matters, (ii) the decrease in depreciation on our equipment at customer sites and (iii) the change in the mix of products being sold, price improvements and increased sales. Operating income increased 6.4% over Q3 fiscal 2004. Operating income increased 30.2% due to foreign exchange. Excluding the effects of foreign exchange, operating income decreased 23.8% because operating expenses increased more than gross profit. Expenses increased due to new product costs, reserves established for an intangible asset, and audit and legal related costs. Net income increased 18.2% as compared to Q3 last year. Net income increased due to the increase in operating income and lower tax expense.

RESULTS OF OPERATIONS

Q3 FISCAL 2005 AS COMPARED TO Q3 FISCAL 2004

NET REVENUES
BY GEOGRAPHY
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
United States	$ 33,068	$ 30,372	$ 2,696	8.9%
International	65,030	60,365	4,665	7.7
Net revenues	$ 98,098	$ 90,737	$ 7,361	8.1%

INTERNATIONAL OPERATIONS AND THE IMPACT OF FOREIGN EXCHANGE

Our principal operations are in the U.S., Europe, Japan and other parts of Asia. Our products are marketed in more than 50 countries around the world via a direct sales force as well as through independent distributors.

Approximately 66.3% and 66.5% of our revenues during the third quarters of fiscal year 2005 and 2004, respectively, were generated outside the U.S. Revenues in Japan accounted for approximately 28.3% and 29.1% of total revenues for Q3 fiscal 2005 and 2004, respectively. Revenues in Europe accounted for approximately 30.1% and 29.2% of our total revenues for Q3 fiscal 2005 and 2004, respectively. International sales are primarily conducted in local currencies, specifically the Japanese Yen and the Euro. Accordingly, our results of operations are significantly affected by changes in the value of the Yen and the Euro relative to the U.S. dollar. The favorable effects of foreign exchange resulted in a 6.1% increase in sales.

Please see section entitled "Foreign Exchange" in this management's discussion for a more complete explanation of how foreign currency affects our business, as well as our strategy for managing this exposure.

BY PRODUCT TYPE
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Disposables	$ 88,175	$ 81,783	$ 6,392	7.8%
Misc. & service	5,209	5,001	208	4.2%
Equipment	4,714	3,953	761	19.3%
Net revenues	$ 98,098	$ 90,737	$ 7,361	8.1%

DISPOSABLES REVENUE BY PRODUCT LINE
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Donor:				
Plasma	$ 24,297	$ 26,830	$ (2,533)	(9.4)%
Blood Bank	34,031	29,650	4,381	14.8
Red Cell	7,111	5,493	1,618	29.5
Subtotal	$ 65,439	$ 61,973	$ 3,466	5.6%
Patient:				
Surgical	22,736	19,810	2,926	14.8%
Total disposables revenue	$ 88,175	$ 81,783	$ 6,392	7.8 %

DONOR PRODUCTS

Donor products include the Plasma, Blood Bank and Red Cell product lines. Disposable revenue for donor products increased 5.6% compared to the third quarter of fiscal year 2004. Foreign exchange resulted in a 6.3% increase in donor disposable revenue. The remaining decline of .7% was a result of a decline in plasma product revenue, as more specifically detailed below, that was almost entirely offset by increases in Red Cell and Blood Bank product revenue.

Plasma
Disposable revenue in the plasma product line decreased 9.4%. Foreign exchange resulted in a 5.3% increase in plasma disposable revenue. The worldwide commercial plasma collection market is experiencing lower plasma collections both as a result of significant consolidation among plasma collectors and fractionators and as a result of an oversupply of source plasma. Of the 14.7% remaining decline, 8.7% is a result of plasma collection declines in Asia, Europe and Japan, and a 6.0% decline is attributable to volume decreases in the U.S. During the current quarter, the most significant factors affecting the U.S. plasma business were the volume decrease resulting from the loss of our U.S. customer, Alpha Therapeutic Corporation ("Alpha") (whose plasma collection operations were purchased and closed by our only plasma competitor in October 2003, the third quarter of fiscal 2004.) and the closings, earlier in the year, of certain plasma collection facilities by an existing customer, ZLB Behring.

Blood Bank
Blood Bank disposable revenues increased 14.8%. The favorable effects of foreign exchange resulted in a 7.9% increase in Blood Bank disposable revenues as the majority of our Blood Bank business is comprised of platelet disposable sales and a majority of these sales occur in Europe and Japan. Two-thirds of the remaining 6.9% increase in Blood Bank disposable revenue was attributable to increases in intravenous solution sales. The remaining one-third, was as a result of higher platelet collections in Asia.

Red Cell
Red Cell disposable revenue increased 29.5%. The favorable effects of foreign exchange resulted in a 2.7% increase in red cell disposable revenues. Two thirds of the remaining 26.8% increase is due primarily to the U.S. sales of our higher priced filtered sets, which include a filter to remove white blood cells from the collected blood. The remaining one-third is due to the increasing use of our technology by blood collectors to increase the supply of red cells collected from eligible donors, to reduce collection costs, and to improve operating quality and efficiency.

PATIENT PRODUCTS

Surgical

The surgical blood salvage product line has two major brand platforms: the Cell Saver(R) brand and the OrthoPAT(R) brand. Disposable revenue for the surgical product line, in total, increased 14.8%. The favorable effects of foreign exchange accounted for a 5.9% increase with the remaining 8.9% increase attributable to increases in OrthoPAT disposable revenues.

Cell Saver disposables revenue increased 4.8% for the quarter. The favorable effect of foreign exchange accounted for a 6.1% increase, the remaining decrease of 1.3% was attributable to volume decreases.

OrthoPAT disposable revenues increased 61.1%. The favorable effects of foreign exchange accounted for 4.8% of the increase in OrthoPAT disposable revenues. The remaining 56.3% increase is a result of volume increases as orthopedic surgeons continue to adopt surgical blood salvage as an effective alternative to using blood from patient pre-donation or from donated blood in connection with hip and knee replacements and other orthopedic surgeries and price improvements.

OTHER REVENUES
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Miscellaneous & Service	$ 5,209	$ 5,001	$ 208	4.2%
Equipment	4,714	3,953	761	19.3%
Total other revenues	$ 9,923	$ 8,954	$ 969	10.8%

Our miscellaneous and service revenue includes revenue from repairs performed under preventive maintenance contracts or emergency service visits, spare part sales, various training programs and revenue from our software division, Fifth Dimension.

Miscellaneous and service revenue increased 4.2%. The favorable effects of foreign currency accounted for nearly all of the increase in miscellaneous and service revenues.

Revenue from equipment sales increased 19.3%. The favorable effects of foreign exchange accounted for a 5.1% increase with the remaining 14.2% increase largely attributable to equipment sales in the European Blood Bank market and to the U.S. military. Equipment sales generally fluctuate from period to period.

GROSS PROFIT

(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Gross Profit	$ 51,781	$ 43,390	$ 8,391	19.3%
% of net revenues	52.8%	47.8%		

Gross profit increased 19.3% versus Q3 fiscal 2004. The favorable effects of foreign exchange accounted for a 12.3% increase in gross profit. The remaining 7.0% increase was due to (i) a $1.2 million excess and obsolete inventory provision booked during Q3 fiscal 2004, including $0.7 million relating to the loss of the Alpha business (See Plasma Revenue sales discussion), (ii) a decrease in depreciation on our equipment at customer sites and (iii) a change in the mix of products being sold, price improvements and increased sales.

OPERATING EXPENSES

(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Research and development	$ 6,584	$ 4,072	$ 2,512	61.7%
Selling, general and administrative	29,897	24,945	$ 4,952	19.9%
Total operating expenses	$ 36,481	$ 29,017	$ 7,464	25.7%
% of net revenues	37.2%	32.0%		

RESEARCH AND DEVELOPMENT

For the third quarter of fiscal 2005 Research and Development expenses increased 61.7%. Foreign exchange resulted in a 1.9% increase in research and development expenses. Approximately 70% of the remaining 59.8% increase was due to the recognition of a $1.7 million in impairment charge during the third quarter of fiscal year 2005 to write down the value of a previously acquired intangible asset. (See Acquired Intangible Assets note for more discussion).

Approximately 30% of the remaining 59.8% increase was due to increases in project spending during the third quarter of fiscal year 2005 as compared to the third quarter of fiscal year 2004. As planned, research and development spending increased primarily on new products currently in our Research and Development pipeline. A significant amount of the increased spending was directed to our new, multi component collection platform.

SELLING, GENERAL AND ADMINISTRATIVE

For the third quarter of fiscal 2005 selling, general and administrative expenses increased 19.9%.
Foreign exchange resulted in a 3.7% increase in selling, general and administrative expenses. A majority of the remaining 16.2% increase was due to higher costs related to (i) increased personnel-related expenses in marketing and sales to support our new products and a higher level of sales, (ii) increased costs due to our compliance effort under Section 404 of the Sarbanes /Oxley Act of 2002 and (iii) increased legal costs.

OPERATING INCOME

(in thousands)	JANUARY 1, 2005	DECEMBER 27, 2003	$ CHANGE	% CHANGE
Operating Income	$ 15,300	$ 14,373	$ 927	6.4%
% of net revenues	15.6%	15.8%		

Operating income increased 6.4% over Q3 fiscal 2004. Operating income increased 30.2% due to foreign exchange. Excluding the effects of foreign exchange, operating income decreased 23.8% because operating expenses increased more than gross profit. Higher operating expenses were caused by new product costs, reserves established for an intangible asset, and audit and legal related costs.

OTHER INCOME, NET

(in thousands)	JANUARY 1, 2005	DECEMBER 27, 2003	$ CHANGE	% CHANGE
Interest expense	$ (553)	$ (682)	129	18.9%
Interest income	598	805	(207)	(25.7)%
Other income, net	262	58	204	-%
Total other income, net	$ 307	$ 181	$ 126	69.6%

Several factors contributed to the increase in total other income, net: (1) a decrease in interest expense as we had lower average debt outstanding as compared to fiscal 2004, (2) an increase in other income, net as a result of increases in hedge points and foreign exchange transaction gains over the third quarter of fiscal year 2004 partially offset by increases in miscellaneous expenses (such as royalty expense,) (3) offset by a decrease in interest income due to $0.6 million in interest income booked in the third quarter of fiscal 2004 associated with an income tax refund, partially offset by an increase in interest income in the third quarter of fiscal 2005 due to higher cash balances.

INCOME TAXES

For the current quarter, the income tax provision, as a percentage of pretax income, was 29.5% as compared to 36% for the third quarter of fiscal 2004. The reduction in the reported tax rate resulted from several factors:

- A reduction in the natural tax rate from 36% to 35% or $0.4 million due to increases in export tax credits and tax exempt interest income

- $0.3 million tax reserve release due to the statute of limitations for previously filed tax returns expiring.

- $0.4 million in additional export tax benefits attributable to tax returns filed

We expect our natural tax rate to approximate 35.0% for the remainder of fiscal 2005.

FINANCIAL SUMMARY

(in thousands, except per share data)	FOR THE NINE MONTHS ENDED JANUARY 1, 2005	DECEMBER 27, 2003	% INCREASE/ (DECREASE) FY05 vs. FY04
Net revenues	$ 283,623	$ 266,508	6.4%
Gross Profit	144,430	124,833	15.7
% of net revenues	50.9%	46.8%	
Operating income	44,173	31,942	38.3
% of net revenues	15.6	12.0	
Provision for income tax	14,046	11,134	26.2
% of net revenues	5.0	4.2	
Net income	29,701	19,792	50.1
% of net revenues	10.5	7.4	
Earnings per share-diluted	1.15	0.81	42.0

Net revenues for the first nine months of fiscal 2005 increased 6.4% over the same period in fiscal 2004. The favorable effects of foreign exchange contributed 5.2% to the increase. The remaining 1.2% increase resulted from increases in disposable revenue across our Blood Bank, surgical, and red cell product lines, and increases in equipment revenue. These increases were almost entirely offset by volume decreases in our plasma product line and in miscellaneous and service revenue.

Gross profit increased 15.7% versus the first nine months of fiscal 2004. The favorable effects of foreign exchange accounted for a 9.9% increase in gross profit. The remaining 5.8% increase was due primarily to (i) a change in the mix of products being sold, price improvements and increased sales, (ii) a decrease in depreciation on our equipment at customer sites and (iii) the excess and obsolete inventory provisions recorded last year related to the loss of the Alpha business and other matters. Operating income increased 38.3% over the first nine months of fiscal 2004. Operating income increased 29.3% due to foreign exchange. The remaining increase of 9.0% is due to gross profit improvements, partially offset by increases in operating expenses. Net income increased 50.1% as compared to the first nine months of last year due to higher operating income and lower tax expense.

RESULTS OF OPERATIONS

FISCAL 2005 AS COMPARED TO FISCAL 2004

NET REVENUES
BY GEOGRAPHY
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
United States	$ 96,374	$ 94,241	$ 2,133	2.3%
International	187,249	172,267	14,982	8.7
Net revenues	$ 283,623	$ 266,508	$ 17,115	6.4%

INTERNATIONAL OPERATIONS AND THE IMPACT OF FOREIGN EXCHANGE

Our principal operations are in the U.S., Europe, Japan and other parts of Asia. Our products are marketed in more than 50 countries around the world via a direct sales force as well as through independent distributors.

Approximately 66.0% and 64.6% of our revenues during the first nine months of fiscal year 2005 and 2004, respectively, were generated outside the U.S. Revenues in Japan accounted for approximately 28.1% and 27.3% of total revenues for the first nine months of fiscal 2005 and 2004, respectively. Revenues in Europe accounted for approximately 29.5% and 28.8% of our total revenues for the first nine months of fiscal 2005 and fiscal 2004, respectively. International sales are primarily conducted in local currencies, specifically the Japanese Yen and the Euro. Accordingly, our results of operations are significantly affected by changes in the value of the Yen and the Euro relative to the U.S. dollar. The favorable effects of foreign exchange resulted in a 5.2% increase in sales.

Please see section entitled "Foreign Exchange" in this management's discussion for a more complete explanation of how foreign currency affects our business, as well as our strategy for managing this exposure.

BY PRODUCT TYPE
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Disposables	$ 255,938	$ 239,650	$ 16,288	6.8%
Misc. & service	13,718	15,307	(1,589)	(10.4)
Equipment	13,967	11,551	2,416	20.9
Net revenues	$ 283,623	$ 266,508	$ 17,115	6.4%

DISPOSABLES REVENUE BY PRODUCT LINE
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Donor:				
Plasma	$ 74,021	$ 87,139	$ (13,118)	(15.1)%
Blood Bank	98,138	82,330	15,808	19.2
Red Cell	20,225	15,139	5,086	33.6
Subtotal	$ 192,384	$ 184,608	$ 7,776	4.2%
Patient:				
Surgical	63,554	55,042	8,512	15.5%
Total disposables revenue	$ 255,938	$ 239,650	$ 16,288	6.8%

DONOR PRODUCTS

Donor products include the Plasma, Blood Bank and Red Cell product lines. Disposable revenue for all donor products increased 4.2% compared to the first nine months of fiscal year 2004. The favorable effects of foreign exchange resulted in a 5.3% increase in donor disposable revenue. Red cell and Blood Bank product revenues increases were more than offset by a decline in plasma product revenue, as more specifically detailed below, resulting in a net decrease in donor disposable revenue of 1.1%.

Plasma

Disposable revenue in the plasma product line decreased 15.1%. Foreign exchange resulted in a 4.4% increase in plasma disposable revenues. The worldwide commercial plasma collection market is experiencing lower plasma collections both as a result of significant consolidation among plasma collectors and fractionators and as a result of an oversupply of source plasma. Of the remaining 19.5% decline, 12.8% is attributable to volume decreases in the U.S. To date, the most significant factor affecting the U.S. plasma business has been the loss of our U.S. customer, Alpha Therapeutic Corporation ("Alpha") whose plasma collection operations were purchased and closed by our only plasma competitor in October 2003, the third quarter of fiscal 2004. Also affecting the volume of U.S. plasma collections, has been the closings of certain plasma collection facilities earlier in the year by another existing customer, ZLB Behring. The remaining 6.7% decrease in plasma revenue is a result of plasma collection declines in Europe, Asia and Japan.

Blood bank

Blood bank disposable revenues increased 19.2%. The favorable effects of foreign exchange resulted in a 6.8% increase in Blood Bank disposable revenues as the majority of our Blood Bank business is comprised of platelet disposable sales and the majority of these sales occur in Europe and Japan. Approximately 10.8% of the remaining 12.4% increase in Blood Bank disposable revenues is attributable to Japan, the U.S. and Asia. A 4.6% increase in Blood Bank disposable revenue was a result of the following two factors in Japan: (i) platelet market share gains in Japan achieved in the fourth quarter of fiscal year 2004, which we sustained during fiscal year 2005 and (ii) a product mix shift from non-filtered platelet collection sets in fiscal year 2004 to higher-priced filtered sets in fiscal year 2005. A 3.3% increase in Blood Bank disposable revenue was due to increases in intravenous solution sales in the U.S. There was a 2.9% increase in Blood Bank disposable revenue over the comparable period last year because last fiscal year's platelet collections in Asia decreased as a result of fewer Asian blood collections due to the impact on the region from the SARS virus.

Red Cell
Red Cell disposable revenue increased 33.6%. The favorable effects of foreign exchange resulted in a 2.6% increase in red cell disposable revenues. Approximately 60% of the remaining 31.0% increase is due primarily to the U.S. sales of our higher priced filtered sets, which include a filter to remove white blood cells from the collected blood. The remaining 40% is due to the increasing use of our technology by blood collectors to increase the supply of red cells from eligible donors, to reduce collection costs, and to improve operating quality and efficiency.

PATIENT PRODUCTS

Surgical
The surgical blood salvage product line has two major brand platforms: the Cell Saver(R) brand and the OrthoPAT(R) brand. Disposable revenue for the surgical product line increased 15.5%. The favorable effects of foreign exchange resulted in a 5.3% increase with the remaining 10.2% increase largely attributable to increases in OrthoPAT disposable revenues.

Cell Saver disposables revenue increased 5.9% during fiscal 2005. The favorable effects of foreign exchange resulted in a 5.6% increase. The remaining 0.3% increase is due primarily to an increase in volume in our European markets. In Europe, the Cell Saver system is used in both high and low blood loss surgeries, including the orthopedic market.

OrthoPAT disposable revenues increased 66.9%. The favorable effects of foreign exchange accounted for a 4.2% of the increase in OrthoPAT disposable revenues. The remaining 62.7% increase is due to disposable volume increases as orthopedic surgeons continue to adopt surgical blood salvage as an effective alternative to using blood from patient pre-donation or from donated blood in connection with hip and knee replacements and other orthopedic surgeries and price improvements.

OTHER REVENUES
(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Miscellaneous & Service	$ 13,718	$ 15,307	$ (1,589)	(10.4)%
Equipment	13,967	11,551	2,416	20.9%
Total other revenues	$ 27,685	$ 26,858	$ 827	3.1%

Our miscellaneous and service revenue includes revenue from repairs performed under preventive maintenance contracts or emergency service visits, spare part sales, various training programs and revenue from our software division, Fifth Dimension.

Miscellaneous and service revenue decreased 10.4%. The favorable effects of foreign currency accounted for a 3.9% increase. One-half of the remaining 14.3% decrease in miscellaneous and service revenue was due to reduced software revenue from Fifth Dimension. Fifth Dimension currently sells its products primarily to plasma customers who have been negatively impacted by the recent volatility and consolidation in the worldwide commercial plasma collection market. The remaining one-half of the decrease is due to declines in miscellaneous and service revenues.

Revenue from equipment sales increased 20.9%. The favorable effects of foreign exchange accounted for a 3.9% increase. The remaining increase of 17.0% was due to a large sale to a red cell customer during the first quarter of fiscal 2005. Equipment sales fluctuate from period to period.

GROSS PROFIT

(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Gross Profit	$ 144,430	$ 124,833	$ 19,597	15.7%
% of net revenues	50.9%	46.8%		

Gross profit increased 15.7% versus the first nine months of fiscal 2004. The favorable effects of foreign exchange accounted for a 9.9% increase in gross profit. The remaining 5.8% increase was due to (i) a change in the mix of products being sold, price improvements and increased sales, (ii) a decrease in depreciation on our equipment at customer sites and (iii) a $1.2 million excess and obsolete inventory provision booked during Q3 fiscal 2004, including $0.7 million relating to the loss of the Alpha business (See Plasma Revenue sales discussion).

OPERATING EXPENSES

(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Research and development	$ 14,891	$ 13,691	$ 1,200	8.8
Selling, general and administrative	85,366	79,200	6,166	7.8%
Total operating expenses	100,257	$ 92,891	$ 7,366	7.9%
% of net revenues	35.4%	34.9%		

RESEARCH AND DEVELOPMENT

For the first nine months of fiscal 2005 research and development expenses increased 8.8%. Foreign exchange resulted in a 1.9% increase in research and development expenses. The remaining 6.9% increase is due to the recognition of a $1.7 million impairment charge to write down the value of a previously acquired intangible, (See Acquired Intangible Assets footnote for more discussion) partially offset by the lower fiscal year 2005 personnel related expenses as a result of our second quarter fiscal year 2004 restructuring.

SELLING, GENERAL AND ADMINISTRATIVE

For the first nine months of fiscal 2005 selling, general and administrative expenses increased 7.8%. Foreign exchange resulted in a 3.5% increase in selling, general and administrative expenses. The majority of the remaining 4.3% increase was due to (i) higher fiscal 2005 selling, general and administrative costs as compared to fiscal 2004 relative to personnel-related expenses in marketing and sales to support our new products and a higher level of sales, (ii) increased costs due to our compliance effort under Section 404 of the Sarbanes /Oxley Act of 2002 and (iii) increased legal costs. The effect of these higher costs was partially offset by a year over year decrease in expense due to the $2.7 million in severance costs charged to selling, general and administrative expenses during the first nine months of fiscal 2004 as part of our reorganization.

OPERATING INCOME

(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Operating Income	$ 44,173	$ 31,942	$ 12,231	38.3%
% of net revenues	15.6%	12.0%		

Operating income increased 38.3% over the first nine months of fiscal 2004. Operating income increased 29.3% due to foreign exchange. The remaining increase of 9.0% is due to gross profit improvements, partially offset by increases in operating expenses.

OTHER EXPENSE, NET

(in thousands)

	JANUARY 1, 2005	DECEMBER 27, 2003	$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Interest expense	$ (1,850)	$ (2,235)	$ 385	17.2%
Interest income	1,463	1,274	189	14.8
Other (expense) , net	(39)	(55)	16	29.1
Total other expense, net	$ (426)	$ (1,016)	$ 590	58.1%

Several factors contributed to the decrease in total other expense, net: (1) a decrease in interest expense as we had lower average debt outstanding as compared to fiscal 2004, (2) an increase in interest income due to higher cash balances during the year, partially offset by $0.6 million in interest income booked in the third quarter of fiscal 2004 associated with an income tax refund and (3) a decrease in other expense, net as a result of increases in hedge points and foreign exchange transaction gains over the third quarter of fiscal year 2004 partially offset by increases in miscellaneous expenses (such as royalty expense.)

INCOME TAXES

For the first nine months of fiscal 2005, the income tax provision, as a percentage of pretax income, was 32.1% as compared to 36.0% for the first nine months of fiscal 2004. The reduction in the reported tax rate resulted from several factors:

- A reduction in the natural tax rate from 36% to 35%or $0.4 million due to increases in export tax credits and tax exempt interest income.
- $0.6 million tax reserve release related to the resolution of a Japanese tax matter
- $0.3 million tax reserve release due to the statute of limitations for previously filed tax returns expiring.
- $0.4 million in additional export tax benefits attributable to tax returns filed.

LIQUIDITY AND CAPITAL RESOURCES

The following table contains certain key performance indicators we believe depict our liquidity and cash flow position:

(dollars in thousands)	JANUARY 1, 2005	APRIL 3, 2004
Cash & cash equivalents	$ 160,276	$ 118,117
Working capital	$ 233,511	$ 185,606
Current ratio	3.5	2.9
Net cash position (1)	$ 111,055	$ 59,857
Days sales outstanding (DSO)	74	76
Disposables finished goods inventory turnover	5.8	5.7

(1) Net cash position is the sum of cash and cash equivalents less total debt.

Our primary sources of capital include cash and cash equivalents, internally generated cash flows and bank borrowings. We believe these sources to be sufficient to fund our requirements, which are primarily capital expenditures (including software systems to improve our product life cycle management), acquisitions, new business and product development and working capital for at least the next twelve months.

CASH FLOW OVERVIEW:

	FOR THE NINE MONTHS ENDED JANUARY 1, 2005	FOR THE NINE MONTHS ENDED DECEMBER 27, 2003	CHANGE
	(In thousands)		
Net cash provided by (used in):			
Operating activities	$ 48,463	$ 47,171	$ 1,292
Investing activities	(16,555)	(7,060)	(9,495)
Financing activities	9,425	6,362	3,063
Effect of exchange rate changes on cash (1)	826	824	2
Net increase in cash and cash equivalents	$ 42,159	$ 47,297	$ (5,138)

(1) The balance sheet is affected by spot exchange rates used to translate local currency amounts into U.S. dollars. In comparing spot exchange rates during the nine months ended fiscal 2005 versus the nine months ended fiscal 2004, the European currencies and the Japanese Yen have weakened against the U.S. dollar. In accordance with GAAP, only the effect of foreign currency on cash is included on our cash flow statement.

FISCAL 2005 AS COMPARED TO FISCAL 2004

OPERATING ACTIVITIES:

Net cash provided by operating activities was $48.5 million for the first nine months of fiscal 2005, an increase of $1.3 million from the same period in the prior year, due primarily to:

- $11.8 million more cash provided by net income adjusted for non-cash items

- $6.3 million less cash used by accounts payable and accrued expenses due primarily to lower tax payments in fiscal 2005, offset by

- $1.5 million more cash used by increases in accounts receivable balances

- $8.8 million more cash used by inventory during fiscal 2005 as inventory balances decreased during the first nine months of fiscal 2004

- $4.9 million more cash used due to increased income tax prepayments

- $1.6 million more cash used in other assets and other long-term liabilities due primarily to fiscal 2005 increases in insurance prepayments. Insurance prepayments are higher in fiscal 2005 as compared to fiscal 2004 due both to rate increases and timing of payments.

INVESTING ACTIVITIES:

Net cash from investing activities decreased $9.5 million as a result of $9.6 million in increased investments. During the current quarter we invested $5.0 million in the preferred stock of a private company and $0.6 million to secure a related license agreement and during the second quarter of fiscal 2005, we spent $4.0 million to acquire patents. The increase in proceeds from the sale of property, plant and equipment, due primarily to a significant sale of our equipment to a red cell customer at the end of the first quarter of fiscal 2005, was offset by the increase in capital expenditures during the current fiscal year.

During the first nine months of fiscal 2005, we had capital expenditures of $13.0 million, an increase of $3.5 million over the first nine months of fiscal 2004.

FINANCING ACTIVITIES:

Net cash provided by financing activities increased $3.1 million primarily due to an increase in proceeds from stock option exercises during the first nine months of fiscal 2005.

INFLATION

We do not believe that inflation has had a significant impact on our results of operations for the periods presented. Historically, we believe we have been able to minimize the effects of inflation by improving our manufacturing and purchasing efficiencies, by increasing employee productivity and by adjusting the selling prices of new products.

FOREIGN EXCHANGE

Foreign exchange risk arises because we engage in business in foreign countries in local currency. Approximately 66.0% of our sales are generated outside the U.S. in local currencies, yet our reporting currency is the U.S. dollar. Our primary foreign currency exposures in relation to the U.S. dollar are the Japanese Yen and the Euro. Exposure is partially mitigated by producing and sourcing product in local currency and expenses incurred by local sales offices. However, whenever the U.S. dollar strengthens relative to the other major currencies, there is an adverse affect on our results of operations and alternatively, whenever the U.S. dollar weakens relative to the other major currencies there is a positive effect on our results of operations.

It is our policy to minimize for a period of time, the unforeseen impact on our financial results of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge the anticipated cash flows from forecasted foreign currency denominated sales. Hedging through the use of forward contracts does not eliminate the volatility of foreign exchange rates, but because we generally enter into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation. We enter into forward contracts that mature one month prior to the anticipated timing of the forecasted foreign currency denominated sales. These contracts are designated as cash flow hedges intended to lock in the expected cash flows of forecasted foreign currency denominated sales at the available spot rate. Actual spot rate gains and losses on these contracts are recorded in sales, at the same time the underlying transactions being hedged are recorded.

We compute 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 is weighted by sales in those currencies. The composite was set at 1.00 based upon the weighted rates at March 31, 1997. The composite rate is presented in the period corresponding to the maturity of the underlying forward contracts.

The favorable or (unfavorable) changes are in comparison to the same period of the prior year. A favorable change is presented when we obtain relatively more U.S. dollars for each of the underlying foreign currencies than we did in the prior period. An unfavorable change is presented when we obtain relatively fewer U.S. dollars for each of the underlying foreign currencies than we did in the prior period. These indexed hedge rates impact sales, and as a result also gross profit, operating income and net income, in our 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 VERSUS PRIOR YEAR
FY2001		Q1	1.04	5.4%
		Q2	1.00	8.2%
		Q3	0.92	12.9%
		Q4	0.97	10.2%
2001	Total		0.98	9.1%
FY2002		Q1	0.99	5.2%
		Q2	0.97	3.3%
		Q3	1.01	(8.6)%
		Q4	1.05	(7.5)%
2002	Total		1.00	(2.0)%
FY2003		Q1	1.09	(8.9)%
		Q2	1.08	(10.3)%
		Q3	1.10	(8.1)%
		Q4	1.17	(11.0)%
2003	Total		1.11	(9.5)%
FY2004		Q1	1.13	(3.6)%
		Q2	1.05	3.6%
		Q3	1.06	3.2%
		Q4	1.01	15.9%
2004	Total		1.06	4.9%
FY2005		Q1	0.97	15.7%
		Q2	0.99	5.1%
		Q3	0.92	15.5%
		Q4	0.89	14.1%
2005	Total		0.94	12.7%
FY2006		Q1	0.92	5.2%
		Q2	0.91	9.1%
		Q3	0.87	5.7%
		Q4	0.86*	3.3%
2006	Total		0.90	4.5%

*   NOTE: Represents hedges for January FY06.

NEW ACCOUNTING PRONOUNCEMENTS

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB statement No. 123 (revised 2004), "Share-Based Payments", (SFAS 123R) which is a revision of FASB Statement No. 123, (SFAS 123) Accounting for Stock Based Compensation. SFAS 123R supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The disclosure only approach permitted by SFAS 123 and elected by us, is no longer an alternative. Accordingly, the adoption of SFAS 123R's fair value method will have a significant impact on the results of operations, although it will have no impact on our overall financial position. The impact of adoption of SFAS 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted SFAS 123R in prior periods, the impact of that standard would have approximated the impact of SFAS 123 as described in the disclosure of pro forma net income and earnings per share in Note 3 to the consolidated financial statements.

The FASB recently issued, FASB Statement No. 151, "Inventory Costs", (SFAS 151), an amendment of ARB No. 43, Chapter 4 (FASB 151). The amendment clarifies that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials should be recognized as current-period charges. It also clarifies that the required allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. We will adopt SFAS 151 on April 3, 2005 at the beginning of our fiscal year 2006. The clarification provided by SFAS 151 is consistent with our current accounting policy, and accordingly we expect no impact from the adoption of this statement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Statements contained in this report, as well as oral statements we make which 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 our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake 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 our 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 anticipated. Such risks and uncertainties include technological advances in the medical field and our standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product demand and market acceptance of our products, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, , foreign currency exchange rates, changes in customers' ordering patterns, the effect of industry consolidation as seen in the Plasma market, the effect of communicable diseases and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate. The foregoing list should not be construed as exhaustive.

ITEM 3. 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

See the section entitled Foreign Exchange for a discussion of how foreign currency affects our business. It is our policy to minimize for a period of time, the unforeseen impact on our financial results of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge anticipated cash flows from forecasted foreign currency denominated sales. We do not use the financial instruments for speculative or trading activities. At January 1, 2005, we had the following significant foreign exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated sales outstanding:

HEDGED CURRENCY	(BUY) / SELL LOCAL CURRENCY	WEIGHTED SPOT CONTRACT RATE		WEIGHTED FORWARD CONTRACT RATE		FAIR VALUE	MATURITY
Euro	5,850,000	$ 1.243		$ 1.234		$ (745,399)	Jan-Feb 2005
Euro	7,600,000	$ 1.196		$ 1.192		$ (1,278,860)	Mar-May 2005
Euro	7,400,000	$ 1.227		$ 1.226		$ (1,004,502)	Jun-Aug 2005
Euro	8,300,000	$ 1.302		$ 1.308		$ (486,466)	Sep-Nov 2005
Japanese Yen	1,175,000,000	107.0	per US$	105.7	per US$	$ (308,852)	Jan-Feb 2005
Japanese Yen	1,650,000,000	110.4	per US$	108.3	per US$	$ (881,704)	Mar-May 2005
Japanese Yen	1,720,000,000	110.0	per US$	107.7	per US$	$ (939,778)	Jun-Aug 2005
Japanese Yen	1,835,000,000	105.5	per US$	102.9	per US$	$ (375,522)	Sep-Nov 2005
				Total:		$ (6,021,082)	

We estimate 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 $11.9 million increase in the fair value of the forward contracts; whereas a 10% weakening of the U.S. dollar would result in a $13.3 million decrease in the fair value of the forward contracts.

INTEREST RATE RISK

All of our long-term debt is at fixed rates. Accordingly, a change in interest rates has an insignificant effect on our interest expense amounts. The fair value of our long-term debt, however, does change in response to interest rate movements due to its fixed rate nature.

At January 1, 2005, the fair value of our long-term debt was approximately $1.8 million higher than the value of the debt reflected on our financial statements. This higher fair market is entirely related to our $11.5 million, 7.05% fixed rate senior notes and our $7.9 million, 8.41% real estate mortgage.

At December 27, 2003, the fair value of our long-term debt was approximately $2.5 million higher than the value of the debt reflected on our financial statements. This higher fair market is entirely related to our $17.2 million, 7.05% fixed rate senior notes and our $8.4 million, 8.41% real estate mortgage.

Using scenario analysis, if interest rate on all long-term maturities changed by 10% from the rate levels that existed at January 1, 2005 the fair value of our long-term debt would change by approximately $0.3 million.

ITEM 4. CONTROLS AND PROCEDURES

We conducted an evaluation, as of January 1, 2005, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (the Company's principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to them by others within those entities.

There was no change in our internal control over financial reporting during the nine months ended January 1, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

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

None

Item 5. Other Information

None

Item 6. Exhibits

31.1 Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002, of Brad Nutter, President and Chief Executive Officer of the Company

31.2 Certification pursuant to Section 302 of Sarbanes-Oxley of 2002, of Ronald J. Ryan, Vice President and Chief Financial Officer of the Company

32.1 Certification Pursuant to 18 United States Code Section 1350, as adtopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Brad Nutter, President and Chief Executive Officer of the Company

32.2 Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Ronald J. Ryan, Vice President and Chief Financial Officer of the Company

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: February 9, 2005 By: s/Brad Nutter

Brad Nutter, President and
Chief Executive Officer

Date: February 9, 2005 By: s/ Ronald J. Ryan

Ronald J. Ryan, Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION

I, Brad Nutter, President and Chief Executive Officer of Haemonetics Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Haemonetics Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2005

s/Brad Nutter

Brad Nutter, President and
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Ronald J. Ryan, Vice President and Chief Financial Officer of Haemonetics Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Haemonetics Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2005

s/Ronald J. Ryan

Ronald J. Ryan, Vice President
and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ending January 1, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Nutter, President and Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 9, 2005

s/Brad Nutter

Brad Nutter,
President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Haemonetics and will be retained by Haemonetics and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ending January 1, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald J. Ryan, Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 9, 2004

s/Ronald J. Ryan

Ronald J. Ryan,
Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Haemonetics and will be retained by Haemonetics and furnished to the Securities and Exchange Commission or its staff upon request.