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: June 30, 2001 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.

26,128,484 shares of Common Stock, $ .01 par value, as of
June 30, 2001

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

	Three Months Ended June 30, 2001	Three Months Ended July 1, 2000
Net revenues	$75,801	$70,265
Cost of goods sold	39,498	36,819
Gross profit	36,303	33,446
Operating expenses:		
Research and development	4,765	4,173
Selling, general and administrative	22,006	20,985
Other unusual charges relating to acquisition	-	440
Total operating expenses	26,771	25,598
Operating income	9,532	7,848
Interest expense	(983)	(1,021)
Interest income	1,093	1,182
Other income, net	969	806
Income before provision for income taxes	10,611	8,815
Provision for income taxes	2,971	2,591
Income before cumulative effect of change in accounting principle	7,640	$ 6,224
Cumulative effect of change in accounting principle, net of tax	2,304	
Net income	$ 9,944	$ 6,224
Basic income per common share		
Income before cumulative effect of change in accounting principle	$ 0.29	$ 0.25
Cumulative effect of change in accounting principle, net of tax	0.09	
Net income	0.38	0.25
Income per common share assuming dilution		
Income before cumulative effect of change in accounting principle	$ 0.28	0.24
Cumulative effect of change in accounting principle, net of tax	0.09	
Net income	0.37	0.24
Weighted average shares outstanding		
Basic	25,979	25,248
Diluted	26,947	25,731

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

ASSETS	June 30, 2001	March 31, 2001
Current assets:		
Cash and short term investments	$ 40,959	$ 41,441
Available for sale investments	$ 45,454	$ 33,042
Accounts receivable, less allowance of $1,329 at June 30, 2001 and $1,233 at March 31, 2001	61,800	59,842
Inventories	56,671	54,007
Current investment in sales type leases, net	5,616	5,680
Deferred tax asset	18,054	19,982
Other prepaid and current assets	13,573	5,170
Total current assets	242,127	219,164
Property, plant and equipment	208,092	203,883
Less accumulated depreciation	125,983	120,632
Net property, plant and equipment	82,109	83,251
Other assets:		
Investment in sales type leases, net (long term)	3,810	5,391
Other intangibles, less accumulated amortization of $894 at June 30, 2001 and $599 at March 31, 2001	19,063	19,107
Goodwill, less accumulated amortization of $7,922 at June 30, 2001 and March 31, 2001	12,388	14,426
Deferred tax asset	8,173	1,737
Other long term assets	1,978	2,238
Total other assets	45,412	42,899
Total assets	$369,648	$345,314

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2001	March 31, 2001
Current liabilities:		
Notes payable and current maturities of long term debt	$ 28,403	$ 22,438
Accounts payable	11,923	13,350
Accrued payroll and related costs	9,535	10,072
Accrued income taxes	16,742	14,791
Other accrued liabilities	17,498	18,796
Total current liabilities	84,101	79,447
Long term debt, net of current maturities	47,303	47,281
Other long term liabilities	3,004	3,070
Stockholders' equity:		
Common stock, $.01 par value; Authorized - 80,000,000 shares; Issued 31,056,606 shares at June 30, 2001; 30,721,723 shares at March 31, 2001	311	307
Additional paid in capital	93,759	87,958
Retained earnings	244,297	234,325
Other comprehensive loss	(13,893)	(17,618)
Stockholders' equity before treasury stock	324,474	304,972
Less: treasury stock 4,928,122 shares at cost at June 30, 2001 and 4,940,390 shares at cost at March 31, 2001	89,234	89,456
Total stockholders' equity	235,240	215,516
Total liabilities and stockholders' equity	$369,648	$345,314

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

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

	Common Stock Shares	Common Stock $'s	Additional Paid in Capital	Treasury Stock	Retained Earnings	Other Comprehensive Income(loss)	Total Stockholders' Equity	Comprehensive Income (loss)
Balance, March 31, 2001	30,722	$307	$87,958	$(89,456)	$234,325	$(17,618)	$215,516	
Employee stock purchase plan				222	28		250	
Exercise of stock options and related tax benefit	335	4	5,801				5,805	
Net income					9,944		9,944	$ 9,944
Foreign currency translation adjustment						(1,048)	(1,048)	(1,048)
Unrealized gain on derivatives						4,773	4,773	4,773
Comprehensive income								$13,669
Balance, June 30, 2001	31,057	$311	$93,759	$(89,234)	$244,297	$(13,893)	$235,240	

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

	Three Months Ended	
	Jun 30, 2001	Jul 1, 2000
Cash Flows from Operating Activities:		
Net income	$ 9,944	$ 6,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Cumulative effect of change in accounting principle, net of tax	(2,304)	--
Depreciation and amortization	5,837	6,027
Deferred tax (expense) benefit	(4,508)	9
Equity in losses of investment (note 10)		440
Other unusual non cash charges	--	787
Realized gain from exchange rate fluctuations	(1,116)	
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable - net	(2,167)	169
(Increase) decrease in inventories	(4,556)	675
Decrease in sales type leases (current)	64	580
Increase in prepaid income taxes	(122)	(225)
(Increase) decrease in other assets	1,856	(1,352)
Decrease in accounts payable, accrued expenses and other current liabilities	(1,415)	(8,884)
Net cash provided by operating activities	1,513	4,450
Cash Flows from Investing Activities:		
Purchases of available for sale investments	(23,580)	(4,278)
Gross proceeds from sale of available for sale investments	11,167	3,858
Capital expenditures on property, plant and equipment, net of retirements and disposals	(2,926)	(3,195)
Net decrease in sales type leases (long term)	1,581	1,534
Net cash used in investing activities	(13,758)	(2,081)
Cash Flows from Financing Activities:		
Proceeds (payments) on long term real estate mortgage	(86)	0
Net (decrease) increase in short term revolving credit agreements	5,844	(8,136)
Net (decrease) increase in long term credit agreements	89	(126)
Employee stock purchase plan purchases	250	209
Exercise of stock options and related tax benefit	5,805	894
Purchase of treasury stock	--	(4,729)
Net cash used in financing activities	11,902	(11,888)
Effect of exchange rates on cash and cash equivalents	(139)	(34)
Net decrease in cash and cash equivalents	(482)	(9,553)
Cash and cash equivalents at beginning of period	41,441	25,882
Cash and cash equivalents at end of period	$40,959	$16,329
Non cash investing and financing activities:		
Transfers from inventory to fixed assets for Haemonetics placement equipment	$ 1,767	$ 1,441
Supplemental disclosures of cash flow information:		
Interest paid	$ 1,628	$ 1,670
Income taxes paid	$ 2,480	$ 1,084

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. Certain reclassifications were made to prior year balances to conform with the presentation of the financial statements for the three months ended June 30, 2001. 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 2002 and 2001 include 52 weeks with the first quarter of each fiscal year including 13 weeks.

3. Accounting for Shipping and Handling Costs

In the fourth quarter of fiscal year 2001, the Company adopted Emerging Issues Task Force No. 00-10, ("EITF 00-10",) "Accounting for Shipping and Handling Fees and Costs." The EITF concluded that amounts billed to a customer in a sale transaction related to shipping and handling should be classified as revenue. Prior to implementing EITF 00-10, shipping and handling costs billed to a customer were netted against shipping and handling costs recorded in cost of goods sold and selling, general and administrative expenses. The first quarter of fiscal year 2001 has been adjusted to comply with this change in classification of freight revenue.

The EITF consensus also requires an entity to disclose the amount of shipping and handling costs and the line item on the income statement that includes such costs if the costs are not in cost of goods sold and are significant. Shipping and handling costs are included in costs of goods sold with the exception of $1.5 million and $0.9 million for fiscal year 2002 and 2001, that are included in selling, general and administrative expenses.

4. New Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141 ("SFAS No. 141"), "Business Combinations." SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. This statement is effective for all business combinations initiated after June 30, 2001.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." This statement supercedes Accounting Principles Board Opinion No. 17 ("APB 17"), "Intangible Assets," and applies to goodwill and intangible assets acquired after June 30, 2001, as well as goodwill and intangible assets previously acquired. Under this statement goodwill as well as certain other intangible assets, determined to have an infinite life, will no longer be amortized, instead these assets will be reviewed for impairment on a periodic basis. Early adoption of this statement is permitted for non-calendar year end companies whereby the entity's fiscal year begins after March 15, 2001 and its first interim period financial statements have not been issued. Pursuant to this statement, the Company elected early adoption during the first fiscal quarter ended June 30, 2001. The goodwill associated with past acquisitions is no longer subject to amortization over its estimated useful life. Such goodwill will be subject to an annual assessment for impairment by applying a fair value based test. See Notes 5 and 6 for additional disclosure information required by SFAS No. 142.

In accordance with SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 "Accounting for Certain Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133," (collectively, SFAS No. 133, as amended) effective April 1, 2001. These standards were adopted as of April 1, 2001 as a change in accounting principle and cannot be applied retroactively to financial statements of prior periods.

~~SFAS No. 133, as amended, 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. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that the Company formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133, as amended, in part, allows special hedge accounting for fair value and cash flow hedges. The statement provides that the gain or loss on a derivative instrument designated and qualifying as a fair value hedging instrument, as well as the offsetting changes in the fair value of the hedged item attributable to the hedged risk, be recognized currently in earnings in the same accounting period. SFAS No. 133, as amended, provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The ineffective portion of a derivative's change in fair value is recognized currently through earnings regardless of whether the instrument is designated as a hedge.~~

~~The Company enters into forward exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated revenues. 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. 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 June 30, 2001, the Company had 28 forward contracts outstanding, all maturing in less than twelve months, to exchange Euro equivalent currencies and the Japanese yen primarily for U.S. dollars totaling $109.0 million. Of these contracts, six, totaling $21.7 million, represented contracts with zero fair value relating to inter-company receivables put in place at quarter end, that settle within 35 days after quarter end. The Company has designated the remainder of these contracts as cash flow hedges intended to lock in the expected cash flows of forecasted foreign currency denominated revenues at the available spot rate. The fair value of the forward contracts associated with changes in forward points is excluded from the Company's assessment of hedge effectiveness. At adoption, the Company recorded the fair value of these contracts of $9.2 million as an asset on the balance sheet. The change in the fair value of the contracts associated with changes in the spot rate as of April 1, 2001 of $6.4 million was recorded in other comprehensive income, net of tax. The change in the fair value of the contracts attributable to forward points, which are excluded from the Company's assessment of hedge effectiveness, totaled $3.2 million as of April 1, 2001. This amount was recorded as a cumulative effect of a change in accounting principle, net of tax.~~

~~At June 30, 2001, the fair value of the forward contracts was $8.2 million. Of this amount, $6.6 million was recorded in other comprehensive income, net of tax. For the three months ended June 30, 2001, the change in the fair value attributable to forward points totaled approximately $1.0 million. This balance was excluded from the assessment of hedge effectiveness and was recorded as other income, net for the three months ended June 30, 2001.~~

A summary of the accounting discussed above is as follows (in thousands):

(Income)/ Expense Cash Flow Hedges Debit (Credit)	Asset Forward Contracts	Other Comprehensive Income	Other Income, net	Cumulative Effect of Change in Accounting Principle, net of tax
At Adoption of SFAS No. 133, net of tax	$ 9,200	$(4,608)		$(2,304)
For 3 months ended June 30, 2001	(1,007)	(165)	(991)	
Total	$ 8,193	$(4,773)	$(991)	$(2,304)

Prior to the adoption of SFAS No. 133 as amended, the Company recorded forward points as other income upon settlement of the related forward contracts. Under SFAS No. 133 as amended, these points are recorded on a fair value basis over the life of the contracts. For the three months ended June 30, 2001, income from forward points was $4.2 million or $2.8 million higher than if booked under SFAS No. 52, ("Foreign Currency Translation.")

5. ACQUIRED OTHER INTANGIBLE ASSETS

	As of June 30, 2001	
(in thousands)	Gross Carrying Amount	Accumulated Amortization
Asset Class		
Patents	$ 6,539	$(289)
Unpatented technology	7,418	(405)
Customer contracts and related relationships	6,000	(200)
Total	$19,957	$(894)

Aggregate amortization expense for amortized other intangible assets for the three months ended June 30, 2001 is $295,000. Additionally, future amortization expense on other intangible assets for each of the succeeding five fiscal years is approximated to be $1.2 million.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - continued

6. GOODWILL

The changes in the carrying amount for the three months ended June 30, 2001 are as follows (in thousands):

Carrying amount as of March 31, 2001	$14,426
Adjustment due to the change in the valuation of the deferred taxes associated with the acquisition of Transfusion Technologies in September, 2000.	(2,737)
Adjustment due to change in the valuation of the liabilities in the acquisition of the Alpha Therapeutic Corporation plasma collection bottle plant in January, 2001.	878
Effect of change in rates used for translation	(179)
Carrying amount as of June 30, 2001	$12,388

The proforma effect on prior year earnings of excluding amortization expense, net of tax, is as follows:

(in thousands except per share data)	For the three months ended July 1, 2000
Reported net income	$6,224
Add back: Goodwill amortization	186
Adjusted net income	$6,410
Basic income per common share:	
Reported net income	$ 0.25
Goodwill amortization	0.01
Adjusted net income	$ 0.25*
Income per common share assuming full dilution:	
Reported net income	$ 0.24
Goodwill amortization	0.01
Adjusted net income	$ 0.25

* Does not add due to rounding.

With the adoption of SFAS No. 141, there were no changes to amortization expense on acquired other intangible assets.

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - continued

7. 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:

	Jun. 30, 2001	Mar 31, 2001
	(in thousands)	
Raw materials	$15,628	$16,015
Work in process	5,056	4,237
Finished goods	35,987	33,755
	$56,671	$54,007

8. 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 potential dilutive securities.

	For the three months ended	
	June 30, 2001	July 1, 2000
Basic EPS		
Net income	$ 9,944	$ 6,224
Weighted Average Shares	25,979	25,248
Basic income per share	$ .38	$ .25
Diluted EPS		
Net income	$ 9,944	$ 6,224
Basic Weighted Average shares	25,979	25,248
Effect of Stock options	968	483
Diluted Weighted Average shares	26,947	25,731
Diluted income per share	$ .37	$ .24

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, red cell, surgical and plasma collection products.

The blood bank products include machines and single use disposables and solutions that perform "apheresis," the separation of whole blood into its components and subsequent collection of certain components, including platelets and plasma as well a the washing of red blood cells for certain applications. The main device used for these blood component therapies is the MCS(R)+, mobile collection system.

Red cell products include machines and single use disposables and solutions that perform apheresis for the collection of red blood cells. Devices used for the collection of red blood cells are the Red Cell 8150 and MCS(R) 9000.

Surgical products include machines and single use disposables that perform intraoperative autologous transfusion ("IAT") or surgical blood salvage, as it is more commonly known, in orthopedic and cardiovascular surgical applications. Surgical blood salvage is a procedure whereby shed blood is collected, cleansed and returned back to a patient. The devices used in the surgical area are the OrthoPat(R) System, and a full line of Cell Saver(R) autologous blood recovery systems.

Plasma collection products are machines, disposables and solutions that 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)

June 30, 2001	Blood Bank	Red Cells	Surgical	Plasma	Other	Total
Revenues from external customers	$25,498	2,421	17,135	26,898	3,849	75,801
July 1, 2000						
Revenues from external customers	$27,106	1,751	15,967	20,821	4,620	70,265

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - continued

10. ACQUISITIONS

Transfusion Technologies

In the second quarter of fiscal year 2001, Haemonetics completed the acquisition of Transfusion Technologies Corporation, ("Transfusion.")

The Transfusion merger was accounted for using the purchase method of accounting for business combinations under Accounting Principles Board (APB) Opinion No. 16, Business Combinations. Accordingly, the accompanying consolidated statements of operations includes Transfusion Technologies' results of operations commencing on the date of acquisition.

(i) The following unaudited pro forma summary combines the consolidated results of operations of Haemonetics and Transfusion as if the acquisition had occurred as of the beginning of the first quarter of fiscal year 2001 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 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.

	Three Months Ended July 1, 2000
	(in thousands, except per share amounts)
Net revenues	$70,971
Operating income	5,941
Net income	4,728
Basic and diluted income per common share:	
Basic	$ 0.19
Diluted	$ 0.18
Weighted average number of common shares outstanding:	
Basic	25,248
Diluted	25,731

The purchase price was allocated to the net assets acquired based on the Company's estimates of fair value at the acquisition date. The fair market value of liabilities included in the net assets purchased was $6.3 million. The excess of the purchase price over the fair market value of the net assets acquired had been recorded as goodwill in the amount of $2.8 million. At March 31, 2001, there existed a $6.4 million valuation allowance against the Company's

~~deferred tax asset account to reflect the potential inability of the Company to utilize Transfusion Technology's net operating loss carryforwards before the 15 year carryover period expires. In fiscal year 2002, as part of management's ongoing analysis of the purchase price allocation of the Transfusion acquisition, it was determined that this tax valuation allowance was not necessary. Accordingly, the Company has written down the goodwill by $2.8 million, other acquired intangibles by $2.6 million and the value of other acquired assets related to this transaction by $1.0 million.~~

~~11. UNUSUAL ITEM~~

~~Relating to the Acquisition of Transfusion Technologies~~

~~Included in unusual charges in the first quarter of fiscal year 2001 was the adjustment required to modify the 19.8% investment in Transfusion Technologies 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 in November of fiscal year 2000 was written down by its 19.8% share of the losses incurred by Transfusion Technologies from November of fiscal year 2000 through the date of acquisition of the remaining 80.2%. The charge to the consolidated statement of operations related to this cost to equity adjustment was $0.4 million in the first quarter of fiscal year 2001.~~

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

RESULTS OF OPERATIONS

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

	Percentage of Net Revenues Three Months Ended		Percentage Increase/(Decrease) Three Months Ended (in actual dollars)
	June 30, 2001	July 1, 2000	2001/2000
Net revenues	100.0%	100.0%	7.9%
Cost of goods sold	52.1	52.4	7.3
Gross Profit	47.9	47.6	8.5
Operating Expenses:			
Research and development	6.3	5.9	14.2
Selling, general and administrative	29.0	29.9	4.9
Other unusual charges relating to acquisition	--	0.6	(100.0)
Total operating expenses	35.3	36.4	4.6
Operating income	12.6	11.2	21.5
Interest expense	(1.3)	(1.4)	(3.7)
Interest income	1.4	1.7	(7.5)
Other income, net	1.3	1.1	20.2
Income before provision for income taxes	14.0	12.6	20.4
Provision for income taxes	3.9	3.7	14.7
Income before cumulative effect of change in accounting principle, net of tax	10.1	8.9	22.8
Cumulative effect of change in accounting principle, net of tax	3.0		100.0
Net income	13.1%	8.9%	59.8%

Three Months Ended June 30, 2001 Compared to Three Months Ended July 1, 2000

			Percent Increase / (Decrease)	
By geography:	2001	2000	Actual dollars as reported	At constant currency
United States	$28,885	$22,690	27.3%	27.3%
International	46,916	47,575	(1.4)	(0.3%)
Net revenues	$75,801	$70,265	7.9%	8.6%

			Percent Increase / (Decrease)	
By product type:	2001	2000	Actual dollars as reported	At constant currency
Disposables	$69,704	$62,619	11.3%	11.4%
Misc. & service	3,849	4,621	(16.7%)	(10.9%)
Equipment	2,248	3,025	(25.7%)	(22.1%)
Net revenues	$75,801	$70,265	7.9%	8.6%

Disposable revenue			Percent Increase / (Decrease)	
by product line:	2001	2000	Actual dollars as reported	At constant Currency

~~Surgical~~	~~16,211~~	~~14,845~~	~~9.2%~~	~~11.5%~~
~~Blood bank~~	~~24,339~~	~~25,393~~	~~(4.2)~~	~~(5.0)~~
~~Red cells~~	~~2,393~~	~~1,673~~	~~43.0~~	~~52.2~~
~~Plasma~~	~~26,761~~	~~20,708~~	~~29.2~~	~~28.4~~
~~Disposable revenues~~	~~$69,704~~	~~$62,619~~	~~11.3%~~	~~11.4%~~

~~Three months ended June 30, 2001 compared to three months ended July 1, 2000~~

~~Net Revenues~~

~~Net revenues in 2001 increased 7.9% to $75.8 million from $70.3 million in 2000. With currency rates held constant, net revenues increased 8.6% from 2000 to 2001.~~

~~Disposable sales increased 11.3% year over year at actual rates. With currency rates held constant, disposable sales increased 11.4%. Year over year constant currency disposable sales growth was a result of disposable growth in worldwide Red Cells (up 52.2%), worldwide Surgical (up 11.5%) and worldwide Plasma (up 28.4%). The increase in worldwide red cell sales is primarily attributable to volume increases in the US market as the rollout of this new technology continues to gain strength. The growth in the worldwide surgical disposable sales is mainly attributed to volume increase in the US market with the success of the Company's newly acquired OrthoPAT(R) into the orthopedic market and the strengthening demand for autotransfusion in general. The growth in worldwide Plasma disposables sales is mainly attributed to volume increases of products sold in the US due to an upturn in plasma collections. Of the 28.4% constant currency plasma growth, 8% of it was due to the Company's acquisition of the plasma container business in the fourth quarter of last year. Offsetting these increases in surgical, red cell and plasma disposable sales were decreases in platelets disposable sales in Europe, Japan and in the U.S.~~

~~Constant currency sales of disposable products, excluding service and other miscellaneous revenue, accounted for 91.9% and 89.5% of net revenues for 2001 and 2000, respectively.~~

~~Service revenue generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and miscellaneous revenues accounted for 5.1% and 6.2% of the Company's net revenues, at constant currency, for 2001 and 2000, respectively.~~

~~Equipment revenues decreased 25.7% from $3.0 million in 2000 at actual rates and decreased 22.1% year over year with currency rates held constant. The 22.1% constant currency decrease was a result of lower equipment revenues in the platelet business, mainly in the U.S., Europe and Japan. 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 include the customers' preference to be relieved from certain risks of ownership, particularly the equipment's economic useful life and technological obsolescence. From the Company's point of view, placing Company owned equipment versus selling it, allows the Company to better track the location and optimize the utilization of the equipment.~~

~~International sales as reported accounted for 61.9% and 67.7% of net revenues for 2001 and 2000, respectively. As in the U.S., sales outside the U.S. 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 $36.3 million for the three months ended June 30, 2001 increased $2.9 million or 0.3% as a percent of sales from $33.4 million for the three months ended July 1, 2001. At constant currency, gross profit as a percent of sales decreased slightly by 0.1% yet increased in dollars by $2.8 million or 8.3% from 2000 to 2001. The $2.8 million constant dollar gross profit increase from 2000 was primarily a result of higher sales.~~

~~In 1998, the Company initiated the Company's Customer Oriented Redesign for Excellence ("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. For the three months of fiscal 2002, the CORE program has contributed approximately $0.3 million of cost savings benefiting the Company's gross profit. The estimated savings for the full twelve months of fiscal year 2002 is expected from initiatives to lower product costs by automating and redesigning the way certain products are made so that less material and labor is needed and by negotiating lower material prices with vendors. These savings are expected to be partially offset by increases in other product costs.~~

~~Expenses~~

~~The Company expended $4.8 million (6.3% of net revenues) on research and development in 2001 and $4.2 million (5.9% of net revenues) in 2000. At constant currency rates, research and development as a percent of sales increased by 0.5% and increased in dollars by $0.7 million from 2000 to 2001. The increase in research and development was a result of the Company's objective to reinvest available funds into new product development.~~

~~Selling, general and administrative expenses increased $1.0 million from $21.0 million in 2000 to approximately $22.0 million in 2001. At constant currency, selling, general and administrative expenses increased $1.9 million from 2000 and increased 0.2% as a percent of sales from 2000 to 2001. Increased spending behind the Company's new product selling and marketing activities contributed to the increase. The CORE Program is not expected to have a notable impact in savings on selling, general and administrative expenses during the current year as most savings are expected in gross profit.~~

Other Unusual charges Relating to the Acquisition of Transfusion Technologies Corporation

Included in unusual charges in the three months ended June 1, 2000 was the adjustment required to modify the 19.8% investment in Transfusion Technologies 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 losses incurred by Transfusion Technologies from November of fiscal year 2000 through the date of acquisition of the remaining 80.2%. The charge to the consolidated statement of operations related to this cost to equity adjustment was $0.4 million in the three months ended July 1, 2000.

Operating Income

Operating income, as a percentage of net revenues, increased 1.4 percentage points to 12.6% from 11.2% in 2000. At constant currency, operating income increased $0.6 million and declined 0.1 percentage points as a percent of sales from 11.5% in 2000. The gross profit increases from the strong disposable sales were almost fully invested back into the business by way of research and development and selling programs.

Foreign Exchange

The Company generates approximately 62% of its revenues 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 the first quarter of fiscal 2002, the indexed hedge spot rates appreciated 5.2% and for the first quarter of fiscal 2003, the indexed hedge spot rates depreciated 8.9% over the corresponding quarter 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 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	10.2%
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%)

Other Income, Net

Interest expense in 2001 was relatively flat as compared to 2000 as the interest rates year over year were relatively unchanged given the large percentage of the fixed rate debt and the average outstanding borrowings were relatively unchanged year over year. Interest income was also relatively flat from 2000 to 2001. Other income net increased $0.2 million due a reduction in amortization as a result of the Company's adoption of Statement of Financial Accounting Standards No. 142 ("SFAS No. 142"), "Goodwill and Other Intangible Assets," effective April 1, 2001 which required that the Company cease amortization of goodwill.

Taxes

The provision for income taxes, as a percentage of pretax income, was 28.0% for the three months ended June 30, 2001 and 29.4% for the three months ended July 1, 2000. The decrease in the effective tax rate from 2000 to 2001 was primarily attributable to the cost to equity adjustment of $0.4 million in the 3 months ended July 1, 2000. (See Note 11.)

Cumulative Effect of accounting change, net of tax

In accordance with SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 "Accounting for Certain Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133," (collectively, SFAS No. 133, as amended) effective, April 1, 2001, the beginning of the Company's 2002 fiscal year. As required, these standards were adopted as a change in accounting principle and accordingly, the effect at adoption of $3.2 million was shown net of taxes of $0.9 million as a cumulative effect of a change in accounting principle on the face of the consolidated statements of operations in the 3 months ended June 30, 2001.

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 three months ended June 30, 2001, the Company decreased its cash balances, before the effect of exchange rates, by $0.3 million from operating, investing and financing activities which represents a decrease in cash utilization or an increase in cash generated of $9.2 million from the $9.5 million utilized in the Company's operating, investing and financing activities during the three months ended July 1, 2000. The $9.2 million of additional cash generated results from the additional $23.8 million provided by the Company's financing activities in 2001 offset by the $11.7 of additional cash utilized by the Company's investing activities and the $2.9 million of additional cash utilized by the Company's operating activities.

Operating Activities:

The Company generated $1.5 million in cash from operating activities during the three months ended June 30, 2001 as compared to $4.5 million generated during the three months ended July 1, 2000. The $2.9 million decrease in operating cash flow from fiscal year 2001 to fiscal year 2002 was a result of a $5.6 million decrease in net income adjusted for depreciation, amortization and other non cash items, a $5.2 million decrease in inventories due to higher finished good equipment and work in process inventory levels, a $2.3 million increase in accounts receivable as a result of higher sales as compared to a year ago and $0.5 million from the slow down in reductions to current sales type leases as part of the continuing trend of customer preference for, and the Company's policy of, moving toward placing on loan Company owned equipment versus selling it under sales type leases . These additional uses of cash were offset by additional sources of cash of $3.2 million from a decrease in other assets, a $7.5 million increase in accounts payable and accrued expenses due partially because of higher than normal reductions in accounts payable during the three months ended July 1, 2001 related to treasury stock repurchases.

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 $4.8 million and $10.0 million of operating cash during the three months ended June 30, 2001 and July 1, 2000, respectively. The $4.8 million of operating cash flow generated for the three months ended June 30, 2001 resulted from $10.0 million of net income adjusted for non cash items and $4.4 million from the reduction of the Company's net investment in property, plant and equipment and sales type leases offset by $9.6 million from increased working capital investment, primarily due to higher inventories, higher accounts receivable and lower accrued payables and payroll. The $10.0 million of operating cash generated for the three months ended July 1, 2000 resulted from $7.8 million of net income adjusted for non cash items, $4.5 million from the reduction of the Company's net investment in property, plant and equipment and sales type leases offset by $2.3 million in higher working capital investment. Non cash transfers from inventory to property, plant and equipment have been excluded for purposes of this calculation and amounted to approximately $1.8 million and $1.4 million in the three month periods for 2001 and 2000, respectively.

Investing Activities

The Company utilized $13.8 million in cash for investing activities from operations during the 3 months ended June 30, 2001, an increase of $11.7 million from the same period a year ago. Due to the Company's growing cash balances during the 3 months ended June 30, 2001, the Company has increased the amount of cash it invests into higher yielding available for sale securities.

Financing Activities:

During the three months ended June 30, 2001, the Company generated $23.8 million more cash from its financing activities than during the three months ended July 1, 2000 through a $13.9 million increase in short-term credit revolving credit agreements in Japan, a $4.9 million increase in cash from stock option exercises and $4.7 million in cash savings as a result of the Company's decision not to purchase any treasury shares during the three months ended June 30, 2001.

At June 30, 2001, the Company had working capital of $159.9 million. This reflects an increase of $ 20.2 million in working capital from the three months ended July 1, 2000.

Inflation

The Company does not believe that inflation has had a significant impact on the Company's results of operations for the periods presented. Historically, the Company believes it has been able to minimize the effects of inflation by improving its manufacturing and purchasing efficiency, by increasing employee productivity and by reflecting the effects of inflation in the selling prices of new products it introduces each year.

Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 141 ("SFAS No. 141"), "Business Combinations." SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. This statement is effective for all business combinations initiated after June 30, 2001.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." This statement supercedes Accounting Principles Board Opinion No. 17 ("APB 17"), "Intangible Assets," and applies to goodwill and intangible assets acquired after June 30, 2001, as well as goodwill and intangible assets previously acquired. Under this statement goodwill as well as certain other intangible assets, determined to have an infinite life, will no longer be amortized, instead these assets will be reviewed for impairment on a periodic basis. Early adoption of this statement is permitted for non-calendar year-end companies whereby the entity's fiscal year begins after March 15, 2001 and its first interim period financial statements have not been issued. Pursuant to this statement, the Company elected early adoption during the first fiscal quarter ended June 30, 2001. The goodwill associated with past acquisitions is no longer subject to amortization over its estimated useful life. Such goodwill will be subject to an annual assessment for impairment by applying a fair value based test. See Notes 5 and 6 for additional disclosure information required by SFAS No. 142.

In accordance with SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138 "Accounting for Certain Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133," (collectively, SFAS No. 133, as amended) effective April 1, 2001. These standards were adopted as of April 1, 2001 as a change in accounting principle and cannot be applied retroactively to financial statements of prior periods.

SFAS No. 133, as amended, 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. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that the Company formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133, as amended, in part, allows special hedge accounting for fair value and cash flow hedges. The statement provides that the gain or loss on a derivative instrument designated and qualifying as a fair value hedging instrument, as well as the offsetting changes in the fair value of the hedged item attributable to the hedged risk, be recognized currently in earnings in the same accounting period. SFAS No. 133, as amended, provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings. The ineffective portion of a derivative's change in fair value is recognized currently through earnings regardless of whether the instrument is designated as a hedge.

The Company enters into forward exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated revenues. 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. 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 June 30, 2001, the Company had 28 forward contracts outstanding, all maturing in less than twelve months, to exchange Euro equivalent currencies and the Japanese yen primarily for U.S. dollars totaling $109.0 million. Of these contracts, six, totaling $21.7 million, represented contracts with zero fair value relating to inter company receivables put in place at quarter end, that settle within 35 days after quarter end. The Company has designated the remainder of these contracts as cash flow hedges intended to lock in the expected cash flows of forecasted foreign currency denominated revenues at the available spot rate. The fair value of the forward contracts associated with changes in forward points is excluded from the Company's assessment of hedge effectiveness. At adoption, the Company recorded the fair value of these contracts of $9.2 million as an asset on the balance sheet. The change in the fair value of the contracts associated with changes in the spot rate as of April 1, 2001 of $6.4 million was recorded in other comprehensive income, net of tax. The change in the fair value of the contracts attributable to forward points, which are excluded from the Company's assessment of hedge effectiveness, totaled $3.2 million as of April 1, 2001. This amount was recorded as a cumulative effect of a change in accounting principle, net of tax.

At June 30, 2001, the fair value of the forward contracts was $8.2 million. Of this amount, $6.6 million was recorded in other comprehensive income, net of tax. For the three months ended June 30, 2001, the change in the fair value attributable to forward points totaled approximately $1.0 million. This balance was excluded from the assessment of hedge effectiveness and was recorded as other income, net for the three months ended June 30, 2001.

A summary of the accounting discussed above is as follows (in thousands):

(Income)/ Expense Cash Flow Hedges Debit (Credit)	Asset Forward Contracts	Other Comprehensive Income	Other Income, net	Cumulative Effect of Change in Accounting Principle, net of tax
At Adoption of SFAS No. 133, net of tax	$ 9,200	$(4,608)	--	$(2,304)
For 3 months ended June 30, 2001	(1,007)	(165)	(991)	
Total	$ 8,193	$(4,773)	$(991)	$(2,304)

Prior to the adoption of SFAS No. 133 as amended, the Company recorded forward points as other income upon settlement of the related forward contracts. Under SFAS No. 133 as amended, these points are recorded on a fair value basis over the life of the contracts. For the three months ended June 30, 2001, income from forward points was $4.2 million or $2.8 million higher than if booked under SFAS No. 52, ("Foreign Currency Translation.")

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.

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

Approximately 62% 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 anticipated cash flows from forecasted foreign currency denominated revenues. 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.

At June 30, 2001, the Company had the following significant foreign exchange contracts to hedge the anticipated cash flows from forecasted foreign currency denominated revenues outstanding:

Currency	Local Currency	Contract Rate	Current Fwd	Gain / (Loss)	Gain / (Loss)	Maturity
Euro	4,500,000	$0.943	3,867,650	$ 374,350	370,977	Jul-Sept 2001
Euro	7,450,000	$0.860	6,395,660	$ 11,495	11,199	Oct-Dec 2001
Euro	8,000,000	$0.942	6,862,620	$ 674,630	647,753	Jan-Mar 2002
Euro	7,550,000	$0.857	6,476,445	$ (4,820)	(4,551)	Apr-Jun 2003
Japanese Yen	1,350,000,000	100.9 per US$	10,907,741	$2,468,225	2,446,001	Jul-Sept 2001
Japanese Yen	1,950,000,000	102.9 per US$	15,880,860	$3,062,450	2,991,241	Oct-Dec 2001
Japanese Yen	1,600,000,000	111.3 per US$	13,159,703	$1,216,204	1,167,980	Jan-Mar 2002
Japanese Yen	1,850,000,000	115.9 per US$	15,371,533	$ 595,571	562,626	Apr-Jun 2003
		Total:	78,922,212	8,398,105	8,193,226	

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 $9.7 million unrealized gain; whereas a 10% weakening of the U.S. dollar would result in a $11.1 million unrealized loss.

Interest Rate Risk

Approximately 93%, 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 June 30, 2001, the fair value of the Company's long term debt was approximately $3.2 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 and the $10.0 million, 8.41% fixed rate mortgage the Company holds. These notes collectively represent approximately 93% of the Company's outstanding long term borrowings at June 30, 2001. At July 1, 2000, the fair value of the Company's long term debt was approximately $0.6 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 June 30, 2001. The effect was a change in the fair value of the Company's long term debt, of approximately $1.0 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

None

Item 5. Other Information

None

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

(a). Exhibits

No exhibits will be filed as part of this form 10-Q:

(b). Reports on Form 8-K.

None

SIGNATURES

~~Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.~~

HAEMONETICS CORPORATION

Date: August 8 , 2001 By: /s/ James L. Peterson

James L. Peterson, President and
Chief Executive Officer

Date: August 8, 2001 By: /s/ Ronald J. Ryan

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