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: December 27, 2003   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 December 27, 2003:

24,896,058

HAEMONETICS CORPORATION
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ITEM 1. Financial Statements

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

	Three Months Ended		Nine Months Ended	
	December 27, 2003	December 28, 2002	December 27, 2003	December 28, 2002
Net revenues	$90,737	$87,115	$266,508	$256,075
Cost of goods sold	47,624	46,174	$142,429	137,597
Gross profit	43,113	40,941	124,079	118,478
Operating expenses:				
Research and development	4,072	4,633	$ 13,691	14,682
Selling, general and administrative	24,945	24,486	$ 79,200	72,456
Total operating expenses	29,017	29,119	92,891	87,138
Operating income	14,096	11,822	31,188	31,340
Interest expense	(682)	(783)	(2,235)	(2,530)
Interest income	805	325	1,274	1,111
Other income, net	335	549	699	1,637
Income before provision for income taxes	14,554	11,913	30,926	31,558
Provision for income taxes	5,240	1,566	11,134	7,656
Net income	$ 9,314	$10,347	$ 19,792	$ 23,902
Basic earnings per common share	$ 0.38	$ 0.43	$ 0.82	$ 0.97
Diluted earnings per common share	$ 0.38	$ 0.42	$ 0.81	$ 0.95
Weighted average shares outstanding				
Basic	24,518	24,295	24,234	24,752
Diluted	24,780	24,573	24,446	25,280

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

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 27, 2003	March 29, 2003
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 97,182	$ 49,885
Accounts receivable, less allowance of $1,912 at December 27, 2003 and $1,449 at March 29, 2003	84,399	77,913
Inventories	56,081	65,805
Current investment in sales type leases, net	2,102	2,681
Deferred tax asset	19,143	17,307
Prepaid expenses and other current assets	7,085	9,664
Total current assets	265,992	223,255
Total property, plant and equipment	266,502	244,499
Less: accumulated depreciation	187,182	160,512
Net property, plant and equipment	79,320	83,987
Other assets:		
Investment in sales type leases, net (long term)	2,312	2,968
Other intangibles, less amortization of $5,116 at December 27, 2003 and $3,753 at March 29, 2003	25,202	26,339
Goodwill, net	16,994	16,010
Deferred tax asset, net	2,997	2,954
Other long term assets	3,747	3,695
Total other assets	51,252	51,966
Total assets	$396,564	$359,208
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long term debt	$ 41,016	$ 39,005
Accounts payable	13,922	13,677
Accrued payroll and related costs	13,103	11,930
Accrued income taxes	7,741	12,093
Other accrued liabilities	26,572	23,670
Total current liabilities	102,354	100,375
Long term debt, net of current maturities	25,560	31,612
Other long term liabilities	4,422	3,984
Stockholders' equity:		
Common stock, $0.01 par value; Authorized - 80,000,000 shares; Issued - 32,464,347 shares at December 27, 2003 and 31,664,849 shares at March 29, 2003	325	317
Additional paid in capital	123,519	108,770
Retained earnings	312,763	292,971
Accumulated other comprehensive loss	(8,302)	(13,486)
Stockholders' equity before treasury stock	428,305	388,572
Less: Treasury stock at cost - 7,568,289 shares at December 27, 2003 and 7,626,096 shares at March 29, 2003	164,077	165,335
Total stockholders' equity	264,228	223,237
Total liabilities and stockholders' equity	$396,564	$359,208

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(unaudited, in thousands)

	Common Stock Shares	Common Stock $'s	Additional Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Comprehensive Income
Balance, March 29, 2003	31,665	$317	$108,770	$(165,335)	$292,971	$(13,486)	$223,237	
Employee stock purchase plan	---	---	(393)	1,258	---	---	865	
Exercise of stock options and related tax benefit	799	8	15,142				15,150	
Purchase of treasury stock								
Net income	---	---	---	---	19,792	---	19,792	$19,792
Foreign currency translation adjustment						8,040	8,040	8,040
Unrealized loss on derivatives	---	---	---	---	---	(2,856)	(2,856)	(2,856)
Comprehensive income								$24,976
Balance, December 27, 2003	32,464	$325	$123,519	$(164,077)	$312,763	$ (8,302)	$264,228	

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

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

	Nine Months Ended	
	December 27, 2003	December 28, 2002
Cash Flows from Operating Activities:		
Net income	$19,792	$ 23,902
Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Depreciation and amortization	23,191	22,169
Deferred tax benefit	(143)	(377)
Tax benefit related to the exercise of stock options	1,725	612
Unrealized gain from hedging activities	(2,224)	(2,074)
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable - net	731	(10,045)
Decrease (increase) in inventories	6,474	(7,207)
Decrease in sales-type leases (current)	754	215
Decrease (increase) in prepaid income taxes	2,934	(3,913)
Decrease in other assets and other long term liabilities	1,090	226
Increase (decrease) in accounts payable and accrued payroll	300	(2,273)
(Decrease) increase in accrued taxes	(4,701)	8,204
Decrease in accrued expenses	(2,170)	(114)
Net cash provided by operating activities	47,753	29,325
Cash Flows from Investing Activities:		
Purchases of available-for-sale investments		(11,670)
Gross proceeds from sale of available-for-sale investments		44,306
Capital expenditures on property, plant and equipment, net of retirements and disposals	(7,535)	(9,128)
Performance milestone payment to acquired software development company	(1,020)	
Net decrease (increase) in sales-type leases (long-term)	913	(197)
Net cash (used in) provided by investing activities	(7,642)	23,311
Cash Flows from Financing Activities:		
Payments on long-term real estate mortgage	(311)	(311)
Net (decrease) increase in short-term revolving credit agreements	(1,903)	8,455
Payments on long-term credit agreements	(5,714)	(5,714)
Employee stock purchase plan purchases	865	796
Exercise of stock options	13,425	3,165
Purchase of treasury stock		(44,980)
Net cash used in financing activities	6,362	(38,589)
Effect of exchange rates on cash and cash equivalents	824	706
Net increase in cash and cash equivalents	47,297	14,753
Cash and cash equivalents at beginning of period	49,885	34,913
Cash and cash equivalents at end of period	$97,182	$ 49,666
Non-cash investing and financing activities:		
Transfers from inventory to fixed assets for placements of Haemonetics equipment	$ 5,851	$ 7,631
Reclassifications from long-term credit agreements to short-term credit agreements	$ 0	$ 2,512
Supplemental disclosures of cash flow information:		
Interest paid	$ 2,615	$ 3,033
Income taxes paid, net of refunds	$11,945	$ 3,772

INSERT TAB

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED 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 December 27, 2003 are not necessarily indicative of the results that may be expected for the full fiscal year ending April 3, 2004. 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 March 29, 2003.

Certain amounts in the prior year financial statements have been reclassified to conform to the fiscal year 2004 presentation.

Our fiscal year ends on the Saturday closest to the last day of March. Fiscal year 2004 includes 53 weeks with the first three quarters of the fiscal year including 13 weeks and the fourth quarter of fiscal 2004 including 14 weeks. Fiscal year 2003 included 52 weeks with all four quarters including 13 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	
	December 27, 2003	December 28, 2002
	(in thousands, except per share amounts)	
Basic EPS		
Net income	$ 9,314	$10,347
Weighted average shares	24,518	24,295
Basic earnings per share	$ 0.38	$ 0.43
Diluted EPS		
Net income	$ 9,314	$10,347
Basic weighted average shares	24,518	24,295
Effect of stock options	262	278
Diluted weighted average shares	24,780	24,573
Diluted earnings per share	$ 0.38	$ 0.42

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

	For the nine months ended December 27, 2003	For the nine months ended December 28, 2002
	(in thousands, except per share amounts)	
Basic EPS		
Net income	$19,792	$23,902
Weighted average shares	24,234	24,752
Basic earnings per share	$ 0.82	$ 0.97
Diluted EPS		
Net income	$19,792	$23,902
Basic weighted average shares	24,234	24,752
Effect of stock options	212	528
Diluted weighted average shares	24,446	25,280
Diluted earnings per share	$ 0.81	$ 0.95

3. STOCK BASED COMPENSATION

Effective in the fourth quarter of fiscal 2003, 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 will continue to account for employee stock based compensation using the intrinsic value method under Accounting Principles Board Opinion No. 25 ("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," the effect on our earnings per share would have been as follows:

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

	For the three months ended	
	December 27, 2003	December 28, 2002
	(in thousands, except per share amounts)	
Net income (as reported):	$ 9,314	$10,347
Deduct: Total stock based compensation expense determined under the fair value method for all awards, net of tax	$(1,159)	$(1,790)
Pro Forma Net Income:	$ 8,155	$ 8,557
Earnings per share:		
Basic		
As Reported	$ 0.38	$ 0.43
Pro forma	$ 0.33	$ 0.35
Diluted		
As Reported	$ 0.38	$ 0.42
Pro forma	$ 0.33	$ 0.35

	For the nine months ended	
	December 27, 2003	December 28, 2002
	(in thousands, except per share amounts)	
Net income (as reported):	$19,792	$23,902
Deduct: Total stock based employee compensation expense determined under the fair value method for all awards, net of tax	$(3,839)	$(5,741)
Pro Forma Net Income:	$15,953	$18,161
Earnings per share:		
Basic		
As Reported	$ 0.82	$ 0.97
Pro forma	$ 0.66	$ 0.73
Diluted		
As Reported	$ 0.81	$ 0.95
Pro forma	$ 0.65	$ 0.72

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

4. ACCOUNTING FOR SHIPPING AND HANDLING COSTS

Shipping and handling costs are included in costs of goods sold with the exception of $1.2 million for both the three month period ended December 27, 2003 and December 28, 2002 and $3.7 million and $3.9 million for the nine months ended December 27, 2003 and December 28, 2002, respectively. We include these costs 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	
	December 27, 2003	December 28, 2002
	(in thousands)	
Warranty accrual as of the beginning of the period	652	$1,425
Provision related to preexisting warranties		
Warranty Provision	185	441
Warranty Spending	(185)	(583)
Warranty accrual as of the end of the period	$ 652	$1,283

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

	For the nine months ended	
	December 27, 2003	December 28, 2002
	(in thousands)	
Warranty accrual as of the beginning of the period	$1,056	$ 800
Provision related to preexisting warranties		375
Warranty Provision	499	815
Warranty Spending	(903)	(707)
Warranty accrual as of the end of the period	$ 652	$1,283

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 and the changes in fair value associated with our outstanding cash flow hedge contracts.

	Three Months Ended	
(In thousands)	December 27, 2003	December 28, 2002
Net income	$ 9,314	$10,347
Other comprehensive income:		
Foreign currency translation	3,512	1,915
Unrealized losses on cash flow hedges, net of tax	(3,495)	(1,673)
Reclassifications into earnings of cash flow hedge losses, net of tax	2,153	511
Comprehensive income	$11,484	$11,100

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

	Nine Months Ended	
(In thousands)	December 27, 2003	December 28, 2002
Net income	$19,792	$23,902
Other comprehensive income:		
Foreign currency translation	8,040	6,702
Unrealized loss on cash flow hedges, net of tax	(7,831)	(6,602)
Reclassifications into earnings of cash flow hedge losses, net of tax	4,975	845
Comprehensive income	$24,976	$24,847

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:

	December 27, 2003	March 29, 2003
	(in thousands)	
Raw materials	$11,812	$17,037
Work in process	$ 5,856	$ 4,597
Finished goods	$38,413	$44,171
	$56,081	$65,805

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

9. ACQUIRED INTANGIBLE ASSETS

As of December 27, 2003

	Gross Carrying Amount (in thousands)	Accumulated Amortization (in thousands)	Weighted Average Useful Life (in years)
Amortized Intangibles			
Patents	$ 6,371	$1,476	14
Other technology	11,753	1,676	15
Customer contracts and related relationships	11,706	1,964	15
Subtotal	$29,830	$5,116	15
Indefinite Life Intangibles			
Trade name	488	--	Indefinite
Total Intangibles	$30,318	$5,116	

As of March 29, 2003

	Gross Carrying Amount (in thousands)	Accumulated Amortization (in thousands)	Weighted Average Useful Life (in years)
Amortized Intangibles			
Patents	$ 6,371	$1,119	14
Other technology	11,746	1,274	15
Customer contracts and related relationships	11,498	1,360	15
Subtotal	$29,615	$3,753	15
Indefinite Life Intangibles			
Trade name	477		Indefinite
Total Intangibles	$30,092	$3,753	

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

The only change to the net carrying value of our intangible assets from March 29, 2003 to December 27, 2003 was amortization expense and the effect of rate changes in the translation of the intangibles contained in the financial statement of our Canadian subsidiary.

Aggregate amortization expense for amortized other intangible assets was $1.4 million and $1.3 million for the nine months ended December 27, 2003 and December 28, 2002, respectively. Additionally, expected future amortization expenses on other intangible assets approximates $2.2 million for fiscal 2005, $2.5 million for fiscal years 2006 through 2008 and $2.4 million for fiscal 2009

10. GOODWILL

The change in the carrying amount of our goodwill during the nine months ended December 27, 2003 is as follows (in thousands):

Carrying amount as of March 29, 2003	$16,010
Effect of change in rates used for translation	984
Carrying amount as of December 27, 2003	$16,994

11. 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.

12. 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

Our principal product offerings include blood bank, red cell, surgical and plasma collection products.

The blood bank products include machines, single use disposables and solutions that perform "apheresis," (the automated 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. In addition, the blood bank product line includes solutions used in non-apheresis applications.

The main devices used for these blood component processes are the MCS(R)+ 9000 mobile collection system and the ACP(R) 215 automated cell processing 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 MCS(R)+ 8150 and the MCS(R)+ 9000 mobile collection systems.

Surgical products include machines and single use disposables that perform surgical blood salvage in 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.

Plasma collection products are machines, single use disposables and 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).

Other includes revenue generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and miscellaneous sales, including revenue from our software division, Fifth Dimension. Fifth Dimension provides information management products and services to plasma collectors and fractionators.

Three months ended (in thousands)

December 27, 2003	Blood Bank	Red Cells	Surgical	Plasma	Other	Total
Revenues from external customers	$31,525	5,610	21,072	27,529	5,001	$ 90,737
December 28, 2002						
Revenues from external customers	$28,401	3,971	18,112	31,239	5,392	$ 87,115

Nine months ended (in thousands)

December 27, 2003	Blood Bank	Red Cells	Surgical	Plasma	Other	Total
Revenues from external customers	$86,985	15,455	59,392	89,369	15,307	$266,508
December 28, 2002						
Revenues from external customers	$84,098	11,351	54,410	92,240	13,976	$256,075

13. REORGANIZATION

On August 12, 2003, 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, included in selling, general and administrative expenses, for severance and related costs of $2.7 million. A summary of activity follows (in thousands):

Balance as of March 29, 2003	$ —
Total charges	2,690
Severance and related costs paid	2,690
Balance as of December 27, 2003	$ —

In connection with the reorganization, we began a review of all significant strategic initiatives and development projects. As a result of the review, certain projects and technologies may no longer be pursued, which could result in the impairment of certain long term assets. We expect the review to be complete by the end of our fourth quarter.

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

Results of Operations

FOR THE THREE MONTHS ENDED DECEMBER 27, 2003 (FISCAL 2004) COMPARED TO

THREE MONTHS ENDED DECEMBER 28, 2002 (FISCAL 2003)

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

Percentage of Net Revenues
For the three months ended

	December 27, 2003	December 28, 2002	Percentage Increase/ (Decrease)
Net revenues	100.0%	100.0%	4.2%
Cost of goods sold	52.5	53.0	3.1
Gross profit	47.5	47.0	5.3
Operating expenses:			
Research and development	4.5	5.3	(12.1)
Selling, general and administrative	27.5	28.1	1.9
Total operating expenses	32.0	33.4	(0.4)
Operating income	15.5	13.6	19.2
Interest expense	(0.8)	(0.9)	(12.9)
Interest income	0.9	0.4	>100%
Other income, net	0.4	0.6	(39.0)
Income from operations before provision for income taxes	16.0	13.7	22.2
Provision for income taxes	5.7	1.8	>100%
Net income	10.3%	11.9%	(10.0)%

Net Revenue Summary

By location	December 27, 2003	December 28, 2002	% Increase/ (Decrease)
United States	$30,372	$32,132	(5.5)%
International	60,365	54,983	9.8
Net revenues	$90,737	$87,115	4.2%

By product type	December 27, 2003	December 28, 2002	% Increase/ (Decrease)
Disposables	$81,783	$77,004	6.2%
Misc. & service	5,001	5,392	(7.3)
Equipment	3,953	4,719	(16.2)
Net revenues	$90,737	$87,115	4.2%

Disposable revenue by product line	December 27, 2003	December 28, 2002	% Increase/ (Decrease)
Surgical	$19,810	$17,067	16.1%
Blood Bank	29,650	26,417	12.2
Red Cell	5,493	3,891	41.2
Plasma	26,830	29,629	(9.4)
Total disposables revenue	$81,783	$77,004	6.2%

Net Revenues

Net revenues for the three months ended December 27, 2003, increased $ 3.6 million to $90.7 million from $87.1 million for the three months ended December 28, 2002. The increase in net revenue resulted from volume increases in disposable sales across most product lines and positive effects from foreign currency offset by a decrease in plasma disposable sales and a decrease in equipment revenue. See the section below entitled "Foreign Exchange" for a complete discussion of how foreign exchange impacts our business. International sales increased to 67% of net sales for the third quarter of fiscal 2004 from 63% in the third quarter of fiscal 2003.

Disposable Sales

Disposable sales increased 6.2% or $4.8 million. By product line, disposable sales increased in worldwide Surgical (up 16.1%), worldwide Blood Bank (up 12.2%), and worldwide Red Cell (up 41.2%), and decreased in worldwide Plasma (down 9.4%).

Surgical Worldwide Surgical disposable sales include our traditional cell salvage business (which targets procedures in which there is a large volume of blood lost) and our OrthoPAT(R) business for lower blood loss orthopedic procedures. The increase in worldwide surgical sales in the third quarter of fiscal year 2004 as compared to the third quarter of fiscal year 2003 was due largely to volume increases in OrthoPAT(R) sales and the favorable impact of foreign exchange. Our traditional cell salvage sales increased only slightly over the prior period. The majority of the increase in OrthoPAT(R) sales occurred in the U.S. with Europe contributing the remaining

~~increase. We recently announced signing a five year extension to our distribution agreement with Zimmer Holdings, Inc. ("Zimmer") the distributor of our OrthoPAT(R) product in the U.S. which positions us for continued growth in this market.~~

~~Trends~~

~~The U.S cell salvage market is a mature market that is declining and may continue to decline due to the following factors: (1) improved surgical techniques minimizing blood loss and (2) a decrease in the number of open heart (bypass) surgeries performed. As advances are made in the medical field and technology improves, the preference of surgeons may shift to minimally invasive surgical procedures enabled by coronary stents and angioplasty, reducing the number of open heart surgeries performed.~~

~~Blood Bank- Approximately one-half of the increase in worldwide Blood Bank disposable sales was due to the favorable effect of foreign currency. The remainder of the increase was primarily a result of platelet volume increases in Europe and Japan due to enhancements to our platelet collection systems and our reputation for quality. Achieving sustained growth in our platelet collection product line remains challenging as increased collection efficiencies offset the increased demand for platelets. Several additional factors could also affect the future demand for and collection of platelets including:~~

* ~~An emerging practice to test platelets for bacteria may result in a need to collect more platelets, as the usable life of platelets collected (generally 5 days) is shortened by one day as a result of the bacterial detection process. The market may also shift towards apheresis platelets as the test for bacteria would only need to be performed once, as opposed to six to eight times for each whole blood derived platelet collection.~~
* ~~While the immediate interest in pathogen reduction technology in both Europe and the US has abated, we have noted a heightened interest in pathogen reduction in Japan.~~
* ~~Past outbreaks of Severe Acute Respiratory Syndrome (SARS) in Asia resulted in a reduction in the demand for platelets as fewer elective surgeries were performed, and a reduction in willing donors due to concerns about the communication of the disease in the region.~~

~~Red Cell - Worldwide Red Cell sales grew primarily due to volume increases in the U.S as we continue to expand our customer base. U.S. blood collectors are adopting automated red cell collection to increase the supply of red cells from a declining number of eligible donors, reduce collection costs and improve operating quality and efficiency. Automated collections also overcome the impact of red cell shortages by increasing the number of units of blood collected from the eligible donor population. The growth in the U.S. of higher priced filtered sets (which include a filter to remove white blood cells from the collected blood) also contributed to the sales increase.~~

~~Plasma - Worldwide plasma disposable sales decreased as compared to the same quarter of the prior year. A significant volume decrease in the U.S. and to a lesser extent in Japan was only partially offset by the positive effect of foreign currency and a modest volume increase in Europe. The US market was impacted by the closure of a number of collection centers due to~~

industry consolidation (see the update on the acquisition of Alpha Therapeutic below) and a current excess of source plasma. The decrease in disposable volumes in Japan was due to a decline in plasma collections over the previous year as the Japanese Red Cross decreased collection targets at the end of fiscal 2003.

Update on Baxter Healthcare Corporation's acquisition of Alpha Therapeutic:. During fiscal 2003 and for the first nine months of fiscal 2004, Alpha Therapeutic ("Alpha") was our largest customer of plasma collection disposables, and user of over 1,000 plasma collection devices loaned or leased by us. Our sales to Alpha were governed by long term purchase and supply contracts that required Alpha to purchase plasma collection disposables exclusively from Haemonetics, and to meet annual minimum purchase obligations for collection sets, plasma anticoagulant solutions and plasma collection bottles. The exclusivity provisions lapse over time beginning in January 2005 and ending in January 2009. The minimum purchase requirements lapse over time beginning in January 2006 and ending in January 2009. Sales to Alpha totaled $19.5 million in fiscal 2003 ($14.8 million for the first nine months of fiscal 2003) and totaled $9.2 million for the first nine months of fiscal 2004. On October 20, 2003, Baxter Healthcare Corporation (Baxter) announced the completion of its acquisition of Alpha's plasma collection business. Baxter immediately closed 38 of 41 of the former Alpha plasma collection centers and sold the remaining three centers. We continue to supply these three centers under direct supply agreements. Baxter stopped purchasing our plasma collection products (disposable bowls, bottles and solutions). Our sales to Alpha declined to $1.0 million this quarter from $5.2 million in the comparable quarter last year. Provisions in our supply contracts signed with Alpha included protections in case of a change in ownership. In particular the contracts required that if Alpha were sold, the buyer must assume the obligations of the contracts. Though we have been in settlement discussions with Baxter, we have not reached resolution. On January 21, 2004 we filed a claim for binding arbitration against Baxter, asking an arbitrator to order Baxter to make purchases pursuant to the contract, or to buy out the obligations of the contract, and to award damages based on unfair business practices.

We have evaluated the likely future use and recoverability of certain inventories and plasma collection devices that supported the Alpha business, as well as an intangible asset related to our plasma collection bottle business. In connection with this evaluation we established reserves of $0.7 million this quarter for inventories and devices in accordance with our excess and obsolescence policy.

Miscellaneous and Service Sales

Miscellaneous and service sales include revenues generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and revenue from our software division, Fifth Dimension.

Miscellaneous and service sales decreased 7.3% or $0.4 million year over year. The most significant component of the decrease is due to a decline in software revenue related to the timing of delivery, installation and training related to the Fifth Dimension software.

Equipment Sales

The $0.8 million decrease in equipment revenue from $5.4 million in fiscal 2003 is primarily attributable to a decrease in volume in both the sales of our ACP(R) 215 automated cell processing system in the U.S. and our plasma collection device in Europe, offset by the favorable impact of foreign exchange. Prior year sales of our ACP(R) 215 system were positively impacted during its initial rollout to the U.S. military. Strong equipment revenue from the sale of our plasma collection devices to new customers in Europe in fiscal 2003 was not duplicated in the current fiscal quarter.

Most of our equipment sales occur in markets outside the U.S. In the U.S., we generally place equipment with a customer in exchange for an agreement, (a "use plan")to purchase disposables or to require payment of a rental fee. Therefore, equipment sales are variable quarter to quarter and year to year. Accordingly, we give no assurance as to whether or not our current level of equipment sales will continue in the future.

Gross profit

Gross profit of $43.1 million for the third quarter of fiscal 2004 increased $2.2 million from $40.9 million for the third quarter of fiscal 2003 and increased 0.5%, as a percent of sales. Cost reductions generated by our Customer Oriented Redesign for Excellence ("CORE") program and foreign currency contributed significantly to the increase. These improvements were partially offset by a provision of $1.2 million for excess and obsolete inventory; including $0.7 million relating to the loss of the Alpha business (see Plasma Revenue discussion).

For the third quarter of fiscal 2004, the CORE program generated a $1.9 million improvement in our gross profit by automating and redesigning the way certain products are made and by negotiating reduced raw material prices from suppliers.

Expenses

* Research and Development

We spent $4.1 million on research and development in the third quarter of fiscal 2004 (4.5% as a percentage of sales) and $4.6 million in the third quarter of fiscal 2003 (5.3% as a percentage of sales). The decrease in research and development expense is related primarily to lower personnel levels in fiscal 2004 as compared to fiscal 2003.

* Selling, general and administrative

Selling, general and administrative expenses increased $0.4 million in the third quarter of fiscal 2004 from $24.5 million in the third quarter of fiscal 2003 but decreased 0.6% as a percent of sales. In fiscal 2004, we realized savings from our second quarter fiscal 2004 reorganization and our spending constraints. However, savings were more than offset by the impact of foreign currency.

Operating Income

Operating income for the third quarter of fiscal 2004 increased $2.3 million from the third quarter of fiscal 2003 and increased to 15.5% of sales in the third quarter of fiscal 2004 from 13.6% in the third quarter of fiscal 2003. The $2.3 million increase in operating income is primarily a result of cost reductions from our CORE Program and the previously mentioned operating expense reductions.

Other income (expense), net

Interest income increased $0.5 million from 2003 to 2004, due primarily to interest associated with an income tax refund. Other income, net decreased $0.2 million from the third quarter of fiscal 2003 to the third quarter of fiscal 2004 due to a decrease in income earned from points on foreign currency forward contracts.

Income Taxes

The income tax provision, as a percentage of pretax income, was 36.0% for the third quarter in fiscal 2004 and 13.1% for the third quarter in fiscal 2003. The fiscal year 2003 third quarter tax rate reflects a $4.0 million income tax refund recorded during that quarter. We expect our 36% tax rate to continue through the remainder of fiscal 2004.

FOR THE NINE MONTHS ENDED DECEMBER 27, 2003 (FISCAL 2004) COMPARED TO NINE MONTHS ENDED DECEMBER 28, 2002 (FISCAL 2003)

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

	Percentage of Net Revenues For the nine months ended December 27, 2003	Percentage of Net Revenues For the nine months ended December 28, 2002	Percentage Increase/ (Decrease)
Net revenues	100.0%	100.0%	4.1%
Cost of goods sold	53.4	53.7	3.5
Gross profit	46.6	46.3	4.7
Operating expenses:			
Research and development	5.2	5.7	(6.8)
Selling, general and administrative	29.7	28.3	9.3
Total operating expenses	34.9	34.0	6.6
Operating income	11.7	12.3	(0.5)
Interest expense	(0.8)	(1.0)	(11.7)
Interest income	0.5	0.4	14.7
Other income, net	0.2	0.6	(57.3)
Income from operations before provision for income taxes	11.6	12.3	(2.0)
Provision for income taxes	4.2	3.0	45.4
Net income	7.4%	9.3%	(17.2)%

Net Revenue Summary

By location	December 27, 2003	December 28, 2002	% Increase/ (Decrease)
United States	$ 94,241	$ 96,693	(2.5)%
International	172,267	159,382	8.1
Net revenues	$266,508	$256,075	4.1%

By product type	December 27, 2003	December 28, 2002	% Increase/ (Decrease)
Disposables	$239,650	$225,585	6.2%
Misc. & service	15,307	13,979	9.5
Equipment	11,551	16,511	(30.0)
Net revenues	$266,508	$256,075	4.1%

Disposable revenue by product line	December 27, 2003	December 28, 2002	% Increase/ (Decrease)
Surgical	$ 55,042	$ 50,954	8.0%
Blood Bank	82,330	75,373	9.2
Red Cell	15,139	10,880	39.1
Plasma	87,139	88,378	(1.4)
Total disposables revenue	$239,650	$225,585	6.2%

Net Revenues

Net revenues for the nine months ended December 27, 2003, increased $10.4 million to $266.5 million from $256.1 million for the nine months ended December 28, 2002. The increase in revenue was a result of (i) positive effects from foreign currency, (ii) volume increases from both disposable and miscellaneous and service sales partly offset by (iii) volume decreases in equipment sales. See the section below entitled "Foreign Exchange" for a complete discussion of how foreign exchange impacts our business. International sales increased to 65.0% of net sales for the first nine months of fiscal 2004 from 60.0% for the first nine months of fiscal 2003.

Disposable Sales

Disposable sales increased 6.2% or $14.1 million. By product line, disposable sales increased in worldwide Surgical (up 8.0%), worldwide Blood Bank (up 9.2%), worldwide Red Cell (up 39.1%)and decreased in worldwide Plasma (down 1.4%).

Surgical Worldwide Surgical disposable sales include our traditional cell salvage business (which targets procedures in which there is a large volume of blood lost) and our OrthoPAT(R) business for lower blood loss orthopedic procedures. The increase in surgical disposable sales was due to volume increases in OrthoPAT(R) sales combined with the favorable effect of foreign currency, partly offset by volume decreases in U.S. cell salvage sales. OrthoPAT(R) sales increased as U.S. and European orthopedic surgeons continue to adopt cell salvage as an effective alternative to patient pre-donation and blood transfusions in hip and knee replacements as well as other orthopedic surgeries. We recently announced signing a five year extension to our distribution agreement with Zimmer Holdings, Inc. ("Zimmer") the distributor of our OrthoPAT(R) product in the U.S. which positions us for continued growth in this market.

Trends

The U.S. cell salvage market is a mature market that is declining and may continue to decline due to the following factors: (1) improved surgical techniques minimizing blood loss and (2) a decrease in the number of open heart (bypass) surgeries performed. As advances are made in the medical field and technology improves, the preference of surgeons may shift to minimally invasive surgical procedures enabled by coronary stents and angioplasty, reducing the number of open heart surgeries performed.

~~Blood Bank The increase in worldwide Blood Bank disposable sales was primarily a result of platelet volume increases in Europe and Japan. We achieved market share gains due to enhancements to our platelet collection systems and our reputation for quality. Approximately one-half of the increase was due to the favorable effect of foreign currency. Achieving sustained growth in our platelet collection product line remains challenging as increased collection efficiencies offset the increased demand for platelets. Several additional factors could also affect the future demand for and collection of platelets including:~~

- ~~An emerging practice to test platelets for bacteria may result in a need to collect more platelets, as the usable life of platelets collected (generally 5 days) is shortened by one day as a result of the bacterial detection process. The market may also shift towards apheresis platelets as the test for bacteria would only need to be performed once, as opposed to six to eight times for each whole blood derived platelet collection.~~
- ~~While the immediate interest in pathogen reduction technology in both Europe and the US has abated, we have noted a heightened interest in pathogen reduction in Japan.~~
- ~~Past outbreaks of Severe Acute Respiratory Syndrome (SARS) in Asia resulted in a reduction in the demand for platelets as fewer elective surgeries were performed, and a reduction in willing donors due to concerns about the communication of the disease in the region.~~

~~Red Cell - Worldwide Red Cell sales grew primarily due to volume increases in the U.S. U.S. blood collectors are adopting automated red cell collection to increase the supply of red cells from a declining number of eligible donors, reduce collection costs and improve operating quality and efficiency. Automated collections also overcome the impact of red cell shortages by increasing the number of units of blood collected from of the eligible donor population. The growth in the U.S. of higher priced filtered sets (which include a filter to remove white blood cells from the collected blood) also contributed to the sales increase.~~

~~Plasma - Worldwide plasma disposable sales decreased as compared to the same period in the prior year. Volume reductions in the US and Japanese market were partially offset by the favorable effects of foreign currency and volume increases in Europe earlier in the year. The U.S. market was impacted by the recent closure of a number of collection centers due to industry consolidation (see the update on the acquisition of Alpha) and a current excess of source plasma. Fiscal year to date sales to Alpha were $9.2 million as compared to $14.8 million in the same period last year. The decrease in disposable volumes in Japan was due to a decline in plasma collections over the previous year as the Japanese Red Cross decreased collection targets late in fiscal year 2003.~~

~~Miscellaneous and Service Sales~~

~~Miscellaneous and service sales include revenues generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and revenue from our software division, Fifth Dimension.~~

~~Miscellaneous and service sales increased 9.5% or $1.3 million year over year. Growth in service revenues in the U.S. and Europe contributed to this change.~~

~~Equipment Sales~~

~~The $5.0 million decrease in equipment revenue from $16.5 million in fiscal 2003 is primarily attributable to volume decreases in the sales of our Automated Cell Process ("ACP (R) 215") system in the U.S., our platelet collection device in Japan and our plasma collection device in Europe. Prior year sales of our ACP(R) 215 system were positively impacted during its initial rollout to the U.S. military. Equipment revenue from our platelet collection device in Japan was high in the prior year because of a sale to the Japanese Red Cross ("JRC") of equipment used previously by the JRC under a use plan arrangement due to a change in Japanese regulatory requirements. Strong equipment revenue from the sale of our plasma collection devices to new customers in Europe during fiscal 2003 was not duplicated in the current fiscal year.~~

~~Most of our equipment sales occur in markets outside the U.S. In the U.S. we generally place equipment with a customer in exchange for an agreement,(a "use plan") to purchase disposables or to require payment of a rental fee. Therefore, equipment sales are variable quarter to quarter and year to year. Accordingly, we give no assurance as to whether or not our current levels of equipment sales are indicative of future results.~~

~~Gross profit~~

~~Gross profit of $124.1 million for the first nine months of fiscal 2004 increased $5.6 million from $118.5 million for the first nine months of fiscal 2003 and increased 0.3% as a percent of sales. Increases due to foreign currency, reductions generated by our Customer Oriented Redesign for Excellence ("CORE") program and $0.6 million reduced warranty provisions related to a provision for quality enhancements to our OrthoPAT(R) surgical blood salvage system made in the prior year were partly offset by $1.1 million in higher excess and obsolete provisions during the first nine months of fiscal 2004.~~

~~For the first nine months of fiscal 2004, the CORE program generated a $4.3 million improvement in our gross profit by automating and redesigning the way certain products are made and by negotiating reduced raw material prices from suppliers.~~

~~Expenses~~

~~* Research and Development~~

~~Research and development expenses decreased $1.0 million in the first nine months of fiscal 2004 from $14.7 million for the first nine months of fiscal 2003 and decreased 0.6 % as a percent of sales). The decrease in research and development expense is related primarily to lower personnel levels.~~

~~* Selling, general and administrative~~

~~Selling, general and administrative expenses increased $6.7 million in fiscal 2004 from $72.5 million in fiscal 2003 but decreased 1.4% as a percent of sales. The most significant component of the dollar~~

~~increase relates to foreign exchange and the $2.6 million in severance costs recognized in fiscal 2004 related to our recent reorganization which reduced our worldwide workforce by 4.0 percent (see note 13).~~

~~Operating Income~~

~~Operating income in fiscal 2004 decreased $0.2 million from $31.3 million in fiscal 2003 and decreased to 11.7% of sales in fiscal 2004 from 12.2% in fiscal 2003. The $0.2 million decrease in operating income is primarily a result of the increase in selling, general and administrative expenses due to our recent reorganization. Foreign currency had a limited impact on the decrease in operating income.~~

~~Foreign Exchange~~

~~Approximately 65% of our sales are generated outside the U.S., yet our reporting currency is the U.S. dollar. Foreign exchange risk arises because we engage in business in foreign countries in local currency, primarily the Euro and the Japanese Yen. 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 lock in for a period of time the impact on our financial results of fluctuations in foreign exchange rates. We do this by using derivative financial instruments known as forward contracts to hedge the anticipated cash flows from forecasted foreign currency denominated sales. We refer to these contracts as our plan hedges. Hedging through the use of forward contracts does not eliminate the volatility of foreign exchange rates. However, because we enter into forward contracts one year in advance, exchange rates are fixed for a one year period, thereby facilitating financial planning and resource allocation.~~

~~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 recorded 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 recorded 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 consequently, 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	0.88*	15.2%
Total		0.95	11.4%

* NOTE: Represents hedges for January FY05.

Other income (expense), net

Interest income increased $0.2 million from 2003 to 2004, due primarily to interest earned on our income tax refund offset by lower investment yields. Other income, net decreased $0.9 million from fiscal 2003 to fiscal 2004 due to a decrease in income earned from points on foreign currency forward contracts in fiscal 2004 as compared to fiscal 2003.

Income Taxes

The income tax provision, as a percentage of pretax income, was 36.0% for the first nine months in fiscal 2004 and 24.3% for the first nine months in fiscal 2003. The fiscal 2003 tax rate reflects A $4.0 million income tax refund recorded during the third quarter of fiscal 2003. We expect our 36% tax rate to continue through the remainder of fiscal 2004.

Liquidity and Capital Resources

Our primary sources of liquidity include cash and short term investments, internally generated cash flows, and borrowings. We believe these sources to be sufficient to fund our requirements, which are primarily capital expenditures, acquisitions, new business development, share repurchases and working capital.

During the nine months ended December 27, 2003, we funded our activities primarily with $47.8 million of cash flow generated by operations.

Working capital at December 27, 2003, was $163.6 million. This reflects an increase of $35.3 million in working capital from the same period in the prior year primarily due to an increase in cash and cash equivalents and a decrease in accrued income taxes, partly offset by a decrease in inventory.

Cash Flow Overview:

	For the nine months ended		
	December 27, 2003	December 28 2002	Change
	(In thousands)		
Net cash provided by (used in):			
Operating activities	$47,753	$ 29,325	$ 18,428
Investing activities	(7,642)	23,311	(30,953)
Financing activities	6,362	(38,589)	44,951
Effect of exchange rate changes on cash	824	706	118
Net increase in cash and cash equivalents	$47,297	$ 14,753	$ 32,544

Operating Activities:

Cash provided by operating activities was $47.8 million for the nine months ended December 27, 2003, as compared to $29.3 million for the nine months ended December 28, 2002. The $18.4 million increase was primarily related to reduced investments in accounts receivable and inventory in fiscal 2004 offset by higher tax payments in fiscal 2004. Cash spent on inventory decreased in fiscal 2004 as compared to fiscal 2003 due to an increase in disposable finished goods inventory turns to 5.7 from 4.8

~~during fiscal 2003. Increases in cash flows from accounts receivables in fiscal 2004 as compared to fiscal 2003 were due to the timing of customer payments in Japan and to improved days sales outstanding in other regions leading to a drop in our overall days sales outstanding in fiscal 2004 as compared to fiscal 2003.~~

~~Investing Activities:~~

~~We used $7.6 million for investing activities for the nine months ended December 27, 2003, which represents a decrease of $31.0 million from the $23.3 million in cash provided for the nine months ended December 28, 2002. The $31.0 million decrease in cash provided was primarily a result of the liquidation of our available for sale investments which provided $32.6 million in fiscal 2003.~~

~~Financing Activities:~~

~~Our financing activities for the nine months ended December 27, 2003 provided $ 6.4 million in cash as compared to $38.6 million utilized in the same period of the prior year. This $45.0 decrease in cash used was primarily due to the $45.0 million spent in fiscal 2003 to repurchase stock under our repurchase program whereas no cash has been expended to purchase stock in fiscal 2004. $10.3 million in additional cash provided from stock option exercises in fiscal 2004 was offset by reduced borrowings under our short term revolving credit agreements. In fiscal 2003, we increased short-term borrowings by $8.5 million to fund working capital needs in Japan while in the same period of fiscal 2004, we repaid short-term borrowings of $ 1.9 million.~~

~~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 we introduce.~~

~~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, the impact of industry consolidation, 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 December 27, 2003, 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	9,500,000	$1.100	$1.088	$(1,405,269)	Jan Mar 2004
Euro	8,500,000	$1.144	$1.133	$ (835,580)	Apr Jun 2004
Euro	8,500,000	$1.141	$1.131	$ (813,426)	Jul Sep 2004
Euro	5,500,000	$1.183	$1.171	$ (302,098)	Oct Nov 2004
Japanese Yen	1,615,000,000	118.3 per US$	116.7 per US$	$(1,196,714)	Jan Mar 2004
Japanese Yen	1,815,000,000	118.2 per US$	116.7 per US$	$(1,374,223)	Apr Jun 2004
Japanese Yen	1,850,000,000	116.7 per US$	115.1 per US$	$(1,219,285)	Jul Sep 2004
Japanese Yen	1,325,000,000	109.0 per US$	107.7 per US$	$ (154,869)	Oct Nov 2004
			Total:	$(7,301,464)	

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 $12.2 million increase in the fair value of the forward contracts; whereas a 10% weakening of the U.S. dollar would result in a $13.5 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 rates movements due to its fixed rate nature. 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.~~

~~At December 28, 2002, the fair value of our long term debt was approximately $3.8 million higher than the value of the debt reflected on our financial statements. This higher fair value was primarily related to the $22.9 million, 7.05% fixed rate senior notes and the $8.9 million, 8.41% real estate mortgage.~~

~~Using scenario analysis, if we changed the interest rate on all long term maturities by 10% from the rate levels that existed at December 27, 2003 the fair value of our long term debt would change by approximately $0.4 million.~~

~~ITEM 4. CONTROLS AND PROCEDURES~~

~~We conducted an evaluation, as of December 27, 2003, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our 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 quarter ended December 27, 2003 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. Changes in 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 and Reports on Form 8-K.

(a) 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 adopted 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

(b) Reports on Form 8-K

We furnished a report on Form 8-K on January 22, 2004 furnishing a press release we issued on January 22, 2004 announcing fiscal 2004 third quarter and year to date results.

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 6, 2004

By: s/Brad Nutter

Brad Nutter, President and Chief Executive Officer

Date: February 6, 2004

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 quarterly 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 quarterly 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 6, 2004

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 quarterly 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 quarterly 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 6, 2004

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 December 27, 2003 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 6, 2004

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 December 27, 2003 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 6, 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.~~