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: July 1, 2000   Commission File Number: 1-10730

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts	04-2882273
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 Wood Road, Braintree, MA 02184
(Address of principal executive offices)

Registrant's telephone number, including area code: (781) 848-7100

Indicate by check mark whether the registrant (1.) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) (2.) has been subject to the filing requirements for at least the past 90 days.

Yes X   No ___

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

25,087,007 shares of Common Stock, $ .01 par value, as of
July 1, 2000

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

	Three Months Ended	
	July 1,	July 3,

	2000	1999
Net revenues	$69,693	$69,122
Cost of goods sold	36,276	36,305
Gross profit	33,417	32,817
Operating expenses:		
Research and development	4,134	3,623
Selling, general and administrative	20,956	20,744
Total operating expenses	25,090	24,367
Operating income	8,327	8,450
Interest expense	(1,021)	(1,015)
Interest income	1,182	1,117
Other income, net	767	232
Income from continuing operations before provision for income taxes	9,255	8,784
Provision for income taxes	2,591	2,811
Net Income	$ 6,664	$ 5,973
Basic income(loss) per common share	$ 0.264	$ 0.223
Income(loss) per common share assuming dilution	$ 0.259	$ 0.223
Weighted average shares outstanding		
Basic	25,248	26,729
Diluted	25,731	26,830

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

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

ASSETS	July 1, 2000	April 1, 2000
Current assets:		
Cash and short term investments	$ 52,195	$ 61,328
Accounts receivable, less allowance of $993 at July 1, 2000 and $1,149 at April 1, 2000	58,814	59,140
Inventories	57,615	59,817
Current investment in sales-type leases, net	7,456	8,036
Deferred tax asset	19,794	16,360
Other prepaid and current assets	4,607	5,237
Total current assets	200,481	209,918
Property, plant and equipment	189,158	185,432
Less accumulated depreciation	108,853	103,824
Net property, plant and equipment	80,305	81,608
Other assets:		
Investment in sales-type leases, net (long term)	8,454	10,775
Distribution rights, net	11,129	11,356
Goodwill, less accumulated amortization of $706 at July 1, 200 and $662 at April 1, 2000	1,788	1,832
Deferred tax asset	14,806	14,806
Other assets, net	20,948	18,815
Total other assets	57,125	57,584
Total assets	$337,911	$349,110

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Notes payable and current maturities of long-term debt	$ 24,823	$ 32,896
Accounts payable	8,323	17,224
Accrued payroll and related costs	7,968	8,456
Accrued income taxes	16,710	15,700
Other accrued liabilities	13,727	14,199
Total current liabilities	71,551	88,475
Deferred income taxes	14,165	10,722
Long-term debt, net of current maturities	41,184	41,306
Other long-term liabilities	2,153	2,164
Stockholders' equity:		
Common stock, $.01 par value; Authorized - 80,000,000 shares; Issued 30,038,869 shares at July 1, 2000; 30,004,811 shares at April 1, 2000	300	300
Additional paid-in capital	74,557	73,662
Retained earnings	237,366	230,732
Cumulative translation adjustments	(13,701)	(13,078)
Stockholders' equity before treasury stock	298,522	291,616
Less: treasury stock 4,951,862 shares at cost at July 1, 2000 and 4,728,762 shares at cost at April 1, 2000	89,664	85,173
Total stockholders' equity	208,858	206,443
Total liabilities and stockholders' equity	$337,911	$349,110
Supplemental disclosure of balance sheet information:		
Net debt	$ 13,812	$ 12,874

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	Cumulative Translation Adjustment	Total Stockholders' Equity	Comprehensive Income
Balance, April 1, 2000	30,005	$300	$73,662	$(85,173)	$230,732	$(13,078)	$206,443	
Employee stock purchase plan	---	---	---	238	(30)	---	208	
Exercise of stock options and related tax benefit	34	0	895	---	---	---	895	
Purchase of treasury stock	---	---	---	(4,729)	---	---	(4,729)	
Net income	---	---	---	---	6,664	---	6,664	$6,664
Foreign currency translation adjustment	---	---	---	---	---	(623)	(623)	(623)
Comprehensive income	---	---	---	---	---	---	---	$6,041
Balance, July 1, 2000	30,039	$300	$74,557	$(89,664)	$237,366	$(13,701)	$208,858	

HAEMONETICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited- in thousands)

	Three Months Ended July 1, 2000	Three Months Ended July 3, 1999
Cash Flows from Operating Activities:		
Net income	$ 6,664	$ 5,973

Adjustments to reconcile net income to net cash provided by operating activities:		
Non cash items:		
Depreciation and amortization	6,027	7,359
Deferred tax benefit	9	1
Other	787	234
Change in operating assets and liabilities:		
Decrease in accounts receivable - net	169	3,216
Decrease in inventories	2,116	1,234
Decrease in sales-type leases (current)	580	637
(Increase) decrease in prepaid income taxes	(225)	1,208
(Increase) decrease in other assets	(1,352)	938
Decrease in accounts payable, accrued expenses and other current liabilities	(8,884)	(9,461)
Net cash provided by operating activities, continuing operations	5,891	11,339
Net cash used in operating activities, discontinued operations	0	(4,281)
Net cash provided by operating activities	5,891	7,058
Cash Flows from Investing Activities:		
Capital expenditures on property, plant and equipment, net of retirements and disposals	(4,636)	(6,942)
Net decrease in sales-type leases (long-term)	1,534	562
Net cash used in investing activities, continuing operations	(3,102)	(6,380)
Net cash provided by investing activities, discontinued operations	0	3,562
Net cash used in investing activities	(3,102)	(2,818)
Cash Flows from Financing Activities:		
Payments on long-term real estate mortgage	0	(62)
Net increase (decrease) in short-term revolving credit agreements	(8,136)	2,444
Net decrease in long-term credit agreements	(126)	(20)
Employee stock purchase plan	208	185
Exercise of stock options and related tax benefit	895	82
Purchase of treasury stock	(4,729)	(9,546)
Net cash used in financing activities	(11,888)	(6,917)
Effect of exchange rates on cash and cash equivalents	(34)	(345)
Net decrease in cash and cash equivalents	(9,133)	(3,022)
Cash and cash equivalents at beginning of period	61,328	56,319
Cash and cash equivalents at end of period	$52,195	$53,297
Supplemental disclosures of cash flow information:		
Net decrease in cash and cash equivalents, discontinued operations	$ 0	$ (719)
Net decrease in cash and cash equivalents, continuing operations	$(9,133)	$(2,303)
Increase in net debt	$ 871	$ 5,384
Interest paid	$ 1,670	$ 1,674
Income taxes paid	$ 1,084	$ 3,835

HAEMONETICS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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

2. FISCAL YEAR

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

3. COMPREHENSIVE INCOME

In the first quarter of fiscal year 1999, the Company adopted the provisions of Statement of Financial Accounting Standard (SFAS) NO. 130, "Reporting Comprehensive Income," which established standards for reporting and display of comprehensive income and its components. Comprehensive income is the total of net income and all other non-owner changes in stockholders' equity, which for the Company, is foreign currency translation. At July 1, 2000 and April 1, 2000, the cumulative foreign currency translation adjustment totaled ($13.7) million and ($13.1) million, respectively.

4. NEW PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," which the Company will be required to adopt by the end of the fourth quarter of fiscal year 2001. SAB 101 provides additional guidance on the accounting for revenue recognition including both broad conceptual discussions, as well as certain industry-specific guidance. The Company is in the process of accumulating the information necessary to quantify the potential impact, if any, of this new guidance.

In June 1998, FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The SFAS No. 133 requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, or in the case of a hedge of a forecasted probable transaction, a derivative's gains and losses are included in other comprehensive income until the transaction is consummated. Additionally, a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. A company may implement SFAS No. 133 as of the beginning of any fiscal quarter after issuance (that is fiscal quarters beginning June 16, 1999 and thereafter). SFAS No. 133 cannot be applied retroactively. The impacts of adopting SFAS No. 133 on the Company's financial statements or the timing of adoption of SFAS No. 133 have not been determined. However, it is expected that the derivative financial instruments acquired in connection with the Company's hedging program will continue to qualify for hedge accounting.

5. FOREIGN CURRENCY

Foreign currency transactions and financial statements are translated into U.S. dollars following the provisions of SFAS No. 52, "Foreign Currency Translation." Accordingly, assets and liabilities of foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at period end. Net revenues and costs and expenses are translated at average rates in effect during the period. The effects of exchange rate changes on the Company's assets and liabilities are included in the cumulative translation adjustment account. Included in other income (expense) in the consolidated statement of operations in fiscal year 2001 and fiscal year 2000 are ($153,000) and $2,000 respectively, in foreign currency transaction gains (losses).

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

At July 1, 2000 and July 3, 1999, the Company had forward exchange contracts, all maturing in less than twelve months, to exchange foreign currencies (major European currencies and Japanese yen) primarily for U.S. dollars totaling $135,057,000 and $145,270,000, respectively. Of the respective balances, $28,504,000 and $49,752,000 represented contracts related to inter-company receivables that settled within 35 days. The balance of the contracts relate to firm sales commitments. Gross unrealized gains and losses from hedging firm sales commitments, based upon current forward rates, were a $1,902,000 gain and a $327,000 loss at July 1, 2000 and a $3,909,000 gain and a $4,121,000 loss at July 3, 1999. Deferred gains and losses are recognized in earnings when the transactions being hedged are recognized. Management anticipates that these deferred amounts at July 1, 2000 will be offset by the foreign exchange effect on sales of products to international customers in future periods.

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

6. INVENTORIES

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

Inventories consist of the following:

	July 1, 2000	April 1, 2000
	(in thousands)	
Raw materials	$13,559	$14,081
Work-in-process	6,019	7,199
Finished goods	38,037	38,537
	$57,615	$59,817

7. NET INCOME PER SHARE

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations, as required by Statement of Financial Accounting Standards, "SFAS" No. 128, "Earnings Per Share." Basic EPS is computed by dividing reported earnings available to stockholders by weighted average shares outstanding. Diluted EPS includes the effect of other common stock equivalents.

	For the three months ended	
	July 1, 2000	July 3, 1999
Basic EPS		
Net Income(loss)	$ 6,664	$ 5,973
Weighted Average Shares	25,248	26,729
Basic income(loss) per share	$ .264	$ .223
Diluted EPS		
Net Income(loss)	$ 6,664	$ 5,973
Basic Weighted Average shares	25,248	26,729
Effect of Stock options	483	101
Diluted Weighted Average shares	25,731	26,830
Diluted income(loss) per share	$ .259	$ .223

8. SEGMENT INFORMATION

Segment Definition Criteria

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

Product and Service Segmentation

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

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

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

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

Three months ended (in thousands)

July 1, 2000	Blood Bank	Surgical	Plasma	Other	Total
Revenues from external customers	29,457	15,972	20,217	4,047	69,693
July 3, 1999					
Revenues from external customers	29,051	15,851	21,684	2,536	69,122

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

RESULTS OF CONTINUING OPERATIONS

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

	Percentage of Net Revenues Three Months Ended		Percentage Inc(Dec) Three Months Ended
	July 1, 2000	July 1, 1999	2000/1999
Net revenues	100.0%	100.0%	1.0%
Cost of goods sold	52.1	52.5	(0.1)
Gross Profit	47.9	47.5	1.8
Operating Expenses:			
Research and development	5.9	5.3	14.1
Selling, general and administrative	30.1	30.0	1.0
Total operating expenses	36.0	35.3	3.0
Operating income	11.9	12.2	(1.0)
Interest expense	(1.4)	(1.5)	1.0
Interest income	1.7	1.6	5.8
Other income, net	1.1	0.3	230.6
Income from continuing operations before provision for income taxes	13.3	12.6	5.4
Provision for income taxes	3.7	4.0	(7.8)
Earnings from continuing operations	9.6%	8.6%	11.6%

Three Months Ended July 1, 2000 Compared to Three Months Ended July 3, 1999

Net Revenue Summary
(in thousands)

			Percent Increase / (Decrease)	
By geography:	2000	1999	Actual dollars as reported	At constant currency
United States	$22,148	$22,522	(1.7)%	(1.7)%
International	47,545	46,600	2.0	0.3

Net revenues	69,693	$69,122	0.8%	(0.4)%

By product type:	2000	1999	Percent Increase / (Decrease) Actual dollars as reported	At constant currency
Disposables	$62,636	$62,115	0.8%	(0.7)%
Misc & service	4,048	2,540	59.4	63.7
Equipment	3,009	4,467	(32.6)	(31.3)
Net revenues	$69,693	$69,122	0.8%	(0.4)%

Disposables By product line:	2000	1999	Percent Increase / (Decrease) Actual dollars as reported	At constant currency
Surgical	$14,849	$14,564	2.0%	2.7%
Blood bank**	27,683	27,046	2.4	(0.4)
Plasma	20,104	20,505	(2.0)	(3.7)
Disposable revenues	$62,636	$62,115	0.8	(0.7)

** Includes red cell disposables

Three months ended July 1, 2000 compared to three months ended July 3, 1999

Net Revenues

Net revenues in 2000 increased 0.8% to $69.7 million from $69.1 million in 1999. With currency rates held constant, net revenues decreased 0.4% from 1999 to 2000. Disposable sales increased 0.8% from 1999 to 2000 at actual rates. With currency rates held constant, disposable sales decreased 0.7%. The 0.7% decrease was largely a result of lower sales in the U.S. commercial plasma business due to the continued shortage of available donors. Constant currency sales of disposable products, excluding service and other miscellaneous revenue, accounted for approximately 90% of constant currency net revenues for both 2000 and 1999. Service generated from equipment repairs performed under preventive maintenance contracts or emergency service billings and miscellaneous revenues accounted for approximately 6.0% and 4.0% of the Company's net revenues, at constant currency, for 2000 and 1999, respectively. Equipment revenues decreased approximately $1.5 million from the $4.5 million in 1999. With currency rates held constant, equipment revenues decreased 31.3% from 1999 to 2000. The equipment decrease was attributable primarily to a 1999 international sale of plasma equipment that was non-recurring in 2000. International sales as reported accounted for approximately 68% and 67% of net revenues for 2000 and 1999, respectively.

Gross profit

Gross profit of $33.4 million in 2000 increased $0.6 million from $32.8 million 1999 and increased 0.4% as a percent of sales from 1999 to 2000. At constant currency rates, gross profit, as a percent of sales and in dollars remained relatively unchanged from 1999 to 2000.

Expenses

The Company expended $4.1 million (5.9 % of net revenues) on research and development in 2000 and $3.6 million (5.3% of net revenues) in 1999. At constant currency rates, research and development as a percent of sales increased slightly by 0.7%, or $0.5 million in dollars from 1999 to 2000.

Selling, general and administrative expenses increased to $21.0 million in 2000 from $20.7 million in 1999. At constant currency rates, selling, general and administrative expenses increased $0.2 million and increased 0.4% as a percent of sales from 1999 to 2000.

Operating Income

Operating income as a percentage of net revenues decreased 0.3 percentage points to 11.9% in 2000 from 12.2% in 1999. At constant currency rates, operating income, as a percent of sales, decreased 1.1% from 1999 or $0.8 million. The $0.8 million decrease in operating income resulted mainly from increases in R&D spending.

Foreign Exchange

Greater than two-thirds of the Company's revenues are generated outside the U.S. in foreign currencies. As such, the Company uses a combination of business and financial tools comprised of various natural hedges, (offsetting exposures from local production costs and operating expenses), and forward contracts to hedge its balance sheet and P&L exposures.

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

For fiscal year 2000 and 2001, the indexed hedge rates were 3.9% less favorable and 9.1% more favorable than the respective prior years. For the first quarter of fiscal 2001 and 2002, the indexed hedge spot rates appreciated 5.4% and a 5.2% over the corresponding quarter of the preceding years. The final impact of currency fluctuations on the results of operations is dependent on the local currency amounts hedged and the actual local currency results.

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

Other Income and Expense

Interest expense and interest income remained relatively unchanged from 1999 to 2000. Other income net increased $0.5, of which $0.3 was due to increases in income earned on points on forward contracts.

Taxes

The provision for income taxes, as a percentage of pretax income, was 32.0% in the first quarter of fiscal year 1999 and 28.0% in the first quarter of fiscal year 2001. The Company expects the provision rate to remain at 28% for the full 12 months of fiscal year 2001. Contributing to the decrease in the tax rates was an increase in export benefits from the Company's Foreign Sales Corporation, benefits associated with the repatriation of funds as well as the geographic mix of income.

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 July 1, 2000, the Company decreased its cash balances, before the effect of exchange rates, by $9.1 million from operating, investing and financing activities which represents an increase in cash utilization of $6.4 million from the $2.7 million utilized in the Company's operating, investing and financing activities during the three months ended July 3, 1999. The increase cash utilization was largely funded by an increase of $4.9 million in net cash from the Company's financing activities.

Operating Activities:

The Company generated $5.9 million in cash from operating activities of continuing operations in 2000 as compared to $11.3 million generated during 1999. The $5.4 million decrease in operating cash flow generated from continuing operations from 1999 to 2000 was a result of a $3.0 million change in accounts receivable and a $3.7 million increase in prepaid income taxes and other assets offset by increases in cash generated by an $0.8

million decrease in inventory and a $0.5 million change in accounts payable, accrued expenses and other current liabilities.

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. During the three months ended July 1, 2000, The company generated $10.0 million of operating cash during both the three months ended July 1, 2000 and the three months ended July 3, 1999. 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 and $3.0 million from the reduction of the Company's net investment in property plant and equipment and sales-type leases offset by $0.8 million in higher working capital investment.

Investing Activities

The Company utilized $3.1 million in cash for investing activities from continuing operations in 2000, a decrease of $3.3 million from 1999. In 2000, the Company incurred $4.6 million in capital expenditures net of retirements and disposals, a decrease of $2.3 in capital expenditures from the $6.9 million incurred for capital expenditures in 1999. Additionally, the Company generated $1.0 million more cash in 2000 as compared to 1999 by reducing its investment in long-term sales-type leases.

Financing Activities:

During the three months ended July 1, 2000, the Company's net debt increased $0.9 million, a $4.5 million decrease in the change in net debt as compared to the three months ended July 1, 1999. This $4.5 million decrease in the change in net debt stems from the Company's repurchase of fewer shares of common stock in 2000 for its treasury with a cost savings of $4.8 million and $0.8 million received in additional funds from the exercise of stock options in 2000 as compared to 1999. These increase sources of cash, reducing the change in net debt, were offset by the Company's 2000 operating and investing activities which provided $1.5 million less cash as compared to 1999.

At July 1, 2000, the Company had working capital of $128.9 million. This reflects an increase of $7.5 million in working capital for the three months ended July 1, 2000. The Company believes its sources of cash are adequate to meet its projected needs.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," which the Company will be required to adopt in the third or fourth quarter of fiscal year 2001. SAB 101 provides additional guidance on the accounting for revenue recognition including both broad conceptual discussions, as well as certain industry-specific guidance. The Company is in the process of accumulating the information necessary to quantify the potential impact, if any, of this new guidance.

In June 1998, FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The SFAS No. 133 requires that changes in the derivatives fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, or in the case of a hedge of a forecasted probable transaction, a derivative's gains and losses are included in other comprehensive income until the transaction is consummated. Additionally, a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. A company may implement SFAS No. 133 as of the beginning of any fiscal quarter after issuance (that is fiscal quarters beginning June 16, 1999 and thereafter). SFAS No. 133 cannot be applied retroactively. The impacts of adopting SFAS No. 133 on the Company's financial statements or the timing of adoption of SFAS No. 133 have not been determined. However, it is expected that the derivative financial instruments acquired in connection with the Company's hedging program will continue to qualify for hedge accounting.

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, and the implications of Year 2000 including but not limited to the cost and expense of updating software and hardware and any potential system interruptions. The foregoing list should not be construed as exhaustive.

EURO CURRENCY

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

Operations in Europe

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

State of Readiness

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

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

Date of conversion

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

Business activities

Although the introduction of the Euro will likely result in greater transparency of pricing throughout Europe, it is anticipated that these changes will have little impact on Haemonetics. The Company's products are heavily regulated by organizations specific to each country and as a result, transactions between countries are infrequent.

Information systems

The Company is continuing to gain a more complete view of the impact of the Euro conversion on its information systems. The Company realizes it will create technical challenges to adapt information technology and other systems to accommodate Euro-denominated transactions. The Committee is in the process of identifying all systems and determining their state of Euro readiness. The cost of adapting these systems is not yet known, but the Company does not believe it to be significant. All local transactional systems will be tested by September 2000 reviewed shortly thereafter.

Accounting, Finance & Treasury

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

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

Tax

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

Legal

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

The conversion to Euro on April 2, 2001 will result in the conversion of the share capital of the 6 subsidiaries within the European Monetary Union (EMU). The amount of the converted share capital must be modified in order to eliminate uneven amounts and decimals resulting from the conversion.

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

Human Resources

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

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

Costs

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Foreign exchange risk

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

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

At July 1, 2000, the Company had the following significant foreign exchange contracts to hedge certain firm sales commitments denominated in foreign currency outstanding:

Hedged Currency	(BUY) / SELL Local Currency	Weighted Forward Contract Rate	US$ @ Current Fwd	Unrealized Gain / (Loss)	Maturity
Euro Equivalent	7,200,000	$1.077	6,876,160	$ 881,000	Jul-Sep 2000
Euro Equivalent	7,500,000	$1.108	7,200,600	$ 1,106,900	Oct-Dec 2000
Euro Equivalent	8,100,000	$1.004	7,812,720	$ 315,910	Jan-Mar 2001
Euro Equivalent	7,500,000	$0.915	7,261,900	$ (401,525)	Apr-Jun 2001
Japanese Yen	1,975,000,000	111.9 per US$	18,727,430	$(1,078,814)	Jul-Sep 2000
Japanese Yen	2,075,000,000	99.7 per US$	20,027,233	$ 793,629	Oct-Dec 2000
Japanese Yen	1,900,000,000	100.8 per US$	18,661,438	$ 189,996	Jan-Mar 2001
Japanese Yen	2,000,000,000	101.2 per US$	19,985,383	$ (231,454)	Apr-Jun 2001

Total:	106,552,863	$ 1,575,642

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 create an additional $12.7 million unrealized gain; whereas a 10% weakening of the U.S. dollar would create an additional $14.8 million unrealized loss.

Interest Rate Risk

Approximately 97%, of the Company's long-term debt is at fixed rates. Accordingly, a change in interest rates has an insignificant effect on the Company's interest expense amounts. The fair value of the Company's long-term debt however would change in response to interest rates movements due to its fixed rate nature. At 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. This higher fair market is primarily related to the $40 million, 7.05% fixed rate senior notes the Company holds. These notes represent approximately 97% of the Company's outstanding long-term borrowings at July 1, 2000. At July 3, 1999, the fair value of the Company's long-term debt was approximately $1.6 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 July 1, 2000. The effect was a change in the fair value of the Company's long-term debt, of approximately $1.5 million.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

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

Not applicable.

Item 5. Other Information

None

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

(a). Exhibits

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

Exhibit 27 Financial Data Schedule

(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 4 , 2000 By: /s/ James L. Peterson

James L. Peterson,
President and Chief Executive Officer

Date: August 4 , 2000 By: /s/ Ronald J. Ryan

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