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: December 28, 1996   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: (617) 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.

27,062,670 shares of Common Stock, $ .01 par value, as of
December 28, 1996

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

ASSETS	December 28, 1996	March 30, 1996
Current assets:		
Cash and short term investments	$ 16,571	$ 13,434
Accounts receivable, less allowance of $943 at December 28, 1996 and $984 at March 30, 1996	67,429	60,326
Inventories	46,780	56,729
Current investment in sales-type leases, net	13,227	11,020
Deferred tax asset	10,911	10,911
Other prepaid and current assets	8,386	6,459
Total current assets	163,304	158,879
Property, plant and equipment	188,227	160,824
Less accumulated depreciation	86,057	74,408
Net property, plant and equipment	102,170	86,416
Other assets:		
Investment in sales-type leases, net	27,146	21,428
Distribution rights, net	11,190	12,418
Other assets, net	8,081	8,677
Total other assets	46,417	42,523
Total assets	$311,891	$287,818

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable and current maturities of long-term debt	$ 12,354	$ 3,378
Accounts payable	19,167	16,909
Accrued payroll and related costs	7,635	8,305
Accrued income taxes	8,855	8,345
Other accrued expenses	8,196	9,502
Total current liabilities	56,207	46,439
Deferred income taxes	9,382	9,253
Long-term debt, net of current maturities	12,818	15,156
Stockholders' equity:		
Common stock, $.01 par value; Authorized - 80,000,000 shares; Issued - 29,005,153 at December 28, 1996; 28,770,346 shares at March 30, 1996	290	288
Additional paid-in capital	55,155	52,355
Retained earnings	207,782	182,707
Cumulative translation adjustments	2,078	7,387
Stockholders' equity before treasury stock	265,305	242,737
Less: treasury stock - 1,942,483 shares at cost at December 28, 1996 and 1,607,354 shares at cost at March 30, 1996	31,821	25,767

Total stockholders' equity	233,484	216,970
Total liabilities and stockholders' equity	$311,891	$287,818

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

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

	Three Months Ended		Nine Months Ended	
	December 28, 1996	December 30, 1995	December 28, 1996	December 30, 1995
Net revenues	$76,550	$69,858	$226,482	$207,766
Cost of goods sold	38,468	30,738	106,174	92,764
Gross profit	38,082	39,120	120,308	115,002
Operating expenses:				
Research and development	4,620	4,938	14,338	13,742
Selling, general and administrative	23,121	20,422	68,584	60,216
Total operating expenses	27,741	25,360	82,922	73,958
Operating income	10,341	13,760	37,386	41,044
Interest expense	(396)	(587)	(1,281)	(1,890)
Interest income	678	488	2,099	1,549
Other income, net	178	(1)	383	546
Income before provision for income taxes	10,801	13,660	38,587	41,249
Provision for income taxes	3,781	4,774	13,496	14,423
Net income	$ 7,020	$ 8,886	$ 25,091	$ 26,826
NET INCOME PER SHARE	$ 0.26	$ 0.32	$ 0.91	$ 0.97
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	27,361	27,743	27,580	27,766

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		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	Total Stockholders' Equity
	Shares	$'s					
Balance March 30, 1996	28,770	$288	$52,355	$182,707	$(25,767)	$ 7,387	$216,970
Exercise of stock options	235	2	2,800	- -	- -	- -	2,802
Employee stock purchase plan	- -	- -	- -	- -	275	- -	275
Treasury stock	- -	- -	- -	(9)	(6,329)	- -	(6,338)

Net income.......................	- -	- -	- -	25,091	- -	- -	25,091
Translation adjustment...........	- -	- -	- -	(7)	- -	(5,309)	(5,316)
Balance December 28, 1996........	29,005	$290	$55,155	$207,782	$(31,821)	$ 2,078	$233,484

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

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

	Nine Months Ended	
	Dec 28, 1996	Dec 30, 1995
Cash flows from operating activities:		
Net income...	$ 25,091	$ 26,826
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization..........................	10,340	12,592
(Increase) decrease in deferred income taxes...........	140	(213)
Increase in accounts receivable, net...................	(8,811)	(3,080)
Decrease in inventories................................	9,249	782
Increase in sales-type leases..........................	(8,180)	(467)
(Increase) decrease in other assets....................	(2,622)	3,748
Increase in accounts payable, accrued expenses and deferred revenues................	502	5,349
Total adjustments..................................	618	18,711
Net cash provided by operating activities..............	25,709	45,537
Cash flows from investing activities:		
Capital expenditures on property, plant and equipment, net............................	(26,688)	(12,904)
DHL asset acquisition..................................	---	(6,189)
Net cash used in investing activities..................	(26,688)	(19,093)
Cash flows from financing activities:		
Payments on long-term real estate mortgage...............	(142)	(113)
Net increase (decrease) in short-term revolving credit agreements....................................	9,462	(2,966)
Net decrease in long-term revolving credit agreements....................................	(741)	(11,172)
Exercise of stock options..............................	2,802	2,187
Employee stock purchase plan...........................	275	333
Purchase of treasury stock.............................	(6,338)	(4,896)
Net cash provided by (used in) financing activities.....	5,318	(16,627)
Effect of exchange rates on cash..........................	(1,202)	(133)
Net increase in cash......................................	3,137	9,684
Cash at beginning of period...............................	13,434	4,230
Cash at end of period.....................................	$ 16,571	$ 13,914
Supplemental disclosures of cash flow information:		
Interest paid..	$ 1,841	$ 1,515

Income taxes paid, net of refunds........................	$ 14,395	$ 13,788

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

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. FOREIGN CURRENCY

The Company enters into forward exchange contracts to hedge certain firm sales commitments to customers which are denominated in foreign currencies. The purpose of the Company's foreign hedging activities is to protect the Company from the risk that the eventual dollar cash flows resulting from the sale of products to international customers will be adversely affected by changes in exchange rates. Gains and losses realized on these contracts are recorded in operations, offsetting the related foreign currency transactions. The cash flows related to the gains and losses on these foreign currency hedges are classified in the statements of cash flows as part of cash flows from operating activities.

At December 28, 1996 the Company had forward exchange contracts, all having maturities of less than one year, to exchange foreign currencies (major European currencies and Japanese yen) for U.S. dollars totaling $117.1 million. Of that balance, $66.5 million represented contracts for terms of 30 days or less. Net unrealized gains from hedging firm sales commitments, based on current spot rates, were $4.2 million at December 28, 1996. Deferred gains and losses are recognized in earnings when the transactions being hedged are recognized.

3. 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 28, 1996	March 30, 1996
	(in thousands)	
Raw materials	$ 7,487	$ 6,727
Work-in-process	4,164	6,699
Finished goods	35,129	43,303
	$46,780	$56,729

4. NET INCOME PER SHARE

Net income per share data is computed using the weighted average number of shares of common stock outstanding and common equivalent shares from stock options (using the treasury stock method).

Management's Discussion and Analysis of
Financial Condition and Results of Operations

Three Months Ended December 28, 1996 Compared to Three Months Ended December 30, 1995

Net revenues in 1996 increased 10% to $76.6 million from $69.9 million in 1995. Worldwide disposable sales increased approximately 10% due to growth in both the domestic and international markets. Sales of disposables products accounted for approximately 89% of net revenues for each of the three month periods ended December 28, 1996 and December 30, 1995. Worldwide equipment sales increased approximately 10% due to growth in the domestic surgical market. International sales accounted for approximately 61% and 62%, respectively, of net revenues for the three months ended December 28, 1996 and December 30, 1995.

Gross profit in 1996 decreased 3% to $38.1 million from $39.1 million in the same period of 1995. As a percentage of net revenues, gross profit decreased 6.3% to 49.7% in 1996 from 56.0% in 1995. This decrease was approximately equally attributable to four factors: 1)a shift in the mix of product sales from the higher margin surgical disposable products to the lower margin commercial plasma disposable products, 2) pricing pressures created by the managed care marketplace, 3) the start up of the Company's services business in the second quarter of the current year and 4) the strengthening of the dollar. The Company does not see any change in these trends in the near term.

The Company expended $4.6 million in 1996 on research and development (6.0% of net revenues) and $4.9 million in the same period of 1995 (7.1% of net revenues).

Selling, general and administrative expenses increased to $23.1 million in 1996 from $20.4 million in 1995 and increased as a percentage of net revenues to 30.2% from 29.2%. The increase resulted primarily from start up costs for the Company's domestic service business and worldwide regulatory costs incurred for red cell apheresis.

Operating income, as a percentage of net revenues, decreased 6.2% to 13.5% in 1996 from 19.7% in 1995. Approximately $2.0 million of the $4.7 million operating income shortfall was attributable to the start up of the Company's services business. The remainder of the shortfall was due equally to pricing pressures created by the managed care marketplace and the strengthening of the dollar.

Interest expense decreased in 1996 to $0.4 million from $0.6 million in the same period of 1995 due to a decrease in both the average borrowings and borrowing rates. Interest income increased in 1996 to $0.7 million from $0.5 million in 1995 resulting from an increase in the Company's investment in sales-type leases.

The provision for income taxes remained at approximately 35% as a percentage of pretax income for the third quarters of 1996 and 1995.

Nine Months Ended December 28, 1996 Compared to Nine Months Ended December 30, 1995

Net revenues in 1996 increased 9% to $226.5 million from $207.8 million in 1995. Worldwide disposable sales increased 7.8% due to growth in international markets. Sales of disposables products accounted for approximately 88% and 89%, respectively, of net revenues for the nine months ended December 28, 1996 and December 30, 1995. Worldwide equipment sales increased 18.4% due to growth in both the domestic blood bank and surgical markets. International sales accounted for approximately 63% and 61%, respectively, of net revenues for the nine months ended December 28,1996 and December 30, 1995.

Gross profit in 1996 increased to $120.3 million from $115.0 million in 1995. As a percentage of net revenues, gross profit declined 2.3% to 53.1% in 1996 from 55.4% in 1995. The majority of the decrease was attributable to pricing pressures over all three businesses. The surgical business felt the largest impact as a result of managed care. The shift in the mix of product sales from the higher margin surgical disposable products to the lower margin commercial plasma disposable products and the start up of the Company's services business in the second quarter of the current year also contributed to the gross profit shortfall. The impact of these last two factors was partially offset by the favorable effect of currency on a year to date comparison.

The Company expended $14.3 million in 1996 on research and development (6.3% of net revenues) and $13.7 million in 1995 (6.6% of net revenues).

Selling, general and administrative expenses were $68.6 million in 1996 and $60.2 million in 1995 and increased as a percentage of net revenues to 30.3% from 29.0%. The increase resulted from; 1) the start up costs for the Company's domestic service business, 2) the worldwide regulatory costs incurred for red cell apheresis and 3) the creation of a centralized distribution center in Europe.

Operating income as a percentage of net revenues, decreased 3.3% to 16.5% in 1996 from 19.8% in 1995. Approximately $3.0 million of the $7.5 million operating income shortfall was attributable to the start up of the Company's services business.

Interest expense decreased in 1996 to $1.3 million from $1.9 million in 1995 due to both a decrease in average borrowing levels and borrowing rates. Interest income increased in 1996 to $2.1 million from $1.5 million in 1995 resulting from an increase in the Company's investment in sales-type leases.

The provision for income taxes remained constant at 35% of pretax income in 1996. The annualized rate for the full 12 months of fiscal 1997 will be approximately 35%.

Liquidity and Capital Resources

The Company historically has satisfied its cash requirements principally from internally generated cash flow, stock offerings, and bank borrowings. During the nine months ended December 28, 1996, the Company generated $25.7 million in cash flow from operating activities compared to $45.5 million in cash flow from operating activities for the nine months ended December 30, 1995. This decrease of $19.8 million in operating cash flow was primarily a result of growth in the business as seen by increases in accounts receivables, sales type leases and other trade liabilities. Financing activities, particularly an increase in revolving credit agreements generated an additional $8.7 million of cash for the nine months ended December 28, 1996. The Company's need for funds is derived primarily from capital expenditures, treasury stock purchases, and an increase in accounts receivables and sales type leases. During the nine months ended December 28, 1996, net cash used for capital expenditures was $26.7 million related to equipment utilized in the U.S. commercial plasma business, the blood bank services business and investments in facilities and manufacturing equipment. Increased accounts receivable and sales type leases utilized net cash from operations of $17.0 million. Lastly, treasury stock purchases utilized approximately $6.0 million of cash from financing activities. The Company plans that committed bank lines, combined with internally generated funds, will be sufficient to meet anticipated liquidity and capital needs over the foreseeable future.

At December 28, 1996 the Company had working capital of $107.1 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

Not applicable.

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 10AI First Amendment to lease dated July 17, 1990 between Buncher Company and the Company of property in Pittsburg, Pennsylvania.

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: 2-5-97 By: /s/ John F. White

John F. White, Chairman, President and Chief Executive Officer

Date: 2-4-97 By: /s/ Brigid A. Makes

Brigid A. Makes, Chief Financial Officer, (Principal Financial Officer)

Exhibit 10 AI

FIRST AMENDMENT TO AGREEMENT OF LEASE
DATED JULY 17, 1990
MADE THIS 30TH DAY APRIL, 1991
BY AND BETWEEN

THE BUNCHER COMPANY (hereinafter called "Landlord"), a Pennsylvania Corporation having its principal place of business in Allegheny County, Pennsylvania.

AND

HAEMONETICS CORPORATION (hereinafter called "Tenant"), a Massachusetts Corporation having its principal place of business in the City of Braintree, Norfolk County, Massachusetts.

WHEREAS, the parties heretofore entered into a certain Agreement of Lease dated July 17, 1990 (the "Lease") covering certain property in the Buncher Industrial District, Leetsdale, Pennsylvania; and

WHEREAS, all terms defined in the Lease and used herein shall have the same meaning herein as in the Lease unless otherwise provided herein; and

WHEREAS, the parties hereto desire to amend the Lease to (i) expand the Leased Premises by an additional 30,601 square feet, (the "Additional Space"), (ii) revise the rentals payable under the Lease, (iii) extend the initial term of the Lease, and (iv) provide for certain renovations (the "Renovations") to the Additional Space.

NOW, THEREFORE, in consideration of the premises and intending to be legally bound, the parties hereto promise, covenant and agree as follows:

1. LEASED PREMISES: The Lease is amended to include the Additional Space and the Leased Premises is and shall be all that certain area outlined in red on Exhibit A-2 attached hereto and made a part hereof.

2. TERM: The expiration date of the initial five (5) year term of the Lease is hereby extended from August 31, 1995 to a date which date shall be sixty (60) full months from the date (the "Completion Date") Landlord designates in written notice to Tenant stating that the Renovations are substantially completed and the Additional Space is ready for Tenant's use and occupancy. The initial term of this Lease as herein amended shall be hereinafter referred to as "Extended Term".

If the completion Date is other than on the first day of a month, then the term shall run for a full sixty (60) months from the first day of the month following the Completion Date so as to end on the last day of the sixtieth full month from the Completion Date.

3. RENTAL: Tenant shall continue to pay to Landlord as rental for the Leased Premises a monthly rental of $13,904.85 on the first day of each calendar month during the term of the Lease until the Completion Date. Commencing on the first day of the first month following the Completion Date or on the Completion Date if the Completion Date is the first day of a month and on the first day of each succeeding month thereafter during the remaining term of this Lease as extended pursuant to paragraph 2 above, Tenant shall pay to Landlord a monthly rental for the Leased Premises the amount of $20,9178.58.

If the Completion Date is other than the first day of a month, Tenant shall pay to Landlord as additional rental hereunder a per diem rental of $230.55 from the Completion Date to and including the last day of said month. Said per diem rental shall be due and payable on the last day of the month for which the per diem rental is so calculated.

All rentals payable hereunder shall be payable in advance, without demand, deduction or setoff. Remittance for rental and any additional rentals payable hereunder shall be paid to Landlord's Agent, the Buncher Management Agency, Inc., 5600 Forward Avenue, P. O. Box #81930, Pittsburgh, Pennsylvania 15217-0930, or at such other place or to such other person as may be designated from time to time by Landlord in writing.

4. INSURANCE: Effective as of the date hereof the provisions of Section 8 of the Lease is amended to provide that the replacement value of the Leased Premises is increased from $1,500,000 to $2,300,000.

5. COMPLETION: Landlord, at its sole cost and expense will use its best efforts to diligently pursue the completion of the Renovations as set forth in paragraph 6 below. Tenant will cooperate with Landlord and will take such reasonable steps to conduct its operation so as not to interfere with or delay Landlord in the completion of its work.

6. RENOVATIONS: Landlord at its sole cost and expense shall complete or cause to be completed the following work all in accordance with the scope of work as set forth below, and in accordance with the Buncher Management Agency, Inc.'s standards and specifications.

Building Finishes
----

1. Interior block walls will be repainted white and any cracks repaired.

2. Two (2) existing overhead doors on the back wall will be removed and the openings blocked up.

3. New openings will be made in the demising wall between building #18 & 18A as said buildings are identified on Exhibit A. Size of openings to be mutually agreed upon.

4. Interior steel frame and roof decking to be repainted white.

5. Any cracks in the floor will be repaired as necessary and floor will be cleaned and sealed.

6. Landlord will repair or replace as necessary gas-fired thermostatically controlled units to provide 50 degrees inside temperature at 0 degrees outside temperature.

7. Landlord will repair or replace as necessary the existing lighting.

8. Two (2) existing vertical lift motor operated doors (21' 10" X 14' 8") at truck wells will be replaced with new doors to match those installed in building #18.

9. Landlord will repair and patch asphalt paving and apply new wearing surface.

7. RENEWAL OPTIONS: Paragraph 8 of the Rider to the Lease is hereby amended to read as follows:

"(a) Tenant shall have the right to extend the Extended term of this Lease for one (1) additional term of five (5) years (the "Renewal Term"), such Renewal Term to commence immediately following the Extended Term of the Lease. Tenant may exercise the right to extend the term for the Renewal Term only by delivering to Landlord written notice of Tenant's exercise of such right not less than one (1) year prior to the termination of the Extended Term. The terms and conditions of this Lease shall continue in full force and effect through the Renewal Term, except that the monthly rental set forth in paragraph 3 of this First Amendment to Agreement of Lease shall be increased (but not decreased) pursuant to the following formula:

Monthly rental = $20,917.58 X CPI in effect on Commencement

for the Renewal Term for which this computation is made	Date plus 65% of the amount by which the CPI in effect in the last month of the Extended Term exceed the CPI on Commencement Date ------------------------------ CPI on Commencement Date

The CPI, as referred to herein means the "Consumer Price Index for All Urban Consumers 1984 - 100" relating to the Pittsburgh metropolitan area, as issued by the Bureau of Labor Statistics of the United States Department of Labor, or any successor to the functions thereof. In the event of the conversion of the CPI to a different standard reference base or any other revision thereof, the determination hereunder shall be made with the use of such Bureau of Labor Statistics or successor to the functions thereof or in the absence of the publication of such conversion factor, formula or table as Landlord shall reasonably designate.

(b) The foregoing option and right to extend the term of the Lease for the Renewal Term is subject to (i) Tenant's timely exercise of this option as herein provided, (ii) Haemonetics Corporation itself being in full possession of the Leased Premises at the time of the exercise of such option and at the commencement of the Renewal Term, and (iii) Tenant not being in default at the time of the exercise of the option or at the commencement of the Renewal Term".

IN WITNESS WHEREOF, the parties have executed this First Amendment to Agreement of Lease on the day and year first above written.

ATTEST:	THE BUNCHER COMPANY
/s/ Bernita B. Balter	/s/ Jack G. Buncher
Secretary	Chairman of the Board and CEO

(Corporate Seal)

ATTEST:	HAEMONETICS CORPORATION
/s/ Alicia R. Lopez	/s/ J. Neal Armstrong
	Chief Financial Officer

(Corporate Seal)

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